# Disclosure Statement Pursuant to Pink Basic Disclosure Guidelines


**Lee Pharmaceuticals, Inc.**

A Colorado Corporation

11 N Water St
Mobile, AL 36602

(678) 999-6242
0
jm850fl@gmail.com
SIC: 2821


**Annual Report**
**For period ending:** December 31, 2022
(the "**Reporting Period**")

**Outstanding Shares**
The number of shares outstanding of our Common Stock was:

35,162,350 as of December 31, 2022

5,162,350 as of December 31, 2021

**Shell Status**
Indicate by a check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes [ ] No [X]

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

Yes [ ] No [X]

**Change in Control**
Indicate by check mark whether a Change in Control[5] of the company has occurred over this reporting period:

Yes [ ] No [X]

[5] 'Change of 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 13(d)-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 Company was formed under the name of Lee Pharmaceuticals, Inc. in April 1971.

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's state of incorporation is Colorado as of December 31, 2021.
The issuer was previously incorporated in California from April 1971 to December 31, 2021.
The issuer's standing in the State of Colorado is active.

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

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:

None

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

11 N Water St, Mobile, AL 36602

The address(es) of the issuer's principal place of business:

[X] *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?

No [X] Yes [ ] If Yes, provide additional details below:

None

2. **Security Information**

***Transfer Agent***

Name: Issuer Direct
Phone: 919-744-2722
Email info@issuerdirect.com
Address: One Glenwood Ave., Suite 1001, Raleigh, NC 27603

***Publicly Quoted or Traded Securities:***

*The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.*

| | | | |
|---|---|---|---|
| Trading symbol: | LPHM | | |
| Exact title and class of securities outstanding: | Common Stock | | |
| CUSIP: | 52403816 | | |
| Par or stated value: | $0.001 | | |
| Total shares authorized: | 500,000,000 | as of date | 12/31/22 |
| Total shares outstanding: | 35,162,350 | as of date | 12/31/22 |
| Total number of shareholders of record: | 384 | as of date | 12/31/22 |

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

| | | | |
|---|---|---|---|
| Trading symbol: | n/a | | |
| Exact title and class of securities outstanding: | n/a | | |
| CUSIP: | n/a | | |
| Par or stated value: | n/a | | |
| Total shares authorized: | n/a | as of date | 12/31/22 |
| Total shares outstanding: | n/a | as of date | 12/31/22 |
| Total number of shareholders of record: | n/a | as of date | 12/31/22 |

***Other classes of authorized or outstanding equity securities:***

*The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.*

| | | | |
|---|---|---|---|
| Exact title and class of the security: | Preferred stock Series A | | |
| CUSIP (if applicable): | n/a | | |
| Par or stated value: | $0.001 | | |
| Total shares authorized: | 20 | as of date | 12/31/22 |
| Total shares outstanding (if applicable): | 10 | as of date | 12/31/22 |
| Total number of shareholders of record (if applicable): | 1 | as of date | 12/31/22 |

***Security Description:***

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Each share of common stock is entitled to one (1) vote on matters submitted for a shareholder vote.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Each share of Preferred stock series A converts into 10,000,000 shares of common stock, and the holders of Preferred stock series A are entitled to a vote of 60% of all common stock votes cast.

3. Describe any other material rights of common or preferred stockholders.

n/a

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

n/a

3. **Issuance History**

The goal of this section is to provide disclosure with respect to each event that resulted in any 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 aquire such securities, issued for services. Using the tabular format below, please descibe these events.

**A. Changes to the Number of Outstanding Shares**

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods.

No ☐ Yes ☒ (If Yes, you must complete the table below)

| Shares Outstanding as of the Second Most Recent Fiscal Year End<br>Date: 12/31/2021<br>Opening balance:<br>Common: 5,162,350<br>Preferred: 10 | | | *Right-click the rows below and select 'insert' to add rows as needed | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Date of Transaction | Transaction Type (eg. new issuance, cancelletion, shares returned to treasury) | Number of Shares Issued (or Cancelled) | Class of Securities | Value of Shares Issued ($/share) at issuance | Were the shares issued at a discount to market price at time of issuance (Y/N) | Individual / Entity shares were issued to. *You must disclose the control person(s) for any entities listed. | Reason for share issuance (eg. for cash or debt conversion) -OR- Nature of Services Provided | Restricted or Unrestricted as of this filing | Exemption or Registration Type |
| 1/10/2022 | Transfer | 10 | Series A Preferred | $ 0.001 | N | Accelerate Global Market Solutions (John Morgan) | Cash | Restricted | None |
| 4/7/2022 | Transfer | 10 | Series A Preferred | $ 0.001 | N | John Morgan | Consulting Svcs | Restricted | None |
| 8/16/2022 | New Issuance | 30,000,000 | Common | $ 0.001 | Y | John Morgan | Acquisition | Restricted | None |
| Shares Outstanding as of Date of This Report<br>Date: 12/31/22<br>Ending balance:<br>Common: 35,162,350<br>Preferred: 10 | | | | | | | | | |

***Example:*** A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

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

n/a

**B. Promissory and Convertible Notes**

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

No ☐ Yes ☒ (If Yes, you must complete the table below)

| Date of Note Issuance | Outstanding Balance ($) | Principal Amount at Issuance ($) | Interest Accrued ($) | Maturity Date | Conversion terms (eg. pricing mechanism for determining conversion of instrument to shares) | Name of Noteholder (entities must have individuals with voting / investment control disclosed) | Reason for Issuance (eg. Services, Loan, etc.) |
|---|---|---|---|---|---|---|---|
| 4/7/2022 | 177,762 | 155,000 | 22,762 | 10/7/2022 | 50% of lowest market price during term | World Market Ventures LLP (Chad Curtis) | Loan |
| 4/22/2022 | 38,465 | 35,000 | 3,465 | 4/22/2023 | Not convertible | J P Carey Limited Partners LP (Joe Canouse) | Loan |

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

n/a

4. **Issuer's Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer's current operations.
(Please ensure that these descriptions are updated on the Company's Profile on www.otcmarkets.com).

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

We are currently focused on developing new applications to be used on PC and mobile devices. These applications will be offered through the Google Play Store and the Apple App Store. Our Green Living Lifestyle Nutrition App is the first of many applications we anticipate developing over the next few years. We estimate a cumulative total expense of approximately $50,000 per application in development costs and expenses per application

B. List any subsidiaries, parent company, or affiliated companies.

n/a

C. Describe the issuers' principal products or services.

As a developer of health and fitness-related mobile applications, we have focused first on our 'Green Living Lifestyle Nutrition App'. This application will encourage health and wellness through green options and alternative health strategies. There will be both a free and premium paid version of the app - the free version will have advertising placements targeted towards the user that will serve as a source of revenue for the Company; the paid version of the app will be an ad-free experience. The development plan for the application will be in three phases. Currently the app is under final development of Phase 1 and we are working to integrate users with profiles that allow them to utilize the app to have a strategy for their own personal health and wellness according to their body type, weight, and other elements related to their lifestyle and goals. Once Phase 1 is completed, the Company will move to Phases 2 and 3, whereby the app will offer diet and workout plans on an increasingly personalized basis.

5. **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.

n/a

6. **Officers, Directors, and Control Persons**

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more that 5% of any class of the issuers securities, 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.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

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.

| Names of All Officers, Directors or Conrol Persons | Affiliation with Company (eg. 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 |
|---|---|---|---|---|---|---|
| John Morgan | CEO / Owner of more than 5% | Sheridan, WY | 10 | Series A Preferred | 100.0% | CEO as of 1/10/2022 |
| John Morgan | CEO / Owner of more than 5% | Sheridan, WY | 30,000,000 | Common | 85.3% | Issued for Acquisition |

7. **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):

   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

8. **Third Party Providers**

Please provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Jeff Turner
Firm: JDT Legal PLLC
Address1: 897 West Baxter Drive, South Jordan, UT 84095
Phone: (801) 810-4465
Email: jeff@jdt-legal.com

Accountant or Auditor

Name:
Firm: Olayinka Oleboya & Co
Address1: PC 43, Nurses House, 2nd Floor, Churchgate Street, Victoria Island, Lagos, Nigeria
Phone: (813) 367-3527
Email: olayinka_oleboya@hotmail.com

*All other means of Investor Communication:*

Twitter: _________
Discord: _________
LinkedIn: _________
Facebook: _________
[Other]: _________

9. **Financial Statements**

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

[ ] IFRS

[X] US GAAP

B. The following financial statements were prepared by (name of individual)[6]:

Name: John Morgan
Title: CEO
Relationship to Issuer: CEO
Describe the qualifications of the person or persons who prepared the financial statements:

Experience of running public companies over a number of years and preparation of financial statements.

Provide the following financial statements 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.

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

a. Audit Letter, if audited;

b. Balance Sheet;
c. Statement of Income;
d. Statement of Cash Flows;
e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity);
f. Financial Notes.

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, John Morgan, certify that:

1. I have reviewed this Disclosure Statement for Lee Pharmaceuticals, 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.

4/7/2023

/s/ John Morgan (CEO's Signature)

*Principal Financial Officer*

I, John Morgan, certify that:

1. I have reviewed this Disclosure Statement for Lee Pharmaceuticals, 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.

4/7/2023

/s/ John Morgan (CFO's Signature)

**LEE PHARMACEUTICALS, INC.**
**(LPHM)**

**ANNUAL REPORT**
**FOR THE YEAR ENDING DECEMBER 31, 2022 and 2021**

April 7, 2023

11 N Water St
Mobile
AL 36602

**LEE PHARMACEUTICALS, INC.**
**ANNUAL REPORT**
**FOR THE YEAR ENDING DECEMBER 31, 2022 and 2021**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Lee Pharmaceutical, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Lee Pharmaceutical, Inc. (“the Company”) as of December 31, 2022, and the related statements of operations, stockholder's equity, and cash flows, for the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). The financial statement of **Lee Pharmaceutical Inc**. As of December 31, 2021, were audited by other auditors whose report dated March 15, 2022, expressed an unqualify opinion on those statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming the company will continue as a going concern as disclosed in Note 3 to the financial statement, the Company has continuously incurred a net loss of $(505,107) for the year ended December 31, 2022, and an accumulated deficit of $(5,266,904) at December 31, 2022. The continuation of the Company as a going concern through December 31, 2022, is dependent upon improving the profitability and the continuing financial support from its stockholders. Management believes the existing shareholders or external financing will provide additional cash to meet the Company’s obligations as they become due.

These factors raise substantial doubt about the company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of the uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

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

As described in Note 2 to the company’s financial statement, the company accounts for fair value of convertible instrument in accordance with ASC 820-10 and 825-10 which permit entities to choose to measure many financial instruments and certain other items at fair value. The Company also applies provisions of ASC 815-40, under which convertible instruments contains terms that protect holders from declines in the stock price; as a result, embedded conversion options in convertible debt are recorded as a liability and are revalued at fair value at each reporting date.

We identified the Company’s application of the accounting for the valuation of the preferred stock issued and derivative liability revalued at fair value each reporting date as a critical audit matter. The principal considerations for our determination of this critical audit matter related to the degree of subjectivity in the Company’s judgements in determining the qualitative factors. Auditing these judgements and assumptions by the company involves auditor judgement due to the nature and extent of Audit evidence and effort required to address these matters.

The primary procedures we performed to address this critical audit matter included the following procedures:

- Reviewed agreement for all relevant information.

- Challenged the reasonability of the assumptions adopted in the computation of fair value.

- Reviewed supporting documentation and included in consideration of the company’s calculation of the valuation of the preferred stock and fair value of embedded derivative.

- Tested management identification, valuation, and treatment of the preferred stock issued.

- Recalculated fair value based on the terms in the agreements.

Assessed the terms and evaluated the appropriateness of the management application of their accounting policies, along with their use of estimates, in the determination of any portion that should be classified as a prepaid expense.

**OLAYINKA OYEBOLA & CO.**
**(Chartered Accountants)**

We have served as the Company's auditor since February 2023.
**March 29th, 2023.**
**Lagos Nigeria**

**LEE PHARMACEUTICALS, INC.**
**Condensed Consolidated Audited Financial Statements**
**Balance Sheet**

| | Notes | As at December 31, 2022 | As at December 31, 2021 |
|---|---|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 2 | $ 1,171 | $ - |
| Deposits & prepayments | 5 | - | 13,171 |
| Total current assets | | 1,171 | 13,171 |
| Fixed assets | | | |
| Software | 6 | 15,000 | - |
| Accumulated amortization | 6 | - | - |
| TOTAL ASSETS | | $ 16,171 | $ 13,171 |
| LIABILITIES & STOCKHOLDERS' DEFICIT | | | |
| Current liabilities | | | |
| Accrued expenses | | $ 171,750 | $ - |
| Loans & notes payable, s/t or current | 7 | 231,727 | - |
| Related party loans & notes payable, short-term or current | 11 | 3,525 | - |
| Derivative liability | 9 | 71,105 | - |
| TOTAL LIABILITIES | | $ 478,107 | $ - |
| STOCKHOLDERS' EQUITY (DEFICIT) | | | |
| Preferred stock Series A: par value $0.001, 20 and 10 authorized and 10 issued and outstanding at December 31, 2022 and December 31, 2021 | 8 | - | - |
| Common stock: par value $0.001, 500,000,000 and authorized and 35,162,350 and 5,162,350 issued and outstanding at December 31, 2022 and December 31, 2021 respectively | 8 | 35,162 | 5,162 |
| Additional paid-in capital | | 4,769,806 | 4,769,806 |
| Accumulated deficit | | (5,266,904) | (4,761,797) |
| TOTAL STOCKHOLDERS' EQUITY (DEFICIT) | | (461,936) | 13,171 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | | $ 16,171 | $ 13,171 |

See accompanying notes to these condensed consolidated audited financial statements.

**LEE PHARMACEUTICALS, INC.**
**Condensed Consolidated Audited Financial Statements**
**Statement of Operations**

| | For the Year Ending December 31, 2022 | For the Year Ending December 31, 2021 |
|---|---|---|
| Revenues | $ - | $ - |
| Cost of goods sold | - | - |
| Gross profit | - | - |
| Operating expenses | | |
| Selling, general & administrative expenses | 392,230 | 23,547 |
| Total operating expenses | 392,230 | 23,547 |
| Net operating income (loss) | (392,230) | (23,547) |
| Other income (expenses) | | |
| Bank charges | (45) | - |
| Bank/loan interest accrued | (41,727) | - |
| Non-cash interest, convertible loan | (299,212) | - |
| Amortization of debt discount | (155,000) | - |
| Gain (loss) on revaluation of derivative liability | 383,107 | - |
| Net income (loss) before income taxes | $ (505,107) | $ (23,547) |
| Provision for corporation taxes | - | - |
| Net income (loss) | (505,107) | $ (23,547) |
| Net loss attributable to common stock holders | (505,107) | $ (23,547) |
| Net income (loss) per share | $ (0.03) | $ (0.00) |
| Weighted average shares outstanding | 16,412,350 | 5,162,350 |

See accompanying notes to these condensed consolidated audited financial statements.

**LEE PHARMACEUTICALS, INC.**
**Condensed Consolidated Audited Financial Statements**
**Statement of Changes in Stockholders' Equity**

| | Preferred Stock | | Common Stock | | Additional Paid-in | Accumulated | |
|---|---|---|---|---|---|---|---|
| | Number | Value | Number | Value | Capital | Surplus (Deficit) | Total |
| Balance b/f as at January 1, 2021 | - | $ - | 5,162,350 | $ 5,162 | $ 4,733,088 | $ (4,738,250) | $ - |
| Preferred stock issued to repay debt | 10 | 0 | - | - | 36,718 | - | 36,718 |
| Net loss, year ending December 31, 2021 | - | - | - | - | - | (23,547) | (23,547) |
| Balance b/f January 1, 2022 | 10 | $ - | 5,162,350 | $ 5,162 | $ 4,769,806 | $ (4,761,797) | $ 13,171 |
| Common stock issued for acquisition | - | - | 30,000,000 | 30,000 | - | - | 30,000 |
| Net loss, year ending December 31, 2022 | - | - | - | - | - | (505,107) | (505,107) |
| Balance c/f as at December 31, 2022 | 10 | $ - | 35,162,350 | $ 35,162 | $ 4,769,806 | $ (5,266,904) | $ (461,936) |

See accompanying notes to these condensed consolidated audited financial statements.

**LEE PHARMACEUTICALS, INC.**
**Condensed Consolidated Audited Financial Statements**
**Statement of Cash Flow**

| | For the Year Ending December 31, 2022 | 2021 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net loss | $ (505,107) | $ (23,547) |
| | | |
| Adjustments to reconcile net loss to net cash (used in) operating activities: | | |
| Stock issued for services | 185,000 | - |
| Amortization of debt discount | 155,000 | - |
| (Gain) loss on revaluation of derivative liability | (383,107) | - |
| Non-cash interest, convertible loan | 299,212 | - |
| Financing costs | 41,772 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | - | - |
| Accounts payable and other current liabilities | 171,750 | - |
| Other current assets | 13,171 | (13,171) |
| NET CASH (USED IN) OPERATING ACTIVITIES | (22,309) | (36,718) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Sale (purchase) of tangible assets | - | - |
| Sale (purchase) of intangible assets | (15,000) | - |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (15,000) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of equity | - | 36,718 |
| Proceeds from (repayment of) debt instruments | 38,465 | - |
| Related party loans | 3,525 | - |
| Financing costs | (3,510) | - |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 38,480 | 36,718 |
| NET INCREASE IN CASH | 1,171 | - |
| Cash, beginning of year | - | - |
| Cash, end of year | $ 1,171 | $ - |
| SUPPLEMENTAL DISCLOSURES | | |
| Supplemental schedules of non-cash investing and financing activities | | |
| Conversion of debt to common or preferred stock | $ - | $ - |
| Issuance of stock for asset acquisition | $ 60,000 | $ - |
| Issuance of stock for services | $ 185,000 | $ - |

See accompanying notes to these condensed consolidated audited financial statements.

**LEE PHARMACEUTICALS, INC.**
**Condensed Consolidated Audited Financial Statements**
**Notes For the Year Ending December 31, 2022 and 2021**

## NOTE 1. NATURE AND BACKGROUND OF BUSINESS

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

The Company was formed in April 1971, and, until recently, specialized in personal care products such as cough and cold remedies, lip balms, nasal sprays, depilatories, laxatives, oral care, creams, and ointments.

On January 10, 2022, the Company's then CEO, Benjamin Berry, sold his ten (10) shares of Series A Preferred Stock to Accelerate Global Market Solutions Corp. for $150,000 in cash, effecting a change of control. As part of this transaction, John Morgan was appointed the Company's new CEO.

Following the change of control, the Company is now a security and technology company in the Cyber space bringing authentication, verification, validation and security to an underserved space.

On April 7, 2022, the Company acquired Accelerate Global Market Solutions Corp and its assets and liabilities.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

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

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

### Use of Estimates

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

### Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Update (“ASU”) 2014-09, “Revenue from contracts with customers,” (Topic 606). Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company expects to recognize revenues as the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied.

### Use of Estimates

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

### Cash and Cash Equivalents

For the Balance Sheet and Statement of Cash Flows, all highly liquid investments with maturity of three months or less are considered to be cash equivalents. The Company had no cash equivalents as at December 31, 2022 or 2021.

### Amortization

Amortization is applied to non-tangible assets in accordance with the useful life of the type of asset, using the straight line method, for the following types of assets:

- Software - 5 years

**Income Taxes**
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss, capital loss and tax credit carryforwards. 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 that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. Our federal tax return and any state tax returns are not currently under examination.

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

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

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

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

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

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

**Fair Value of Financial Instruments**

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

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2 Inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The carrying amounts for cash, accounts receivable, accounts payable and accrued expenses, and loans payable approximate their fair value based on the short-term maturity of these instruments. We identified assets or liabilities that are required to be presented on the balance sheet at fair value in accordance with the accounting guidance as at December 31, 2022, as detailed in Note 11, Derivative Liabilities, and no such assets or liabilities as at December 31, 2021.

ASC 825-10 "Financial Instruments" allows entities to voluntarily choose to measure certain financial assets and liabilities at fair value (fair value option). The fair value option may be elected on an instrument-by-instrument basis and is irrevocable, unless a new election date occurs. If the fair value option is elected for an instrument, unrealized gains and losses for that instrument should be reported in earnings at each subsequent reporting date. We elected to apply the fair value option to outstanding instruments.

**Derivative Liabilities**

Derivative financial instruments consist of convertible instruments and rights to shares of the Company's common stock. The Company assessed that it had derivative liabilities as at December 31, 2022, as detailed in Note 11, Derivative Liabilities, and no derivative liabilities as at December 31, 2021.

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

**Impact of New Accounting Standards**

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

**NOTE 3. GOING CONCERN**

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

The Company has a limited operating history and had a cumulative net loss from inception to December 31, 2022 of $5,266,904. The Company has a working capital deficit of $476,936 as at December 31, 2022.

These financial statements for the year ending December 31, 2022 have been prepared assuming the Company will continue as a going concern, which is dependent upon the Company's ability to generate future profits and/or obtain necessary financing to meet its obligations as they come due.

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

**NOTE 4. ACQUISITIONS AND DISPOSALS**

The Company acquired Accelerate Global Market Solutions Corp ('Accelerate') on April 7, 2022, and its assets of the control block of preferred stock recently acquired and the liability of the loan note due to World Market Ventures LLC. The preferred stock was issued to the CEO, John Morgan, and the loan note was retained by the Company. The acquisition was effected by the owner, John Morgan, contributing Accelerate to the Company. The acquisition is summarized below.

| | Allocation |
|---|---|
| Cash on hand | $ - |
| Current assets | 639,212 |
| Fixed assets | - |
| Current liabilities | (609,212) |
| Goodwill | - |
| | |
| **Total** | **$ 30,000** |

The assets acquired totaled $30,000, with the balance of the purchase price of $30,000 paid by the issuance of 30,000,000 shares of common stock.

**NOTE 5. OTHER CURRENT ASSETS**

The Company had the following current assets as at December 31, 2022 and 2021.

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Prepayments of business expenses, paid by then CEO | $ - | $ 13,171 |
| Other debtors | - | - |
| | | |
| **Totals** | **$ -** | **$ 13,171** |

**NOTE 6. INTANGIBLE ASSETS**

Based on the acquisition and disposal activity detailed in Note 4, the Company retained the following intangible assets as at December 31, 2022 and 2021:

| Asset | Description | December 31, 2022 | December 31, 2021 |
|---|---|---|---|
| Goodwill | Acquisition of Accelerate Global Markets, Inc. | $ - | $ - |
| Software | App development | 15,000 | - |
| | | | |
| **Total** | | **$ 15,000** | **$ -** |

**NOTE 7. LOANS AND NOTES PAYABLE**

The Company had loans and notes payable as at December 31, 2022 and 2021 totaling $231,727 and nil respectively, as follows:

| Description | Principal Amount | Date of Loan Note | Maturity Date | December 31, 2022 | December 31, 2021 |
|---|---|---|---|---|---|
| Convertible loan from World Market Ventures, 6 months, 20% interest, convertible at 50% of lowest price during term | $ 155,000 | 4/7/2022 | 10/7/2022 | $ 193,262 | $ - |
| Loan from JP Carey Limited Partners LP, 12 months, 14% interest | 35,000 | 4/22/2022 | 4/22/2023 | 38,465 | - |
| | | | | | |
| Total | | | | $ 231,727 | $ - |
| | | | | | |
| Long-term total | | | | $ - | $ - |
| | | | | | |
| Short-term total | | | | $ 231,727 | $ - |

| Loans and Notes Amortization | Amount Due |
|---|---|
| Due within 12 months | $ 231,727 |
| Due within 24 months | - |
| Due within 36 months | - |
| Due within 48 months | - |
| Due after 48 months | - |
| | |
| Total | $ 231,727 |

**NOTE 8. CAPITAL STOCK**

As at December 31, 2022 and 2021, the Company was authorized to issue Preferred Stock and Common Stock as detailed below.

**Preferred Stock**

At December 31, 2022 the Company had authorized Preferred Stock in one designation totaling 20 shares:

| | |
|---|---|
| Preferred Stock Series A | The Company is authorized to issue 20 shares of Series A, with a par value of $0.001 per share. Each share of preferred stock converts into 10,000,000 shares of common stock, and the holders of the preferred stock are entitled to a vote representing 60% of all votes cast. The shares do not pay a dividend. As at January 1, 2020, the Company had no shares of Series A preferred stock issued and outstanding.<br><br>On September 30, 2021 the Company issued 10 shares of Preferred Stock Series A to a debt holder for debt conversion of $36,718, or $3671.8 per share.<br><br>At December 31, 2022 the Company had 10 shares of Preferred Stock Series A issued and outstanding. |

As at December 31, 2022, the Company had a total of 10 shares of Preferred Stock issued and outstanding.

**Common Stock**

As at December 31, 2022, the Company was authorized to issue up to 500,000,000 shares of Common Stock with par value of $0.001 per share. On August 1, 2022, the Company increased its authorized share capital to 500,000,000 shares from 7,500,000 shares.

As at January 1, 2021, the Company had 5,162,350 shares of Common Stock issued and outstanding.

On August 16, 2022 the Company issued 30,000,000 shares of Common Stock to a seller for an acquisition of $30,000, or $.001 per share.

As at December 31, 2022, there were 35,162,350 shares of Common Stock issued and outstanding.

**NOTE 9. DERIVATIVE LIABILITIES**

The Company applies the provisions of ASC Topic 815-40, Contracts in Entity's Own Equity ("ASC Topic 815-40"), under which convertible instruments, which contain terms that protect holders from declines in the stock price (reset provisions), may not be exempt from derivative accounting treatment. As a result, embedded conversion options in convertible debt are recorded as a liability and are revalued at fair value at each reporting date. If the fair value of the note exceeds the face value of the related debt, the excess is recorded as change in fair value in operations on the issuance date.

The Company identified embedded derivatives related to the Convertible Loan Note issued on April 7, 2022 totaling $170,500 (discounted to $155,000, with an original issuer discount of $15,500). These embedded derivatives included certain conversion features. The accounting treatment of derivative financial instruments requires that the Company record the fair value of the derivatives as of the inception date of the Convertible Promissory Note and to adjust the fair value as of each subsequent balance sheet date. At the inception of the Convertible Promissory Note, the Company determined a fair value for the embedded derivative using the Black Scholes Model based on the following assumptions:

| | |
|---|---|
| Dividend yield | 0.00% |
| Volatility | 516.61% |
| Risk-free rate | 2.70% |

The initial fair value of the embedded debt derivative was $454,212. The proceeds of the note of $155,000 was allocated as a debt discount. The amount in excess of the proceeds of the loan note of $299,212 was charged as interest to the Statement of Operations for the period.

The fair value of the embedded debt derivative was reviewed at December 31, 2022, using the following inputs:

| | |
|---|---|
| Dividend yield | 0.00% |
| Volatility | 280.87% |
| Risk-free rate | 4.00% |

The fair value of the embedded debt derivative at December 31, 2022 was $71,105, a decrease in the valuation of the embedded debt derivative of $383,107 for the period.

The following table provides a summary of changes in fair value of the Company's Level 3 derivative liabilities as at December 31, 2022:

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Balance, beginning of period | $ - | $ - |
| Additions | 454,212 | - |
| Mark-to-market at modification date | (383,107) | - |
| Reclassified to additional paid-in capital upon modification of term | - | - |
| Balance, December 31, 2022 | $ 71,105 | $ - |
| Net gain due to change in fair value for the year included in statement of operations | $ 383,107 | $ - |

This mark-to-market decrease of $383,107 for the year ending December 31, 2022 was charged to the statement of operations as a gain on change in value of derivative liabilities.

**NOTE 10. INCOME TAXES**

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

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

For the year ended December 31, 2022, the Company had available for US federal income tax purposes net operating loss carryovers of $5,035,177, all of which will expire by 2042.

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

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Statutory federal income tax rate | 21.00% | 21.00% |
| Statutory state income tax rate | 0.00% | 0.00% |
| Valuation allowance | (21.00%) | (21.00%) |
| Effective tax rate | 0.00% | 0.00% |

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

| **Deferred Tax Assets (Gross Values)** | December 31, 2022 | December 31, 2021 |
|---|---|---|
| Net operating loss carry forward | $ (5,195,799) | $ (4,761,797) |
| Less valuation allowance | 5,195,799 | 4,761,797 |
| Net deferred tax asset | $ - | $ - |

**NOTE 11. RELATED PARTY TRANSACTIONS**

The Company had the following related party transactions during the year ending December 31, 2022 and 2021.

During the period ended December 31, 2021, Synergy Management Group, a Company owned by the CEO, paid $3,930 in expenses on behalf of the Company. Additionally, the related party estimated an additional $32,788 that it would pay in expenses on behalf of the Company. The Company issued 10 Series A Convertible Preferred Shares in lieu of these payments.

Also during the year ending December 31, 2021, an additional $19,617 in expenses were paid and $13,171 remained as prepaid expenses on the balance sheet. During the year ending December 31, 2022, the remaining $13,171 prepaid expenses were expensed and are shown in the operating statement.

**NOTE 12. SUBSEQUENT EVENTS**

Subsequent to December 31, 2022, the Company reported the following events:

On January 11, 2023, the Company entered into an agreement with World Market Ventures ('WMV') to settle their note in full in the amount of $186,303 through the issuance of 37,260,600 shares of common stock to WMV at a price of $0.005 per share, a discout of 50% to the ongoing Reg A offering being conducted by the Company.

On January 12, 2023, the Company repaid the outstanding loan note with J P Carey in full, making a payment of $42,000 on that date.

On January 24, 2023, the Company entered into a Letter of Intent to acquire all the outstanding capital stock of Ronn Motor Group, Scottsdale, Arizona (the 'Acquisition Target'). This Letter of Intent is subject to due diligence with a final termination date of February 28, 2023, and envisages exchange of stock of the Company for shares in the acquisition target on a 1 for 1 basis, ie. one share of common stock of the Company for each share of common stock of the Acquistion Target, and one share of preferred stock of the Company for each share of preferred stock in the Acquisition Target. The Parties executed a definitive agreement on February 16, 2023.