

December Disclosure Statement
Pursuant to the Pink Basic Disclosure Guidelines
Totaligent, Inc.

A Delaware Corporation

2255 Glades Road, Suite 324A
Boca Raton, Florida 33431
561-988-2621
contact@totaligent.com
SIC Code 7311

Quarterly Report

For the Period Ending: June 30, 2022
(the "Reporting Period")

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

159,655,077

As of March 31, 2022, the number of shares outstanding of our Common Stock was:

159,655,077

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

159,655,077

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) 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)

On July 21, 2022, the Company changed its name to Totaligent, Inc. (“Totaligent” or the “Company”).

On December 3, 2021, Totaligent, a Delaware corporation, Digi Messaging & Advertising Inc., a Wyoming corporation (“Digi” or the “Company”), and the Shareholders of the Company (the “Digi Shareholders”) executed an Agreement and Plan of Merger (the “Merger Agreement”) that provided for Digi to be merged into Totaligent (the “Merger”) through a share exchange agreement. As a result of the Share Exchange, Totaligent acquired 100% of the issued and outstanding shares of Digi in exchange for the issuance of 600,000 shares of Series D Convertible Preferred Stock.

Immediately following the Merger, Totaligent’s subsidiary, CSES Group, Inc., which owns all rights, title and interest in Totaligent’s refrigerant technology, was spun out in exchange for the cancellation of an aggregate of 54,422,903 shares of Totaligent Common Stock (the “Cancelled Shares”) held by former Totaligent management and shareholders.

Upon completion of these actions, Edward C. DeFeudis was appointed to the role of CEO and Ben Hansel remained on the board of directors.

Totaligent was incorporated in the State of Delaware in February 2014 and is active and in good standing therein.

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

None

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 December 3, 2021, Totaligent, Inc. (“Totaligent”), a Delaware corporation, Digi Messaging & Advertising Inc., a Wyoming corporation (“Digi” or the “Company”), and the Shareholders of the Company (the “Digi Shareholders”) executed an Agreement and Plan of Merger (the “Merger Agreement”) that provided for Digi to be merged into Totaligent (the “Merger”) through a share exchange agreement. As a result of the Share Exchange, Totaligent acquired 100% of the issued and outstanding shares of Digi in exchange for the issuance of 600,000 shares of Series D Convertible Preferred Stock.

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

2255 Glades Road, Suite 324A, Boca Raton, FL 33431

Check box if principal executive office and principal place of business are the same address: ☒

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

Yes: ☐

No ☒

2) Security Information

Trading symbol:

TGNT

Exact title and class of securities outstanding:

Common Stock

CUSIP:

02012P106

Par or stated value:

\$0.001

Total shares authorized:

500,000,000

as of date: June 30, 2022

Total shares outstanding:

159,655,077

as of date: June 30, 2022

OTC Markets Group Inc.

Number of shares in the Public Float²: 68,283,071 as of date: June 30, 2022
Total number of shareholders of record: 318 as of date: June 30, 2022

Additional class of securities (if any):

Trading symbol: None
Exact title and class of securities outstanding: Preferred Stock
CUSIP: None
Par or stated value: \$0.001
Total shares authorized: 10,000,000 as of date: June 30, 2022
Total shares outstanding: 615,000 as of date: June 30, 2022

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

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

3) Issuance History

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 Most Recent Year End:			*Right-click the rows below and select “Insert” to add rows as needed.						
<u>Opening Balance:</u>									
Date: December 31, 2021 Common: <u>159,655,077</u> Preferred: <u>615,000</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 (if applicable)	Restricted or Unrestricted as of this filing?	Exemption or Registration Type?
<u>March 1, 2020</u>	<u>New (held on books of the company)</u>	<u>3,533,334</u>	<u>Common</u>	<u>\$0.0566</u>	<u>No</u>	<u>(1)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
<u>July 22, 2020</u>	<u>New (held on books of the company)</u>	<u>1,943,333</u>	<u>Common</u>	<u>\$0.0566</u>	<u>No</u>	<u>(1)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
<u>January 11, 2021</u>	<u>New</u>	<u>5,000,000</u>	<u>Series A Preferred Stock</u>	<u>\$0.01</u>	<u>No</u>	<u>(2)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>

<u>March 19, 2021</u>	<u>New (held on books of the company)</u>	<u>5,000,000</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>No</u>	<u>(3)</u>	<u>Conversion of Series A Preferred Stock</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
<u>November 23, 2021</u>	<u>New</u>	<u>15,000</u>	<u>Series D Convertible Preferred Stock</u>	<u>\$0.001</u>	<u>No</u>	<u>(4)</u>	<u>Cash</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
<u>December 3, 2021</u>	<u>Shares Returned to Treasury</u>	<u>54,422,903</u>	<u>Common Stock</u>	<u>\$0.001</u>	<u>No</u>	<u>(5)</u>	<u>Divestiture of CSES Group</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
<u>December 3, 2021</u>	<u>New</u>	<u>600,000</u>	<u>Series D Convertible Preferred Stock</u>	<u>\$0.001</u>	<u>No</u>	<u>(6)</u>	<u>Merger pf Totaligent, Inc. and Digi Messaging & Advertising, Inc.</u>	<u>Restricted</u>	<u>Exemption under Section 4(2) and Regulation D</u>
Shares outstanding as of Date of This Report:									
<u>Ending Balance:</u>									
Date: June 30, 2022 Common: <u>159,655,077</u> Preferred: 615,000									

⁶ “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.

⁷ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

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

(1) Zoetic Global, LLC (Jerome Ringo controls the power to vote and dispose of these shares)

(2)

Name	Investment Amount	Shares of Series A Preferred Stock
Karolus Maximus Kapital, Inc.	\$12,500	1,250,000
Green Chip Investor Relations	\$12,500	1,250,000
Advanced Sales, Inc.	\$12,500	1,250,000
Charles F. Wright	\$12,500	1,250,000

(3)

Name	Shares of Common Stock
Karolus Maximus Kapital, Inc.	1,250,000
Green Chip Investor Relations	1,250,000
Advanced Sales, Inc.	1,250,000
Charles F. Wright	1,250,000

(4)

Name	Investment Amount	Shares of Series D Convertible Preferred Stock
Matthew L. Chipman	\$100,000	5,000
David S. Wiggins	\$50,000	2,500
Charles F. Wright	\$150,000	7,500

(5)

Name	Shares Returned to Treasury
William Lopshire	15,004,028
William J. Lopshire Family Trust	7,457,625
Bob Davis	31,961,250

(6)

Name	Shares of Series D Convertible Preferred Stock
Karolus Maximus, Inc.	67,500
Edward C. DeFeudis	150,000
Brian Heckathorne	150,000
BBB Group, LLC	150,000
Devin Coughlin	15,000
30103 South Lake Falls Lane Trust	67,500

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	Reason for Issuance (e.g. Loan, Services, etc.)
June 16, 2021	\$22,083.33	\$20,000	2,083.33	December 16, 2021	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
June 17, 2021	\$55,194.44	\$50,000	\$5,194.44	December 17, 2021	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
June 18, 2021	\$55,180.56	\$50,000	\$5,180.56	December 18, 2021	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
July 2, 2021	\$17,595.70	\$16,000	\$1,595.70	January 2, 2022	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
August 4, 2021	\$7,636.02	\$7,000	\$636.02	February 4, 2022	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
August 16, 2021	\$59,123.81	\$54,360	\$4,763.81	February 16, 2022	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
September 10, 2021	\$58,754.10	\$54,360	\$4,763.81	March 10, 2022	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan
October 18, 2021	\$58,188.58	\$54,360	\$3,828.58	April 10, 2022	Average Closing Bid price for the 10 trading days prior to the conversion date multiplied by .80, not to exceed \$0.10	Karolus Maximus, Inc.	Loan

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

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)⁸:

Name: Candace Mills and Edward C. DeFeudis
Title: Controller and Chief Executive Officer, respectively
Relationship to Issuer: Controller, CEO and shareholder, respectively

C. 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.

- Balance sheet;
- Statement of income;
- Statement of cash flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial notes; and
- Audit letter, if audited

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

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

Financial Statements are attached hereto.

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")

Totaligent, Inc., through its wholly owned subsidiary, Digi Messaging & Advertising, Inc. ("Digi"), owns and operates a cryptocurrency mining operation, and multiple proprietary digital marketing platforms for email and SMS dissemination, push notifications, short links, and more. Digi also provides web design and copywriting services for digital advertising campaigns and

⁸ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

manages its clients' SEO, SMM, Content Marketing, and Online Advertising. Digi is currently building an integrated digital marketing platform to allow individuals and enterprises, both large and small, to leverage big data to micro-target customers with disruptive increases in efficiency.

The Company has a calendar year ending December 31st for financial reporting. The Company's SIC Code is 7311.

The Company's activities are subject to significant risks and uncertainties, including the need for additional capital to implement its plan of operations. The Company has not yet developed sustainable revenue-generating operations, is in the process of developing a new expanded production line to support an increase in operations, does not have positive cash flows from operations, and is dependent on periodic infusions of debt and equity capital to fund its operating requirements.

The Company's common stock was traded on the OTCQB operated by the OTC Markets under the symbol "LTMP" through May 20, 2018, on the OTC Pink marketplace thereafter, and trades under the symbol "TGNT" as of August 1, 2022.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of their business contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

Digi Messaging & Advertising, Inc., is a wholly owned operating subsidiary of Totaligent, Inc. The business contact information for the business, officers and directors is identical to Totaligent, Inc.

- C. Describe the issuers' principal products or services, and their markets

The company owns and operates a cryptocurrency mining operation and multiple proprietary digital marketing platforms for email and SMS dissemination, push notifications, short links, and more. Digi also provides web design and copywriting services for digital advertising campaigns and manages clients' SEO, SMM, Content Marketing, and Online Advertising.

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.

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

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

The Company rents Class A office space in Boca Raton, FL and 2,200 sq ft of industrial space in Houston, TX.

7) 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 regarding any person or entity owning 5% or more of the issuer, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any 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 of an individual representing the corporation or entity in the note section.**

Name of	Affiliation with	Residential Address	Number of	Share type/class	Ownership	Note
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Officer/Director and Control Person	Company (e.g. Officer Title /Director/Owner of more than 5%)	(City / State Only)	shares owned		Percentage of Class Outstanding	
Edward C. DeFeudis	CEO and Director	Boca Raton, FL	150,000	Series D Preferred	18.42%	Appointed as CEO and Director December 2021
Edward C. DeFeudis	CEO and Director	Boca Raton, FL	575,000	Common	Less than 1%	Appointed as CEO and Director December 2021
Ben Hansel	Director	McKinney, TX	980,000	Common	Less than 1%	Elected CEO and Director August 2020. Stepped down as CEO December 2021, continued as Director
E. Kenn Philips	Director	Thousand Oaks, CA	0	Common	Less than 1%	Elected as Director August 2020, removed April 2022
Brian Heckathorne	Director of Technology	Pasadena, TX	150,000	Series D Preferred	18.42%	
BB Group, Inc. / Brendan Battles	Director of Data Management	South Haven, MI	150,000	Series D Preferred	18.42%	
30103 South Lake Falls Lane Trust / Noreen Bingham	Owner of more than 5%	Houston, TX	67,500	Series D Preferred	9.21%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons 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);
none
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;
none
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
none
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.
none

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.

None

9) Third Party Providers

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

Securities Counsel

Name: David Ficksman, Esq.
Firm: TroyGould PC
Address 1: 1801 Century Park East, Suite 1600
Address 2: Los Angeles, CA 90067
Phone: 310-789-1290
Email: dficksman@troygould.com

Accountant or Auditor

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

Investor Relations

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

Other Service Providers

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

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

10) Issuer Certification

Principal Executive Officer:

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

The certifications shall follow the format below:

I, Edward C. DeFeudis, certify that:

1. I have reviewed this quarterly disclosure statement of Totaligent, 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.

August 12, 2022 [Date]

[EDWARD C DEFEUDIS] [CEO's Signature]

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

Principal Financial Officer:

I, Edward C. DeFeudis, certify that:

1. I have reviewed this quarterly disclosure statement of Totaligent, 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.

August 12, 2022 [Date]

[EDWARD C DEFEUDIS] [CFO's Signature]

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

TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30 2022	December 31, 2021
ASSETS		
Current assets:		
Cash	\$ 76,403	\$ 192,824
Accounts receivable	--	--
Inventories	--	--
Prepaid expenses and other current assets	110,266	109,552
Total current assets	<u>302,376</u>	<u>302,376</u>
Property and equipment, net	51,190	32,389
Capitalized software	522,461	522,460
Deposits and other noncurrent assets	--	--
Total assets	<u>\$ 760,320</u>	<u>\$ 857,225</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ --	\$ --
Accrued compensation and related expenses	204,709	14,621
Insurance premium financing obligations	--	--
Loans payable including 10% convertible demand promissory note payable, including accrued interest of \$31,487. and \$12,373 at June 30, 2022 and December 31, 2021, respectively	381,288	365,235
Total current liabilities	<u>585,997</u>	<u>379,856</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized –10,000,000 shares; issued – 615,000 and 615,000 shares at June 30, 2022 and December 31, 2021, respectively	615	615
Common stock, \$0.001 par value; authorized – 500,000,000 shares; 214,077,980 and 159,655,077 shares issued and outstanding, respectively at June 30, 2022 and 214,077,980 and 159,655,077 shares issued and outstanding, respectively at December 31, 2021	210,230	210,230
Additional paid-in capital	18,609,192	18,609,192
Accumulated deficit	(18,591,291)	(18,288,245)
Treasury stock	(54,423)	(54,423)
Total stockholders' equity	<u>174,323</u>	<u>477,369</u>
Total liabilities and stockholders' equity	<u>\$ 760,320</u>	<u>\$ 857,225</u>

See accompanying notes to consolidated financial statements.

TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues	\$ 0	\$ 88,000	\$ 0	\$ 88,000
Cost of sales	9,676	51,530	18,970	108,331
Gross profit	(9,676)	36,470	(18,970)	(20,331)
Costs and expenses:				
Selling and marketing costs, including \$0 and \$0 and \$0 and \$0 to related parties for the three months ended June 30, 2022 and 2021, and \$0 and \$0 to related parties for the six months ended June 30, 2022 and 2021, respectively	0	45,720	0	90,864
General and administrative costs, including \$94,500 and \$90,000 to related parties for the three months ended June 30, 2022 and 2021, and \$189,000 and \$180,000 to related parties for the for the six months ended June 30, 2022 and 2021, respectively	129,623	124,554	268,023	313,580
Research and development costs	0	0	0	18,934
Total costs and expenses	129,623	170,274	268,023	423,378
Loss from operations	(139,299)	(133,804)	(286,993)	(443,709)
Interest expense	8,027	2,368	16,054	4,712
Net loss	<u>\$ (147,326)</u>	<u>\$ (136,172)</u>	<u>\$ (303,047)</u>	<u>\$ (448,421)</u>
Net loss per common share – basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding – basic and diluted	<u>159,655,077</u>	<u>213,940,994</u>	<u>159,655,077</u>	<u>213,940,994</u>

See accompanying notes to consolidated financial statements.

TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

Three Months Ended June 30 2022

See accompanying notes to consolidated financial statements.

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Treasury Stock</u>		<u>Accumulated</u>
	<u>Shares</u>	<u>Par Value</u>	<u>Shares</u>	<u>Par Value</u>	<u>Paid-In Capital</u>	<u>Shares</u>	<u>Par Value</u>	<u>Deficit</u>
Balance, December 31, 2021	615,000	\$ 615	214,077,980	\$ 210,230	\$ 18,609,192	54,422,903	\$ (54,423)	\$ (18,288,245)
Sales of preferred stock								
Sales of common stock								
Treasury stock								
Stock-based compensation								
Net loss								(303,047)
Balance, June 30 2022	<u>615,000</u>	<u>\$ 615</u>	<u>214,077,980</u>	<u>\$ 210,230</u>	<u>\$ 18,609,192</u>	<u>54,422,903</u>	<u>\$ (54,423)</u>	<u>\$ (18,591,292)</u>

See accompanying notes to consolidated financial statements.

TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (303,047)	\$ (448,421)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	5,260	29,653
Amortization of note discount	--	--
Stock-based compensation costs	--	6,950
Changes in operating assets and liabilities:		
(Increase) decrease in -		
Accounts receivable	--	--
Inventories	--	--
Prepaid expenses and other current assets	(714)	11,154
Deposits and other noncurrent assets	--	823
Increase (decrease) in -		
Accounts payable and accrued expenses	--	201,343
Accrued compensation and related benefits	190,087	167,509
Accrued interest payable	16,054	4,718
Net cash used in operating activities	<u>(92,360)</u>	<u>(26,271)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(24,061)	--
Net cash used in investing activities	<u>(24,061)</u>	<u>--</u>
Cash flows from financing activities:		
Payments on insurance premium financing obligations	--	--
Proceeds from notes payable	--	--
Payments on notes payable	--	--
Proceeds from the sale of common stock units	--	--
Proceeds from sale of common stock	--	50,000
Proceeds from sale of preferred stock	--	--
Net cash provided by financing activities	<u>0</u>	<u>50,000</u>
Cash:		
Net increase (decrease)	(116,421)	23,729
Balance at beginning of year	192,824	38,195
Balance at end of period	<u>\$ 76,403</u>	<u>\$ 61,924</u>

(Continued)

TOTALIGENT, INC.
(Formerly Alltemp, Inc.)
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Continued)

	Six Months Ended	
	June 30	
	2022	2021
Supplemental disclosures of cash flow information:		
Cash paid for -		
Interest	\$ --	\$ --
Income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Insurance premium financing obligations incurred in connection with directors and officers and general liability insurance policies	\$ —	\$ --

See accompanying notes to consolidated financial statements.

TOTALIGENT, INC.
(Formerly Source Financial, Inc.)
AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Three Months and Six Months Ended June 30 2022 and 2021

1. Organization and Basis of Presentation

Organization and Reverse Merger

On July 21, 2022, the Company changed its name to Totaligent, Inc. (“Totaligent” or the “Company”).

On December 3, 2021, Totaligent, a Delaware corporation, Digi Messaging & Advertising Inc., a Wyoming corporation (“Digi” or the “Company”), and the Shareholders of the Company (the “Digi Shareholders”) executed an Agreement and Plan of Merger (the “Merger Agreement”) that provided for Digi to be merged into Totaligent (the “Merger”) through a share exchange agreement. As a result of the Share Exchange, Totaligent acquired 100% of the issued and outstanding shares of Digi in exchange for the issuance of 600,000 shares of Series D Convertible Preferred Stock.

Immediately following the Merger, Totaligent’s subsidiary, CSES Group, Inc., which owns all rights, title and interest in Totaligent’s refrigerant technology, was spun out in exchange for the cancellation of an aggregate of 54,422,903 shares of Totaligent Common Stock (the “Cancelled Shares”) held by former Totaligent management and shareholders.

Upon completion of these actions, Edward C. DeFeudis was appointed to the role of CEO and Ben Hansel remained on the board of directors.

Basis of Presentation

For financial reporting purposes, DIGI was considered the accounting acquirer in the Merger and the Merger was therefore accounted for as a reverse merger. Accordingly, the historical financial statements presented herein are those of Digi and do not include the historical financial results of Totaligent through December 3, 2021. The stockholders’ equity section of Totaligent’s balance sheet has been retroactively restated for all periods presented to reflect the accounting effect of the reverse merger transaction. The net loss per share and weighted average common shares outstanding also reflect the retroactive restatement for all periods presented. All costs associated with the reverse merger transaction were expensed as incurred. Unless the context indicates otherwise, Totaligent and CSES are hereinafter referred to as the “Company”.

As a result of the Merger, the former stockholders of Digi owned approximately 73.7% of Totaligent’s outstanding shares of common stock immediately following the consummation of the Merger, reflecting effective control at the closing of the transaction. Upon completion of these actions, Edward C. DeFeudis was appointed to the role of CEO and Ben Hansel remained on the board of directors. Accordingly, for legal purposes Totaligent was the legal acquirer and Digi was the legal acquiree, but for accounting purposes, Digi was the accounting acquirer and Totaligent was the accounting acquiree.

The accompanying condensed consolidated financial statements as of June 30, 2022 and December 31, 2021, have not been audited or reviewed by a registered public accounting firm, but in the opinion of management of the Company, contain all adjustments, which include normal recurring accruals, necessary to present fairly the financial position at June 30, 2022 and December 31, 2021, and the results of operations and cash flows for the three months and six months ended June 30, 2022 and 2021. Operating results for the interim periods presented are not necessarily indicative of the results of operations to be expected for a full fiscal year.

Business Operations

Digi was incorporated in the State of Wyoming on August 16, 2019, for the purpose of developing and operating multiple digital marketing platforms.

The Company's activities are subject to significant risks and uncertainties, including the need for additional capital, as described herein. The Company has not yet developed sustainable revenue-generating operations, does not have positive cash flows from operations, and is dependent on periodic infusions of debt and equity capital to fund its operating requirements.

The Company's common stock was traded under the symbol "LTMP" on the OTCQB through May 20, 2018, on the OTC Pink marketplace thereafter, and trades under the symbol "TGNT" as of August 1, 2022.

Going Concern

The Company's consolidated financial statements have been presented on the basis that the Company is a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. As reflected in the accompanying consolidated financial statements, the Company has had nominal revenues to date, and has experienced recurring net losses from operations and negative operating cash flows. During the three months ended June 30, 2022, the Company incurred a net loss of \$147,325 and utilized cash in operating activities of \$92,360, and had an accumulated deficit of \$18,591,291 as of June 30, 2022. The Company has financed its working capital requirements since inception through the sale of its equity securities and from borrowings.

At June 30, 2022, the Company had cash of \$76,403. Management is currently seeking to raise additional funds, primarily through the issuance of debt or equity securities, and estimates that a significant amount of capital will be necessary over a sustained period of time to advance the development of the Company's business to the point at which it can become commercially viable and self-sustaining. However, there can be no assurances that the Company will be successful in this regard.

As a result, management has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year of the date that the accompanying consolidated financial statements are being issued. The ability of the Company to continue as a going concern is dependent upon the Company's ability to raise additional funds and implement its business plan, and to ultimately achieve sustainable operating revenues and profitability. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

As market conditions present uncertainty as to the Company's ability to secure additional funds, there can be no assurances that the Company will be able to secure additional financing on acceptable terms, or at all, as and when necessary to continue to conduct operations. A debt financing may contain undue restrictions on the Company's operations and/or liens on the Company's tangible and intangible assets, and an equity financing may cause substantial dilution to the Company's common stockholders. If cash resources are insufficient to satisfy the Company's ongoing cash requirements, the Company would be required to scale back or discontinue its operations, obtain funds, if available, although there can be no certainty, through strategic alliances that may require the Company to relinquish rights to its technology, or to discontinue its operations entirely.

The development and expansion of the Company's business in 2022 and thereafter will be dependent on the capital resources available to the Company. No assurances can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company or adequate to fund the development and expansion of the Company's business to a level that is commercially viable and self-sustaining.

Jumpstart Our Jobs Business Act

The Company qualifies as an "emerging growth company" as defined in Section 101 of the Jumpstart our Business Startups Act (the "JOBS Act") as we do not have more than \$1,070,000,000 in annual gross revenue and did not have such amount as of December 31, 2019 our last fiscal year. We are electing to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act.

We may lose our status as an emerging growth company on the last day of our fiscal year during which (i) our annual gross revenue exceeds \$2,000,000,000 or (ii) we issue more than \$2,000,000,000 in non-convertible debt in a three-year period. We will lose our status as an emerging growth company if at any time we are deemed to be a large accelerated filer. We will lose our status as an emerging growth company on the last day of our fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement.

As an emerging growth company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act") and Section 14A(a) and (b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such sections are provided below:

Section 404(b) of the Sarbanes-Oxley Act requires a public company's auditor to attest to, and report on, management's assessment of its internal controls.

Sections 14A(a) and (b) of the Exchange Act, implemented by Section 951 of the Dodd-Frank Act, require companies to hold shareholder advisory votes on executive compensation and golden parachute compensation.

As long as we qualify as an emerging growth company, we will not be required to comply with the requirements of Section 404(b) of the Sarbanes-Oxley Act and Section 14A(a) and (b) of the Exchange Act.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with United States generally accepted accounting principles ("GAAP") and include the financial statements of Totaligent and its wholly owned subsidiary, Digi. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management bases its estimates on historical experience and on various assumptions that are believed to be reasonable in relation to the financial statements taken as a whole under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly evaluates the key factors and assumptions used to develop the estimates utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such evaluations, if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates. Significant estimates include those related to assumptions used in accruals for potential liabilities, valuing equity instruments issued for services, and the realization of deferred tax assets.

Cash Concentrations

The Company maintains cash balances with financial institutions in federally insured accounts. The Company may periodically have cash balances in banks in excess of FDIC insurance limits. The Company maintains its accounts with financial institutions with high credit ratings. The Company has not experienced any losses to date resulting from this practice.

Income Taxes

The Company accounts for income taxes under an asset and liability approach for financial accounting and reporting for income taxes. Accordingly, the Company recognizes deferred tax assets and liabilities for the expected impact of differences between the financial statements and the tax basis of assets and liabilities.

The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. In the event the Company was to determine that it would be able to realize its deferred tax assets in the future in excess of its recorded amount, an adjustment to the deferred tax assets would be credited to operations in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the deferred tax assets would be charged to operations in the period such determination was made.

The Company is subject to U.S. federal income taxes and income taxes of various state tax jurisdictions. As the Company's net operating losses have yet to be utilized, all previous tax years remain open to examination by Federal authorities and other jurisdictions in which the Company currently operates or has operated in the past. The Company had no unrecognized tax benefits as of December 31, 2021 and 2020 and does not anticipate any material amount of unrecognized tax benefits within the next 12 months.

The Company accounts for uncertainties in income tax law under a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns as prescribed by GAAP. The tax effects of a position are recognized only if it is “more-likely-than-not” to be sustained by the taxing authority as of the reporting date. If the tax position is not considered “more-likely-than-not” to be sustained, then no benefits of the position are recognized. As of December 31, 2021, the Company had not recorded any liability for uncertain tax positions. In subsequent periods, any interest and penalties related to uncertain tax positions will be recognized as a component of income tax expense.

On December 22, 2017, the President of the United States signed and enacted into law H.R. 1 (the “Tax Reform Law”). The Tax Reform Law, effective for tax years beginning on or after January 1, 2018, except for certain provisions, resulted in significant changes to existing United States tax law, including various provisions that are expected to impact the Company.

The Tax Reform Law reduced the federal corporate tax rate from 35% to 21% effective January 1, 2018. The Company is continuing to analyze the provisions of the Tax Reform Law to assess the impact to the Company’s consolidated financial statements.

The Company is currently delinquent with respect to certain of its U.S. federal and state income tax filings.

Stock-Based Compensation

The Company may periodically issue common stock options, and common stock options in the form of warrants, to members of the Board of Directors, officers, employees and consultants for services rendered. Options and warrants will vest and expire according to terms established at the issuance date of each grant.

The Company accounts for stock-based payments to officers, employees and directors by measuring the cost of services received in exchange for equity awards based on the grant date fair value of the awards, with the cost recognized as compensation expense on the straight-line basis in the Company’s financial statements over the vesting period of the awards. The Company accounts for stock-based payments to consultants by determining the value of the stock compensation based upon the measurement date at either (a) the date at which a performance commitment is reached or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Stock options and stock options in the form of warrants granted to outside consultants are revalued each reporting period to determine the amount to be recorded as an expense in the respective period. As the stock options and stock options in the form of warrants, vest, they are valued on each vesting date and an adjustment is recorded for the difference between the value already recorded and the value on the date of vesting.

The fair value of stock options and stock options in the form of warrants, granted as stock-based compensation is determined utilizing the Black-Scholes option-pricing model, and is affected by several variables, the most significant of which are the life of the equity award, the exercise price of the stock option as compared to the fair market value of the common stock on the grant date, and the estimated volatility of the common stock over the term of the equity award. Prior to the April 27, 2017 reverse merger date, expected volatilities were based on an average historical stock price volatility of comparable public companies that were deemed to be representative of future stock price trends, as the Company did not have a trading history for its own common stock. Since the reverse merger date, volatilities are based on the historical volatility of the Company’s common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The fair market value of common stock is determined by reference to the quoted market price of the Company’s common stock.

The Company recognizes the fair value of stock-based compensation awards in selling and marketing costs, general and administrative costs, and research and development costs, as appropriate, in the Company’s consolidated statement of operations. The Company issues new shares of common stock to satisfy stock option exercises.

Revenue Recognition

The Company recognizes revenue from a customer when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company does not recognize revenue from a customer until: (i) any performance contingencies are satisfactorily resolved; and (ii) any reimbursement claim that the customer may have with a third-party funding source with regard to the Company’s product and/or service is reasonably assured of timely collection by the customer.

Comprehensive Income (Loss)

Components of comprehensive income or loss, including net income or loss, are reported in the financial statements in the period in which they are recognized. Comprehensive income or loss is defined as the change in equity during a period from transactions and other events and circumstances from non-owner sources. Net income (loss) and other comprehensive income (loss) are reported net of any related tax effect to arrive at comprehensive income (loss). The Company did not have any items of comprehensive income (loss) for the three months ended June 30, 2022 and 2021.

Earnings (Loss) Per Share

The Company's computation of earnings (loss) per share ("EPS") includes basic and diluted EPS. Basic EPS is measured as the income (loss) attributable to common stockholders divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (e.g., convertible notes payable, warrants and stock options) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Potential common shares that have an anti-dilutive effect (i.e., those that increase income per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the respective periods. Basic and diluted loss per common share is the same for all periods presented because all preferred shares, warrants and stock options outstanding are anti-dilutive.

Weighted average common shares outstanding has been retroactively restated for the equivalent number of shares received by the accounting acquirer as a result of the reverse merger as if these shares had been outstanding as of the beginning of the earliest period presented.

At June 30, 2022 and 2021, the Company excluded the outstanding securities summarized below, which entitle the holders thereof to acquire shares of common stock, from its calculation of earnings per share, as their effect would have been anti-dilutive.

	June 30,	
	2022	2021
8% convertible note payable, including accrued interest		137,312
10% convertible notes payable, including accrued interest	333,757	
Total	333,757	137,312

Fair Value of Financial Instruments

The authoritative guidance with respect to fair value established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels and requires that assets and liabilities carried at fair value be classified and disclosed in one of three categories, as presented below. Disclosure as to transfers in and out of Levels 1 and 2, and activity in Level 3 fair value measurements, is also required.

Level 1. Observable inputs such as quoted prices in active markets for an identical asset or liability that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active-exchange traded securities and exchange-based derivatives.

Level 2. Inputs, other than quoted prices included within Level 1, which are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, mutual funds, and fair-value hedges.

Level 3. Unobservable inputs in which there is little or no market data for the asset or liability which requires the reporting entity to develop its own assumptions. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded non-exchange-based derivatives and commingled investment funds and are measured using present value pricing models.

The Company determines the level in the fair value hierarchy within which each fair value measurement falls in its entirety, based on the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, the Company performs an analysis of the assets and liabilities at each reporting period end.

The carrying value of financial instruments (consisting of cash, accounts receivable, and accounts payable and accrued expenses) is considered to be representative of their respective fair values due to the short-term nature of those instruments.

Property and Equipment

Property and equipment is recorded at cost. Major improvements are capitalized, while maintenance and repairs that do not improve or extend the useful life of the respective assets are charged to expense as incurred. Gains and losses from disposition of property and equipment are included in income and expense when realized. Depreciation of property and equipment is provided using the straight-line method over the following estimated useful lives:

Plant equipment	5 years
Computer equipment	5 years
Furniture and fixtures	7 years

The Company recognizes depreciation costs in production costs, selling and marketing costs, general and administrative costs, and research and development costs, as appropriate, in the Company's consolidated statement of operations. Construction in process is accounted for separately in the Company's consolidated balance sheet and is not subject to depreciation until the construction process has been completed and the asset is capitalized and placed into service.

Long-Lived Assets

The Company reviews long-lived assets, consisting primarily of property and equipment, for impairment at each fiscal year end or when events or changes in circumstances indicate the carrying value of these assets may exceed their current fair values. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the assets. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The Company has not historically recorded any impairment to its long-lived assets. In the future, if events or market conditions affect the estimated fair value to the extent that a long-lived asset is impaired, the Company will adjust the carrying value of these long-lived assets in the period in which the impairment occurs. As of June 30, 2022 and 2021, the Company had not deemed any long-lived assets as impaired, and was not aware of the existence of any indicators of impairment at such dates.

Recent Accounting Pronouncements

Recently Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09"). ASU 2014-09 eliminates transaction- and industry-specific revenue recognition guidance under current GAAP and replaces it with a principle-based approach for determining revenue recognition. ASU 2014-09 requires that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The FASB has recently issued ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12, and ASU 2016-20, all of which clarify certain implementation guidance within ASU 2014-09. ASU 2014-09 is effective for reporting periods beginning after December 15, 2017. The Company adopted the provisions of ASU 2014-09 in the quarter beginning January 1, 2018. The adoption of ASU 2014-09 did not have any impact on the Company's financial statement presentation or disclosures.

In July 2017, the FASB issued Accounting Standards Update No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features; (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain

Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception (“ASU 2017-11”). ASU 2017-11 allows companies to exclude a down round feature when determining whether a financial instrument (or embedded conversion feature) is considered indexed to the entity’s own stock. As a result, financial instruments (or embedded conversion features) with down round features are no longer required to be accounted for as derivative liabilities. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to common shareholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. ASU 2017-11 is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. The Company early adopted the provisions of ASU 2017-11 in the quarter beginning January 1, 2018. The adoption of ASU 2017-11 did not have any impact on the Company’s financial statement presentation or disclosures.

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). ASU 2016-02 requires a lessee to record a right-of-use asset and a corresponding lease liability, initially measured at the present value of the lease payments, on the balance sheet for all leases with terms longer than 12 months, as well as the disclosure of key information about leasing arrangements. ASU 2016-02 requires recognition in the statement of operations of a single lease cost, calculated so that the cost of the lease is allocated over the lease term, generally on a straight-line basis. ASU 2016-02 requires classification of all cash payments within operating activities in the statement of cash flows. Disclosures are required to provide the amount, timing and uncertainty of cash flows arising from leases. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company will adopt the provisions of ASU 2016-02 in the quarter beginning January 1, 2019. The adoption of ASU 2016-02 is not expected to have any impact on the Company’s financial statement presentation or disclosures.

In June 2018, the FASB issued Accounting Standards Update 2018-07, Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting (“ASU 2018-07”). ASU 2018-07 expands the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. ASU 2018-07 also clarifies that Topic 718 does not apply to share-based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Revenue from Contracts with Customers (Topic 606). ASU 2018-07 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company will adopt the provisions of ASU 2018-07 in the quarter beginning January 1, 2019. The adoption of ASU 2018-07 is not expected to have any impact on the Company’s financial statement presentation or disclosures.

Management does not believe that any other recently issued, but not yet effective, authoritative guidance, if currently adopted, would have a material impact on the Company’s financial statement presentation or disclosures.

3. Agreement and Plan of Merger

On December 3, 2021, Totaligent, Inc. (“Totaligent”), a Delaware corporation, Digi Messaging & Advertising Inc., a Wyoming corporation (“Digi” or the “Company”), and the Shareholders of the Company (the “Digi Shareholders”) executed an Agreement and Plan of Merger (the “Merger Agreement”) that provided for Digi to be merged into Totaligent (the “Merger”) through a share exchange agreement. As a result of the Share Exchange, Totaligent acquired 100% of the issued and outstanding shares of Digi in exchange for the issuance of 600,000 shares of Series D Convertible Preferred Stock.

Immediately following the Merger, Totaligent’s subsidiary, CSES Group, Inc., which owns all rights, title and interest in Totaligent’s refrigerant technology, was spun out in exchange for the cancellation of an aggregate of 54,422,903 shares of Totaligent Common Stock (the “Cancelled Shares”) held by former Totaligent management and shareholders.

Upon completion of these actions, Edward C. DeFeudis was appointed to the role of CEO and Ben Hansel remained on the board of directors.

A summary of the current assets that were acquired and current liabilities assumed in the reverse merger transaction is as follows:

Current assets:	
	\$ --
Total current assets	<u> -- </u>
Current liabilities:	
Notes payable	306,080
Accrued interest on notes payable	<u>12,373</u>
Total current liabilities	<u>318,453</u>
Net current assets (liabilities)	\$ <u>(318,453)</u>

4. Property and Equipment

Property and equipment as of June 30, 2022 and December 31, 2021, are summarized as follows:

	<u>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Plant equipment	\$ --	\$ --
Computer equipment	69,200	45,138
Furniture and fixtures	--	--
Construction in Process	--	--
	<u>69,200</u>	<u>45,138</u>
Less accumulated depreciation	<u>(18,010)</u>	<u>(12,750)</u>
Net property and equipment	<u>\$ 50,190</u>	<u>\$ 32,388</u>

5. 10% Convertible Notes Payable to Related Party

On June 16, 2021, Digi issued a 10% Convertible Promissory Note (the “10% Note”) in the principal amount of \$20,000 to a related party. The 10% Note became due and payable in full on its six-month anniversary date of December 16, 2021, and is therefore considered a current demand note payable at December 31, 2021. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted (“Conversion Amount”) by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the “Conversion Date”) multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$22,083, including accrued interest of \$2,083.

On June 17, 2021, Digi issued a 10% Convertible Promissory Note (the “10% Note”) in the principal amount of \$50,000 to a related party. The 10% Note became due and payable in full on its six-month anniversary date of December 17, 2021, and is therefore considered a current demand note payable at December 31, 2021. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted (“Conversion Amount”) by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the “Conversion Date”) multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$55,194, including accrued interest of \$5,194.

On June 18, 2021, Digi issued a 10% Convertible Promissory Note (the “10% Note”) in the principal amount of \$50,000 to a related party. The 10% Note became due and payable in full on its six-month anniversary date of December 16, 2021, and is therefore

considered a current demand note payable at December 31, 2021. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$55,181, including accrued interest of \$5,181.

On July 2, 2021, Digi issued a 10% Convertible Promissory Note (the "10% Note") in the principal amount of \$16,000 to a related party. The 10% Note will become due and payable in full on its six-month anniversary date of January 2, 2022. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$17,596, including accrued interest of \$1,596.

On August 4, 2021, Digi issued a 10% Convertible Promissory Note (the "10% Note") in the principal amount of \$7,000 to a related party. The 10% Note will become due and payable in full on its six-month anniversary date of February 4, 2022. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$7,636 including accrued interest of \$636.

On August 16, 2021, Digi issued a 10% Convertible Promissory Note (the "10% Note") in the principal amount of \$54,360 to a related party. The 10% Note will become due and payable in full on its six-month anniversary date of February 16, 2022. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$59,124, including accrued interest of \$4,764.

On September 10, 2021, Digi issued a 10% Convertible Promissory Note (the "10% Note") in the principal amount of \$54,360 to a related party. The 10% Note will become due and payable in full on its six-month anniversary date of March 10, 2022. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$58,754, including accrued interest of \$4,394.

On October 18, 2021, Digi issued a 10% Convertible Promissory Note (the "10% Note") in the principal amount of \$54,360 to a related party. The 10% Note will become due and payable in full on its six-month anniversary date of April 18, 2022. The 10% Note was originally convertible into fully paid and non-assessable shares of Common Stock, \$0.001 par value per share, at the Maturity Date. The number of shares of Common Stock to be issued upon each conversion of this Note shall be determined by dividing the amount of principal and accrued interest to be converted ("Conversion Amount") by the applicable Conversion Price equal to the average closing bid price of the Common Stock on OTCMarkets for the (10) trading days prior to the date of the Conversion Notice (the "Conversion Date") multiplied by .80.

As of June 30, 2022, the 10% Note had a total balance due of \$58,189, including accrued interest of \$3,829.

6. Stockholders' Equity

Preferred Stock

The Company has authorized a total of 10,000,000 shares of preferred stock, par value \$0.01 per share. As of June 30, 2022, and 2021, the Company had issued 615,000 shares of Series D Convertible Preferred Stock and 0 shares of preferred stock, respectively. The Company's Board of Directors has the authority to provide, out of the unissued shares of preferred stock, for one or more series of preferred stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of preferred stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

Common Stock

As of June 30, 2022, and 2021, respectively, the Company had authorized 500,000,000 shares of its common stock, par value \$0.001 per share. As of June 30, 2022, and December 31, 2021, the Company had 159,655,077 shares and 159,655,077 shares, respectively, of common stock issued and outstanding.

7. Stock-Based Compensation

The Company may periodically issue common stock options to members of the Board of Directors, officers, employees and consultants for services rendered. Options will vest and expire according to terms established at the issuance date of each grant.

The fair value of each stock option award is estimated on the date of grant and is re-measured at each subsequent measurement date using the Black-Scholes option-pricing model until fully vested. The expected dividend yield assumption is based on the Company's expectation of future dividend payouts, if any.

8. Commitments and Contingencies

Legal Contingencies

The Company may be subject to legal proceedings from time to time as part of its business activities. As of December 31, 2021, the Company was not subject to any threatened or pending legal actions or claims.

Significant Agreements and Contracts

9. Subsequent Events

Name Change

Effective July 21, 2022, the Company changed its name to Totaligent, Inc.

Symbol Change

Effective August 1, 2022, the Company symbol was changed to "TGNT."