

**Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

**Balincan USA, Inc**

555 Middle Creek Pkwy, Suite 100  
Colorado Springs, CO, 80921

---

719-419-6709

[www.balincanusa.com](http://www.balincanusa.com)

[info@balincanusa.com](mailto:info@balincanusa.com)

SIC Code: 7372

**Quarterly Report**

For the period ending September 30, 2023 (the "Reporting Period")

**Outstanding Shares**

The number of shares outstanding of our Common Stock was:

200,197,317 as of September 30, 2023

150,218,141 as of December 31, 2022

**Shell Status**

Indicate by 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: ☒

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

Yes: ☐ No: ☒

**Change in Control**

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

---

<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name and address(es) of the issuer and its predecessors (if any)**

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Balincan USA, Inc.; F/K/A Mogizone Holding Corporation until 08/24/2015 F/K/A Trestle Holdings, Inc. until 08/25/2009 and F/K/A Sunland Entertainment Co. (Delaware) Inc from May 7, 2002.

Sunland Entertainment Co. was previously incorporated in California and was the successor to the Harvey Entertainment Company as of June 22, 2001.

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 Company was incorporated in Delaware on May 7, 2002 and 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:

On February 3, 2023 the Company filed for a formal name and symbol change to Tekumo, Inc. - TKMO subject to the approval of FINRA which is still presently under review.

On September 15, 2023, the Circuit Court of Baltimore County, Maryland (the "Court") rendered an order approving a Settlement Agreement and Stipulation between Trillium Partners LP ("Trillium") and the Company for the payment of \$2,255,121 in past due debt obligations originally issued or assigned to Trillium. Under the terms of the agreement, Trillium may convert the debt into shares of common stock at a price equal to the lowest trading price during the thirty (30) trading day period prior to any conversion, subject to a 9.99% limitation on beneficial ownership at the time such conversion. A Remittance Amount of 66.67% of the Net Proceeds from the sale of the Settlement Shares shall reduce the balance of the Notes outstanding. The conversion shares issued by the Company will be unrestricted in reliance on Section 3(a)(10) of the Securities Act of 1933.

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

555 Middle Creek Pkwy, Suite 100  
Colorado Springs, CO, 80921

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

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

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

No: ☒ Yes: ☐ If Yes, provide additional details below:

**2) Security Information**

**Transfer Agent**

Name: Vstock Transfer, LLC.  
Phone: (212) 828-8436  
Email: Allison@Vstocktransfer.com  
Address: 18 Lafayette Place, Woodmere, NY 11598

**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:	<u>BCNN</u>	
Exact title and class of securities outstanding:	<u>Common Stock</u>	
CUSIP:	<u>058479106</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,500,000,000</u>	as of date: <u>September 30, 2023</u>
Total shares outstanding:	<u>200,197,317</u>	as of date: <u>September 30, 2023</u>
Total number of shareholders of record:	<u>198</u>	as of date: <u>September 30, 2023</u>

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

**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 outstanding:	<u>Series A Preferred</u>	
CUSIP:	<u>None</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>10,000,000</u>	as of date: <u>September 30, 2023</u>
Total shares outstanding:	<u>9,962,000</u>	as of date: <u>September 30, 2023</u>
Exact title and class of securities outstanding:	<u>Series B Preferred</u>	
CUSIP:	<u>None</u>	
Par or stated value:	<u>\$0.001</u>	
Total shares authorized:	<u>1,000,000</u>	as of date: <u>September 30, 2023</u>
Total shares outstanding:	<u>1,000,000</u>	as of date: <u>September 30, 2023</u>

**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.**

Subject to the preferential rights of the Preferred Stock, the holders of shares of Common Stock shall be entitled to receive, when and if declared by the Board of Directors, dividends payable either in cash, or in shares of capital stock.

Each holder of Common Stock shall have one vote in respect of each share of stock held by such holder.

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

### Series A Preferred:

Dividends are cumulative and accrue at 4% per annum.

The Series A Preferred Stock is senior to all other classes of stock and represents 85% of the voting control of the Company (on an as-converted basis).

It may be converted into 85% of the Company's fully diluted common stock, non-dilutive until December 14, 2023.

Shares of Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for liquidation to its stockholders, before any payment shall be made to the holders of Junior Securities, an amount in cash equal to the greater of (i) aggregate Liquidation Value \$0.6779 of all Shares held by such holder, plus all unpaid accrued and accumulated dividends on all such Shares (whether or not declared) and (ii) such amount per share as would have been payable had all shares of Series A Preferred Stock been converted into Common Stock.

### Series B Preferred:

Dividends are cumulative and accrue at 4% per annum.

The Series B Preferred Stock is non-voting.

It may be converted into 10% of the Company's fully diluted common stock, non-dilutive until December 14, 2023.

Shares of Series B Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for liquidation to its stockholders, after payment of the full liquidation preference with respect to Senior Securities, and before any payment shall be made to the holders of Junior Securities, an amount in cash equal to the greater of (i) aggregate Liquidation Value \$0.7975 of all Shares held by such holder, plus all unpaid accrued and accumulated dividends on all such Shares (whether or not declared) and (ii) such amount per share as would have been payable had all shares of Series B Preferred Stock been converted into Common Stock.

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

### Series A Preferred:

Without the prior written consent of holders of not less than seventy percent (70%) of the then total outstanding Shares of Series A Preferred Stock (a "Supermajority Interest"), the Corporation shall not take the following actions:

- (a) create, authorize or issue shares of, or reclassify, any capital stock unless the same is expressly made a Junior Security, or (ii) increase the authorized number of shares of Preferred Stock or any additional class or series of capital stock of the Corporation unless the same is expressly made a Junior Security;
- (b) amend, alter, modify, or repeal the Certificate of Incorporation, this Certificate of Designation, or the by-laws of the Corporation, including the amendment of the Certificate of Incorporation by the adoption or amendment of any Certificate of Designation or similar document, or amend the organizational documents of any Subsidiary in a manner that adversely affects the powers, preferences or rights of the Series A Preferred Stock;
- (c) increase the authorized number of directors constituting the Board from five;
- (d) increase the authorized number of shares of Series A Preferred Stock;
- (e) redeem, purchase, or otherwise acquire or pay or declare any dividend or other distribution on (or pay into or set aside for a sinking fund for any such purpose) any capital stock of the Corporation; provided,

that this restriction shall not apply to (i) the declaration or payment of any dividend or distribution payable on the Common Stock in shares of Common Stock,

(f) declare bankruptcy, dissolve, liquidate, or wind up the affairs of the Corporation or any Subsidiary of the Corporation;

(g) effect, or enter into any agreement to effect, a Change of Control

#### Series B Preferred:

Without the prior written consent of holders of not less than eighty percent (80%) of the then total outstanding Shares of Series B Preferred Stock (a "Supermajority Interest"), the Corporation shall not take the following actions:

(h) amend, alter, modify, or repeal the Certificate of Designation including the amendment of the Certificate of Incorporation in a manner that adversely affects the powers, preferences or rights of the Series B Preferred Stock;

(i) increase the authorized number of shares of Series B Preferred Stock

#### **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.**

None

### **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 acquire such securities, issued for services. Using the tabular format below, please describe 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:

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

Shares Outstanding as of Second Most Recent Fiscal Year End: <div style="text-align: right;"><u>Opening Balance</u></div> Date <u>December 31, 2021</u> Common: <u>23,431,131</u> Preferred: <u>Series A: 995</u> <u>Series C: 597,200</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.  *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g., for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.

June 14, 2022	New Issuance	3,333,333	Series A Preferred	\$0.001	No	7NVest LLC/Strings D.E. Kozisek/Phillip Dignan/Chris Nichols	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	666,667	Series A Preferred	\$0.001	No	Strings D.E. Kozisek	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	666,667	Series A Preferred	\$0.001	No	Phillip Dignan	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	666,667	Series A Preferred	\$0.001	No	Chris Nichols	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	666,667	Series A Preferred	\$0.001	No	Intelletive Tekumo Ventures LLC/ Jacob Beasley	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	250,000	Series A Preferred	\$0.001	No	Mano Enterprises LLC/ Junko Mano	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	250,000	Series A Preferred	\$0.001	No	Kimiko K Leong LLC/ Kimiko Leong	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	3,500,000	Series A Preferred	\$0.001	No	Tekumo Equity Holdings LLC/Strings D.E. Kozisek/Phillip Dignan/Chris Nichols	Membership Interest Contribution	Restricted	4(a)(2)
June 14, 2022	New Issuance	1,000,000	Series B Preferred	\$0.001	No	Trillium Partners LP/Stephen Hicks	Consulting Services	Restricted	4(a)(2)
June 14, 2022	Conversion	7,499,750	Common	\$0.0067	No	Trillium Partners LP/Stephen Hicks	Conversion Series A (500) & C Preferred (111,100)	Restricted	4(a)(2)
June 14, 2022	Conversion	6,000,000	Common	\$0.0067	No	JP Carey Limited Partners LP/ Joseph Canouse	Conversion Series A (150) & C Preferred (200,000)	Restricted	4(a)(2)
June 14, 2022	Conversion	700,000	Common	\$0.10	No	USX China Fund/Stephen Parr	Conversion Series A Preferred (70)	Restricted	4(a)(2)
June 14, 2022	Conversion	250,000	Common	\$0.10	No	Dynacap Global Capital Fund II LP/Charles Smith	Conversion Series A Preferred (25)	Restricted	4(a)(2)
June 14, 2022	Conversion	500,000	Common	\$0.10	No	Tangiers Investors LP/Robert Papiri	Conversion Series A Preferred (50)	Restricted	4(a)(2)
June 14, 2022	Conversion	1,500,000	Common	\$0.10	No	Silver Rock II Ltd/Unknown	Conversion Series A Preferred (150)	Restricted	4(a)(2)

June 14, 2022	Conversion	500,000	Common	\$0.10	No	Steve Vargo	Conversion Series A Preferred (50)	Restricted	4(a)(2)
June 14, 2022	Conversion	2,499,750	Common	\$0.10	No	BBS Capital Fund LP/Unknown	Conversion Series C Preferred (75,000)	Restricted	4(a)(2)
June 14, 2022	Conversion	2,499,750	Common	\$0.10	No	Blue Earth Fund LP/Brett Conrad	Conversion Series C Preferred (111,100)	Restricted	4(a)(2)
June 14, 2022	Conversion	2,250,000	Common	\$0.10	No	First Clearing/Steve Taylor	Conversion Series C Preferred (100,000)	Restricted	4(a)(2)
June 14, 2022	Conversion	1,500,000	Common	\$0.10	No	Zi Chin, Lu	Debt Conversion	Restricted	4(a)(2)
June 14, 2022	Conversion	5,000,000	Common	\$0.10	No	Taylor International Fund Ltd/ Steve Taylor	Debt Conversion	Restricted	4(a)(2)
August 8, 2022	Conversion	96,900,000	Common	\$0.001	No	7Nvest LLC/Strings D.E. Kozisek/Phillip Dignan/Chris Nichols	Conversion Series A Preferred (38,000)	Restricted	4(a)(2)
February 8, 2023	New Issuance	6,250,000	Common	\$0.008	No	Trillium Partners LP/Stephen Hicks	Reg A	Unrestricted	Reg A
February 8, 2023	New Issuance	12,000,000	Common	\$0.008	No	JP Carey Limited Partners LP/ Joseph Canouse	Reg A	Unrestricted	Reg A
February 9, 2023	New Issuance	1,875,000	Common	\$0.008	No	Matterhorn Partners LLC/Paul Montney	Reg A	Unrestricted	Reg A
February 10, 2023	New Issuance	6,250,000	Common	\$0.008	No	Trillium Partners LP/Stephen Hicks	Reg A	Unrestricted	Reg A
February 28, 2023	New Issuance	5,000,000	Common	\$0.008	No	Arin Fund LLC/Adam Ringer	Reg A	Unrestricted	Reg A
March 1, 2023	New Issuance	570,176	Common	\$0.001	No	Nicholas F Coscia	Consulting Services	Restricted	4(a)(2)
September 21, 2023	New Issuance	18,034,000	Common	\$0.001	No	Trillium Partners LP/Stephen Hicks	Convertible Note Conversion	Unrestricted	3 (a) (10)
Shares Outstanding on Date of This Report:									
<u>Ending Balance</u>									
Date: <u>September 30, 2023</u>									
Common:		<u>200,197,317</u>							
Preferred: Series A:		<u>9,962,000</u>							
Series B:		1,000,000							

## 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 (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder.  *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
6/15/2023	\$90,459	\$88,000	\$2,459	6/15/2024	50% Market Price	Trillium Partners LP/ Stephen Hicks	Loan
6/15/2023	\$84,127	\$82,500	\$1,627	6/15/2023	50% Market Price	JP Carey Limited Partners LP/JP Canouse	Loan
6/15/2023	\$33,958	\$33,000	\$958	6/15/2023	50% Market Price	Ascension Ventures LLC/ Kimiko Leong	Loan
9/30/2022	\$424,897	\$330,000	\$94,897	9/30/2023	3(a)(10) Settlement	Trillium Partners LP/ Stephen Hicks	Loan
9/30/2022	\$424,897	\$330,000	\$94,897	9/30/2023	3(a)(10) Settlement	JP Carey Limited Partners LP/JP Canouse	Loan
6/14/2022	\$463,320	\$330,000	\$133,320	6/14/2023	3(a)(10) Settlement	Trillium Partners LP/ Stephen Hicks	Loan
6/14/2022	\$463,320	\$330,000	\$133,320	6/14/2023	3(a)(10) Settlement	JP Carey Limited Partners LP/JP Canouse	Loan
6/14/2022	\$91,680	\$65,000	\$26,680	6/14/2023	3(a)(10) Settlement	Matt Stout	Loan
6/14/2022	\$78,689	\$72,500	\$6,189	6/14/2023	\$0.005	Grow Holdings Solutions Inc/Phil Sands	Loan
4/18/2022	\$19,202	\$5,454	\$13,748	4/18/2023	\$0.005	Todd Sherman	Loan
4/27/2022	\$85,408	\$56,695	\$22,143	4/18/2023	3(a)(10) Settlement	Ascension Ventures LLC/ Kimiko Leong	Loan
2/15/2022	\$96,454	\$50,000	\$46,454	4/18/2023	3(a)(10) Settlement	Ascension Ventures LLC/ Kimiko Leong	Loan
12/9/2021	\$46,385	\$25,000	\$21,385	4/18/2023	3(a)(10) Settlement	Ascension Ventures LLC/ Kimiko Leong	Loan
10/18/2021	\$49,147	\$25,000	\$24,147	4/18/2023	3(a)(10) Settlement	Ascension Ventures LLC/ Kimiko Leong	Loan
10/18/2021	\$48,749	\$25,000	\$23,749	4/18/2023	3(a)(10) Settlement	Stephen Sherman	Loan
4/12/2020	\$195,939	\$100,000	\$95,939	4/18/2023	3(a)(10) Settlement	Stephen Sherman	Loan



#### 4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations.

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

The Company offers a service delivery platform that solves the "last-mile" of installing, monitoring, and maintaining technology systems and smart connected devices.

Tekumo means "Tech Cloud" in Japanese. In a world of smart, connected devices, there remains a "last-mile" issue of installing, monitoring, and managing such systems. Product and service companies all need a new service model. Tekumo is reinventing that process by deploying an intelligent service delivery platform that manages local technician resources in the installation and maintenance of technology systems, as well as providing a "smart interface" for the monitoring and management of connected devices.

The number of connected devices is exploding, and digital transformation is everywhere. The company supports POS systems, kiosks, digital menu boards, cameras, cabling, Wi-Fi and networking. Fueled by the rapid adoption and growth of the Industrial Internet of Things (IIoT) market, the Company also offers a comprehensive IoT service platform that includes a range of services such as water and energy management, lighting and HVAC control, smart homes devices, wearable sensors, and access control.

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

Tekumo LLC is a 100% owned subsidiary of BCNN. It is a Colorado limited liability company formed on August 13, 2019, and it acquired all the assets, contracts and intellectual property of Sequenza Inc. in January 2020.

Sequenza Inc. was formed in December 2013 as a managed service provider for IT and telecommunication services. As an affiliated company it remains 100% controlled by Tekumo.

C. Describe the issuers' principal products or services.

Tekumo has three main product offerings:

Tekumo**PRO** is a platform that connects enterprises, retailers, and OEM's with local skilled resources to install and maintain technology systems. It delivers a smarter dynamic workforce, intelligent automation, real-time visibility, and full integration into client service management systems.

Tekumo**SMART** delivers the complete service platform for smart connected devices. It installs, monitors and manages sensors, devices gateways, hubs, and data for multiple verticals including Multiple Dwelling Units (MDU's), Quick Service Restaurants (QSR's), Assisted Living, Retail, Hospitality, Utilities, Builders, Insurance, and Facility Managers – all with 24/7 onsite support.

Tekumo**IQ** provides real-time data from all connected assets, accessible via Tekumo dashboards or directly delivered into any end user ecosystem.

These offerings represent the service industry's first on-demand, Service Delivery Platform, addressing the gap in the Industrial Internet of Things for installing, monitoring and managing smart connected devices. It also serves the field service industry's need for a more dynamic field workforce that can be managed in real-time. The Tekumo Platform drives cost savings, efficiencies, and higher profitability for its product and service customers.

#### 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.

The Company leases 3,394 sq. feet of corporate office space at 555 Middle Creek Parkway, Suite 100, Colorado Springs, CO 80921. The current lease expires February 28, 2028.

## 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 than 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.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
Strings D. E. Kozisek	CEO/Director/Owner	13970 Voyager Pkwy, Colorado Springs CO 80921	666,667	Series A Preferred	6.69%	
Phillip Dignan	President, CFO/Director/Owner	5961 Day Rider Ave, Las Vegas, NV 89139	666,667	Series A Preferred	6.69%	
Christopher Nichols	CSO/Director/Owner	7185 Wells Ave, Navarre FL 32566	666,667	Series A Preferred	6.69%	
Intelletive Tekumo Ventures LLC	Owner	6639 Oakland Ave S, Richfield, MN 55423	666,667	Series A Preferred	6.69%	Jake Beasley, Chief Architect
Tekumo Equity Holdings LLC	Owner	555 Middle Creek Pkwy, #100, Colorado Springs, CO 80921	3,500,000	Series A Preferred	35.13%	Directors: Strings D.E. Kozisek, Phillip Dignan, Christopher Nichols
7NVest LLC	Owner	555 Middle Creek Pkwy, #100, Colorado Springs, CO 80921	3,295,333	Series A Preferred	33.09%	Directors: Strings D.E. Kozisek, Phillip Dignan, Christopher Nichols
Trillium Partners LP	Owner	Executive Pavilion 90 Grove Street, Ridgefield CT 06877	1,000,000	Series B Preferred	100.0%	Stephen Hicks
7NVest LLC	Owner	555 Middle Creek Pkwy, #100, Colorado Springs, CO 80921	96,900,000	Common	48.40%	Directors: Strings D.E. Kozisek, Phillip Dignan, Christopher Nichols

## 7) Legal/Disciplinary History

A. 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 Service Providers

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  
Address 1: 897 W Baxter Dr.  
Address 2: South Jordan, Utah 84095  
Phone: 801.810.4465  
Email: [jeff@jdt-legal.com](mailto:jeff@jdt-legal.com)

Accountant or Auditor

Name: Michael Pollack  
Firm: KBL, LLP  
Address 1: 1350 Broadway, Suite 1520  
Address 2: New York, NY 10018  
Phone: 212-785-9700  
Email: [mpollack@kbl.com](mailto:mpollack@kbl.com)

#### Other Service Providers

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

None

#### **9) Financial Statements**

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

- ☐ IFRS
- ☒ U.S. GAAP

B. The following financial statements were prepared by (name of individual)<sup>2</sup>:

Name: Phillip Dignan

Title: CFO

Relationship to Issuer: Officer

Describe the qualifications of the person or persons who prepared the financial statements: Chief Financial Officer

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.

- 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

---

<sup>2</sup> 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.

## TABLE OF CONTENTS

### Item 1.

#### Financial Statements.

#### Unaudited Consolidated Balance Sheets

#### Unaudited Consolidated Statements of Operations

#### Unaudited Consolidated Statement of Stockholders' Deficit

#### Unaudited Consolidated Statements of Cash Flows

#### Notes to Unaudited Consolidated Financial Statements

**Balinca USA Inc**  
**Consolidated Balance Sheets**

	September 30, 2023 (Unaudited)	December 31, 2022 (Restated/Unaudited)
<b>ASSETS:</b>		
<b>Current assets:</b>		
Cash	\$ 21,394	\$ 117,007
Accounts Receivable	692,748	320,046
<b>Total Current Assets</b>	<b>714,142</b>	<b>437,053</b>
Software & intellectual property	2,268,334	1,802,833
Deposits and other assets	-	10,395
<b>Total Assets</b>	<b>\$ 2,982,476</b>	<b>\$ 2,250,281</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 2,541,134	\$ 1,478,835
Note payable, net of debt discount and issuance costs	291,242	390,885
Derivative Liability	4,920,818	5,979,437
Convertible notes, net of debt discount and issuance costs	1,576,534	1,151,428
Line of credit	639,772	43,747
<b>Total Current Liabilities</b>	<b>9,969,500</b>	<b>9,044,332</b>
Notes Long term	158,785	159,995
<b>Total Long-Term Liabilities</b>	<b>158,785</b>	<b>159,995</b>
<b>Total liabilities</b>	<b>10,128,285</b>	<b>9,204,327</b>
<b>Shareholder's Equity:</b>		
Series A Preferred Stock 10,000,000 authorized, \$0.001 par value, 9,962,000 issued and outstanding	9,962	9,962
Series B Preferred Stock 1,000,000 authorized and outstanding, \$0.001 par value, 1,000,000 issued and outstanding	1,000	1,000
Common Stock, 1,500,000,000 authorized, \$0.001 par value, 200,197,317 issued and outstanding	200,197	150,218
Additional paid in capital	685,881	430,188
Accumulated deficit	(8,042,849)	(7,545,414)
Total stockholder deficit	(7,145,809)	(6,954,046)
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 2,982,476</b>	<b>\$ 2,250,281</b>

**Balincan USA Inc**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<b>For the Three Months Ended September 30, 2023</b>	<b>For the Three Months Ended September 30, 2022 (Restated)</b>	<b>For the Nine Months Months Ended September 30, 2023</b>	<b>For the Nine Months Ended September 30, 2022 (Restated)</b>
<b>Revenue</b>	\$ 858,568	\$ 400,540	\$ 1,320,616	\$ 1,676,618
<b>Cost of Goods Sold</b>	493,216	236,816	780,792	999,003
<b>Gross Profit</b>	365,352	163,724	539,824	677,614
<b>Operating Expenses</b>				
Stock Based Compensation	-	-	570	956,160
Selling, General and Administrative Expenses	366,170	662,718	1,111,150	1,648,301
<b>Total Operating Expenses</b>	366,170	662,718	1,111,720	\$2,604,461
<b>Loss From Operations</b>	(818)	(498,994)	(571,896)	(1,926,847)
<b>Other Expense</b>				
Interest Expense	(644,431)	(36,054)	(697,616)	(206,317)
Loss on Exchange	(26,436)		(26,435)	
Accretion of Debt Discount	(63,530)	(89,942)	(306,447)	(105,712)
Change of FV of Derivative Liab	(1,342,179)	1,263,745	1,104,960	1,393,024
<b>Total Other Income</b>	(2,076,576)	1,137,749	74,462	1,080,995
<b>Net Loss</b>	(2,077,394)	638,755	(497,434)	(845,852)
Deemed Dividend	-		-	(8,127,358)
<b>Net Loss Attributable To Common Shareholders</b>	\$ (2,077,394)	\$ 638,755	\$ (497,434)	\$ (8,973,210)
<b>Per-share data</b>				
Basic and Diluted Loss Per Share	\$ (0.01)	\$ 0.00	\$ (0.00)	\$ (0.17)
Weighted Average No. Common Shares Outstanding	182,757,844	150,218,141	177,690,681	53,945,438

**Balincan USA Inc**  
**Consolidated Statement of Changes in Stockholders' Equity (Deficit)**  
**Nine Months Ended September 30, 2023**

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Shareholder's Equity
<b>Balance – December 31, 2022 (Restated)</b>	<u>9,962,000</u>	<u>\$ 9,962</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>150,218,141</u>	<u>\$ 150,218</u>	<u>\$ 430,188</u>	<u>\$ (7,545,414)</u>	<u>\$ (6,954,046)</u>
Issuance of shares					49,409,000	49,409	255,693		305,102
Stock warrants issued									-
Stock based compensation					570,176	570			570
Conversion of Preferred Stock to Common Stock									-
Dividends									-
Net loss for the nine months ended September 30, 2023								(497,434)	✔ (497,434)
<b>Balance – September 30, 2023</b>	<u>9,962,000</u>	<u>\$ 9,962</u>	<u>1,000,000</u>	<u>\$ 1,000</u>	<u>200,197,317</u>	<u>\$ 200,197</u>	<u>\$ 685,881</u>	<u>\$ (8,042,848)</u>	<u>\$ (7,145,808)</u>



**Balinca USA Inc**  
**Consolidated Statements of Cash Flows**

	For the Nine Months Ended September 30, 2023 (unaudited)	For the Nine Months Ended September 30, 2022 (Restated/Unaudited)
<b>Cash Flows From Operating Activities:</b>		
Net Loss	\$ (497,434)	\$ (845,852)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities		
Accretion Of Debt Discount	306,447	105,712
Stock Based Compensation	-	956,160
Changes in Derivative Liability	(1,058,620)	(1,393,024)
Changes in Operating Assets And Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	(372,702)	277,397
Other Current Asset	10,395	
Accounts Payable And Accrued Liabilities	1,062,299	597,441
<b>Net Cash Provided by Operating Activities</b>	<u>(549,615)</u>	<u>(302,166)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of Software & Intellectual Property	(465,501)	(442,500)
<b>Net Cash Used in Investing Activities</b>	<u>(465,501)</u>	<u>(442,500)</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Issuance of Common Stock	305,102	1,325,000
Proceeds from Convertible Notes	119,229	
Proceeds From Issuance of Note Payable	-	221,088
Repayment of Note payable	(100,853)	
Proceeds from Line Of Credit	596,025	(481,148)
<b>Net Cash Provided By Financing Activities</b>	<u>919,503</u>	<u>1,064,940</u>
<b>Net Change In Cash</b>	(95,613)	320,274
Cash - Beginning of Period	117,007	59,920
<b>Cash - Ending of Period</b>	<u>\$ 21,394</u>	<u>\$ 380,194</u>
<b><u>Supplemental Disclosures Of Cash Flow Information:</u></b>		
Cash Paid For Interest	6,449	-
Cash Paid For Taxes	-	-
<b><u>Supplemental Schedule of Non-Cash Financing Activities:</u></b>		
Deemed Dividend	\$ -	\$ 8,127,358
Stock Warrants Issued With Note Payable	\$ 33,077	\$ 416,545

## **Note 1 - Description of Business**

### **Organization and History**

The accompanying consolidated financial statements include the financial statements of Balinca USA, Inc. (formerly known as MoqiZone Holding Corporation, Trestle Holdings Inc., Sunland Entertainment Co. and Harvey Entertainment Company) (the “Company”).

### **Original Share Exchange Agreement, Reverse Merger and Reorganization**

On May 7, 2002, the Company was originally incorporated as Sunland Entertainment Co. (Delaware) Inc. pursuant to a Certificate of Incorporation filed with the Secretary of the State of Delaware. Sunland Entertainment Co. was previously incorporated in California and was the successor to the Harvey Entertainment Company as of June 22, 2001.

The corporation filed an Amended and Restated Certificate of Incorporation on July 16, 2002, and a Second Amended and Restated Certificate of Incorporation on September 17, 2003, in which it changed its name to Trestle Holdings, Inc. (“Trestle”). A third Amended and Restated Certificate of Incorporation was filed on November 2, 2006.

On March 15, 2009, Trestle Holdings, Inc. entered into a Share Exchange Agreement with MoqiZone Cayman (the “MoqiZone Agreement”). As of August 25, 2009, an Amended and Restated Certificate of Incorporation was filed in which the corporate name was changed to MoqiZone Holding Corporation and authorized capital was changed to forty million (40,000,000) shares of common stock and fifteen million (15,000,000) shares of preferred stock. Pursuant to additional financings closed in August 2009, a certificate of designation of Series A preferred stock and Series B preferred stock were filed on October 6, 2009, and 15,000 shares of Series A preferred stock and 10,743 shares Series B preferred stock were issued. On August 31, 2009, a one-for-254.5 reverse stock split became effective and reduced outstanding shares of common stock to 703,794 shares and the Series B Preferred Stock was automatically converted into an aggregate of 10,743,000 shares of common stock, representing approximately 95% of the then issued and outstanding shares of common stock. A certificate of designation of Series C preferred stock was filed on April 1, 2010, authorizing 2,250,000 shares of Series C preferred.

On August 24, 2015, the Company filed an Amended Certificate of Incorporation, in which it changed its name to Balinca USA, Inc. (“Balinca”).

### **Tekumo Contribution Agreement and Reorganization**

On June 14, 2022, Balinca entered into a Contribution Agreement with Tekumo LLC (“Tekumo”), a Colorado limited liability corporation, in which it acquired 100% of the membership interests of Tekumo in exchange for ten million (10,000,000) shares of a newly designated Series A Preferred Stock. The Series A Preferred Stock is senior to all other classes of stock and represents 85% of the voting control of the Company and may be converted into 85% of the Company’s fully diluted common stock, non-dilutive for a period of eighteen months.

In conjunction with the change of control, the Company also issued one million (1,000,000) shares of a newly designated Series B Preferred Stock as consideration for services rendered pursuant to a third-party consulting agreement. The Series B Preferred stock is junior to the Series A Preferred Stock upon liquidation, but is senior to all other classes of stock, is non-voting, and may be converted into 9.99% of the Company’s fully diluted common stock, non-dilutive for a period of eighteen months.

The Company also issued a total of \$797,500 in Convertible Notes pursuant to Security Purchase Agreements. The Notes may convert into 159,500,000 common shares. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 145,000,000 common shares.

To effect the reverse merger, consideration of 53,318,141 shares of the Company’s common stock were retained. This is inclusive of the prior Series A Preferred Stock and Series C Preferred Stock along with \$375,000 of unsecured Notes that were all converted into common stock.

The Company and a voting majority of its shareholders approved an amendment to the Company’s Articles of Incorporation whereby the number of authorized shares of common stock was increased to 1.5 billion shares.

On September 30, 2022, the Company issued \$660,000 in Convertible Notes pursuant to Security Purchase Agreements. The Notes may convert into 132,000,000 common shares. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 120,000,000 common shares.

### **Recent Recapitalization**

On June 15, 2023 the Company issued a total of \$203,500 in Convertible Notes with a 1-year maturity. The Notes may convert into common shares at a variable conversion price equal to 50% of the common share market price. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 185,000,000 common shares.

On September 15, 2023, the Circuit Court of Baltimore County, Maryland (the “Court”) rendered an order approving a Settlement Agreement and Stipulation between Trillium Partners LP (“Trillium”) and the Company for the payment of \$2,255,121.18 in past due debt obligations originally issued or assigned to Trillium (the “3(a)(10) Settlement”). Under the terms of the agreement, Trillium may convert the debt into shares of common stock at a price equal to the lowest trading price during the thirty (30) trading day period prior to any conversion, subject to a 9.99% limitation on beneficial ownership at the time such conversion. A Remittance Amount of 66.67% of the Net Proceeds from the sale of the Settlement Shares shall reduce the balance of the Notes outstanding. The conversion shares issued by the Company will be unrestricted in reliance on Section 3(a)(10) of the Securities Act of 1933.

### **Note 2 - Summary of Significant Accounting Policies**

Management of the Company is responsible for the selection and use of appropriate accounting policies and the appropriateness of accounting policies and their application. Critical accounting policies and practices are those that are both most important to the portrayal of the Company’s financial condition and results and require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Company’s significant and critical accounting policies and practices are disclosed below as required by the accounting principles generally accepted in the United States of America.

#### **Use of Estimates and Critical Accounting Estimates and Assumptions**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

These significant accounting estimates or assumptions bear the risk of change due to the fact that there are uncertainties attached to these estimates or assumptions, and certain estimates or assumptions are difficult to measure or value.

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. The Company uses estimates in accounting for, among other items, revenue recognition, allowance for doubtful accounts, stock-based compensation, and income tax provisions.

Actual results could differ from those estimates.

#### **Principles of consolidation**

The Company consolidates all majority-owned subsidiaries, if any, in which the parent’s power to control exists.

All inter-company balances and transactions have been eliminated.

### Fair Value of Financial Instruments

The fair value measurement disclosures are grouped into three levels based on valuation factors:

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments and market corroborated inputs)
- Level 3 – significant unobservable inputs (including our own assumptions in determining the fair value of investments)

The Company's Level 1 assets/liabilities include cash, accounts receivable, accounts payable, and other current assets. Management believes the estimated fair value of these accounts at September 30, 2023 approximate their carrying value as reflected in the balance sheets due to the short-term nature of these instruments or the use of market interest rates for debt instruments.

The Company's Level 2 assets/liabilities include certain of the Company's notes payable and line of credit obligations. Their carrying value approximates their fair values based upon a comparison of the interest rate and terms of such debt given the level of risk to the rates and terms of similar debt currently available to the Company in the marketplace.

The Company's Level 3 assets/liabilities include intangible assets and derivative liabilities. Inputs to determine fair value are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques, including option pricing models and discounted cash flow models. Unobservable inputs used in the models are significant to the fair values of the assets and liabilities.

The table below under Derivative Liabilities provides a summary of the relevant assets and liabilities that are measured at fair value on recurring basis:

#### **Fair Value Measurements as of September 30, 2023**

	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)</b>	<b>Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Liabilities:				
Derivative liabilities	-	-	-	\$4,920,818
Total Liabilities	-	-	-	\$4,920,818

### Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

At times, cash balances may exceed the Federal Deposit Insurance Corporation ("FDIC") or Financial Claims Scheme ("FCS") insurable limits. The Company has never experienced any losses related to these balances. The Company does not believe it is exposed to significant credit risk on cash and cash equivalents.

### Concentration of Credit Risk and Other Risks and Uncertainties

The Company provides credit in the normal course of business. The Company maintains allowances for credit losses on factors surrounding the credit risk of specific customers, historical trends, and other information.

### Long-lived Assets Including Goodwill and Other Acquired Intangible Assets

We evaluate the recoverability of acquired finite-lived intangible assets for possible impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate from the use and eventual disposition. If such review indicates that the carrying amount of property and equipment and intangible assets is not recoverable, the carrying amount of such assets is reduced to fair value.

Acquired finite-lived intangible assets are amortized on a straight-line basis over the estimated useful lives of the assets. We routinely review the remaining estimated useful lives of property and equipment and finite-lived intangible assets. If we change the estimated useful life assumption for any asset, the remaining unamortized balance is amortized or depreciated over the revised estimated useful life.

### Commitments and Contingencies

The Company follows Accounting Standard Codification (“ASC”) subtopic 450-20 to report accounting for contingencies. Certain conditions may exist as of the date the consolidated financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

### Derivative Liability

The Company evaluates its debt and equity issuances to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for in accordance with paragraph ASC 815-10-05-4 and ASC 815-40-25. The result of this accounting treatment is that the fair value of the embedded derivative is marked-to-market each balance sheet date and recorded as either an asset or a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the consolidated statement of operations as other income or expense. Upon conversion, exercise or cancellation of a derivative instrument, the instrument is marked to fair value at the date of conversion, exercise or cancellation and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the balance sheet date.

The Company utilizes a fair market value option model for the Preferred Stock that maintains a 95% ownership in the Company, and for valuing the convertible debt and warrants. The inputs utilized in the application of the model included an estimate for the fair market value of the enterprise, a volatility assumption and a risk-free rate. The Company records the change in the fair value of the derivative liability as other income or expense in the consolidated statements of operations.

### Revenue Recognition

Under Topic 606, revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

We determine revenue recognition through the following steps:

- identification of the contract, or contracts, with a customer;
- identification of the performance obligations in the contract;
- determination of the transaction price;
- allocation of the transaction price to the performance obligations in the contract; and
- recognition of revenue when, or as, we satisfy a performance obligation.

Tekumo is a service delivery platform that solves the “last-mile” of installing, monitoring, and maintaining technology systems and smart connected devices. It connects enterprises, retailers, and OEM’s with local skilled resources to install and maintain technology systems.

As the Company performs services on specific activities in accordance with a customer service agreement or statement of work, it recognizes revenue when that activity has been completed.

#### Accounts Receivable and Allowances

Accounts receivable are recorded and carried when the Company has performed the work in accordance with the agreement. We make estimates for the allowance for doubtful accounts and allowance for unbilled receivables based upon our assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, and other factors that may affect our ability to collect from customers. The Company has not reserved any of the accounts receivable as they deem them to be fully collectible.

#### Stock-Based Compensation

The Company recognizes compensation expense for all equity-based payments granted in accordance with ASC 718 “Compensation – Stock Compensation”. Under fair value recognition provisions, the Company recognizes equity-based compensation over the requisite service period of the award. The Company has a relatively low forfeiture rate of stock-based compensation and forfeitures are recognized as they occur.

Determining the appropriate fair value model and calculating the fair value of equity-based payment awards requires the input of the subjective assumptions described above. The assumptions used in calculating the fair value of equity-based payment awards represent management’s best estimates, which involve inherent uncertainties and the application of management’s judgment. As a result, if factors change and the Company uses different assumptions, our equity-based compensation could be materially different in the future. The Company issues awards of equity instruments, such as Series B Preferred Stock granted to certain non-employees. Compensation expense related to these awards is based on the fair value of the underlying stock on the award date and is amortized over the service period. Compensation expense is reduced for actual forfeitures as they occur.

#### Advertising Expense

The Company expenses marketing, promotions and advertising costs as incurred. For the nine and three months ended September 30, 2023 and 2022, such costs were considered insignificant.

#### Loss Per Share

Basic net loss per common share is computed by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents because their inclusion would be anti-dilutive.

The Company had the following common stock equivalents as of September 30, 2023 and 2022:

	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Series A Preferred Stock	3,403,354,389	2,553,708,397
Series B Preferred Stock	400,394,634	300,436,282
Common Stock	200,197,317	150,218,141
Convertible notes	416,568,083	159,779,672
Warrants	450,000,000	265,000,000
<b>Totals</b>	<b>4,668,582,356</b>	<b>3,429,142,492</b>

#### Recent Accounting Guidance Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments (“ASU-2016-13”). ASU 2016-13 affects loans, debt securities, trade receivables, and any other financial assets that have the contractual right to receive cash. The ASU requires an entity to recognize expected credit losses rather than incurred losses for financial assets. On October 16, 2019, FASB approved a final ASU delaying the effective date of ASU 2016-13 for small reporting companies to interim and annual periods beginning after December 15, 2022. The Company is currently evaluating the impact of these amendments to the Company’s financial position and results of operations and currently does not know or cannot reasonably quantify the impact of the adoption of the amendments as a result of the complexity and extensive changes from the amendments. The Company does not believe the adoption will have a material impact on the Company’s consolidated financial statements. The adoption of the guidance will affect disclosers and estimates around accounts receivable.

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity. This ASU amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity’s own equity, and also improves and amends the related EPS guidance for both Subtopics. ASU 2020-06 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company is currently evaluating the impact of the new guidance on its consolidated financial statements.

In July 2021, the FASB issued ASU No. 2021-05, Lessors—Certain Leases with Variable Lease Payments (Topic 842), Which requires a lessor to classify a lease with variable lease payments that do not depend on an index or rate (hereafter referred to as “variable payments”) as an operating lease on the commencement date of the lease if specified criteria are met. ASU 2021-05 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company expects that there would be no material impact on the Company’s consolidated financial statements upon the adoption of this ASU.

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations — Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805), Which aims to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in recognition and payment terms that effect subsequent revenue recognition. ASU 2021-08 is effective for the fiscal year beginning after December 15, 2022, including interim periods within that fiscal year. The Company expects that there would be no material impact on the Company’s consolidated financial statements upon the adoption of this ASU.

Management does not believe that any recently issued, but not yet effective accounting pronouncements, when adopted, will have a material effect on the accompanying consolidated financial statements.

#### **Restatement of Previously Issued Financial Statements**

For the quarter ending September 30, 2023, the Company engaged a SEC financial consultant to assess the Company’s Derivative Liabilities related to the various issuances of the Series A and B Preferred Stock, as well as the three series of convertible notes issued with warrants on June 14, 2022, September 30, 2022 and June 15, 2023. Changes in the valuation of the derivative liabilities as well as the recognition of the discounts associated with the convertible notes and the valuation of the deemed dividend for the Series A preferred Stock and stock-based compensation related to the issuance of the Series B Preferred Stock will result in a restatement of the previously submitted financial statements for the periods ended June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023 as soon as the reports are compiled.

### **Note 3 - Going Concern**

The Company's consolidated financial statements have been prepared assuming that it will continue as a going concern, which contemplates continuity of operations, realization of assets, and liquidation of liabilities in the normal course of business.

As reflected in the consolidated financial statements, as of September 30, 2023, the Company had an accumulated deficit of \$8.04 million and a net loss of \$0.50 million. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements.

The Company is attempting to further implement its business plan and generate sufficient revenues; however, its cash position may not be sufficient to support its daily operations. While the Company believes in the viability of its strategy to further implement its business plan and generate sufficient revenues and in its ability to raise additional funds by way of a public or private offering of its debt or equity securities, there can be no assurance that it will be able to do so on reasonable terms, or at all. The ability of the Company to continue as a going concern is dependent upon its ability to further implement its business plan and generate sufficient revenues and its ability to raise additional funds by way of a public or private offering.

The consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

### **Note 4 - Notes Payable**

The Company's subsidiary, Tekumo LLC, has outstanding promissory notes with a principal of \$261,242 and accrued interest of \$280,042 as of September 30, 2023. The notes were originally issued with a principal of \$390,788 of which \$139,546 has been repaid.

Under the terms of the 3(a)(10) Settlement, \$386,727 of these Notes may convert into unrestricted shares of common stock at a price equal of the lowest trading price during the thirty (30) trading day period prior to any conversion, subject to a 9.99% limitation on beneficial ownership of Trillium at the time of such conversion. A Remittance Amount of 66.67% of the Net Proceeds from the sale of the Settlement shares shall reduce the balance of the Notes outstanding.

**SBA EIDL Loan:** On June 6, 2020 Tekumo borrowed \$104,200.00 with a maturity of 30 years at 3.75% interest from the Small Business Administration ("SBA") through an Economic Injury and Disaster Loan. Subsequent advances of \$55,795 were borrowed through 2/26/2021 with a maturity of 30 years at 3.75% interest. The SBA has a continuing security interest in all assets. The total balance outstanding as of September 30, 2023 is \$158,785.

### **Note 5 - Line of Credit**

Tekumo has a \$3 million Accounts Receivable Financing Agreement with eCapital (previously Flexible Funding) under which it may borrow 90% of eligible outstanding receivables. The funding rate is 0.5% of the borrowed amount plus an interest rate equal to prime plus 7%. eCapital has a senior lien on all Receivables. As of September 30, 2023 that balance was \$550,712.

Tekumo also has a line of credit with one of its vendors of \$89,060 as of September 30, 2023. This carries no interest rate. Tekumo has repaid an American Express line of credit of \$100,100.

### **Note 6 - Convertible Notes**

On June 14, 2022, the Company issued a total of \$797,500 in Convertible Notes with a 1-year maturity and an interest rate of 4% per annum pursuant to Security Purchase Agreements. The Notes may convert into 159,500,000 common shares and carry anti-dilution features. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 145,000,000 common shares. Due to the fact that the Company may not be able to net share settle these obligations, the Company has recognized the conversion option on the convertible notes and the warrants as derivative liabilities and recognized a debt discount at inception in the amount of \$359,766 which includes an original issue discount of \$72,500. The Company received net proceeds of \$725,000 in the issuance of these convertible notes.



On September 30, 2022 the Company issued \$660,000 in Convertible Notes with a 1-year maturity and an interest rate of 4% per annum pursuant to Security Purchase Agreements. The Notes may convert into 132,000,000 common shares and carry anti-dilution features. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 120,000,000 common shares. Due to the fact that the Company may not be able to net share settle these obligations, the Company has recognized the conversion option on the convertible notes and the warrants as derivative liabilities and recognized a debt discount at inception in the amount of \$189,279 which includes an original issue discount of \$60,000. The Company received net proceeds of \$600,000 in the issuance of these convertible notes.

On June 15, 2023 the Company issued a total of \$203,500 in Convertible Notes with a 1-year maturity and an interest rate of 10% per annum. The Notes may convert into common shares at a variable conversion price equal to 50% of the common share market price. The Convertible Notes are accompanied by 7-year Warrants that may be exercised into 185,000,000 common shares. Due to the fact that the Company may not be able to net share settle these obligations, the Company has recognized the conversion option on the convertible notes and the warrants as derivative liabilities and recognized a debt discount at inception in the amount of \$64,841 which includes an original issue discount of \$18,500. The Company received net proceeds of \$185,000 in the issuance of these convertible notes.

The discounts on the Convertible Notes are being amortized over the life of the convertible notes. The derivative liability that was recorded at the inception of the Convertible Notes is being marked-to-market each reporting period and the changes in the fair value of the derivative liability are reflected in other income (expense).

In the nine months ended September 30, 2023 and 2022, the Company recorded amortization of discounts on the convertible notes of \$324,947 and \$105,712, respectively. As of September 30, 2023, the Company has \$1,576,534 in Convertible Notes outstanding, net of discounts.

The Company recognized interest expense on the convertible notes of \$532,849 and \$9,439 for the nine months ended September 30, 2023 and 2022, respectively.

Under the terms of the 3(a)(10) Settlement, \$1,868,114 of these Convertible Notes may convert into unrestricted shares of common stock at a price equal of the lowest trading price during the thirty (30) trading day period prior to any conversion, subject to a 9.99% limitation on beneficial ownership of Trillium at the time of such conversion. A Remittance Amount of 66.67% of the Net Proceeds from the sale of the Settlement shares shall reduce the balance of the Notes outstanding. As of September 30, 2023, the Company has issued 18,034,000 common shares with a Settlement value of \$27,666.

## **Note 7 – Derivative Liabilities**

The Company has identified derivative instruments arising from the Company's Preferred Stock, and for its convertible notes and warrants.

The Company utilizes a fair market value approach for its different classes of stock and values the derivative liability for each of the Preferred Stock, convertibles notes and warrants using a binomial method based on the enterprise value of the Company. The Company records the change in the fair value of the derivative as other income or expense in the consolidated statements of operations.

The Company recognized the value of the Series A Preferred Stock at issuance on June 14, 2022 of \$8,127,358 as a deemed dividend and recorded a derivative liability on its Consolidated Balance Sheet as the "as converted" shares may exceed the total authorized shares and the Company could not net share settle that obligation.

The Company recognized the expense of the Series B preferred Stock at issuance on June 14, 2022 of \$956,160 as stock-based compensation as these shares were issued as part of the consulting agreement entered into with a third-party, and recognized as a derivative liability as the "as converted" shares may exceed the total authorized shares and the Company could not net settle this obligation.

The Company has recognized the conversion option on the June 14, 2022 convertible notes and the corresponding warrants as derivative liabilities due to the fact that the Company may not be able to net share settle these obligations, and recognized a debt discount at inception in the amount of \$359,766 which includes an original issue discount of \$72,500. The Company received net proceeds of \$725,000 in the issuance of these convertible notes. The discounts are being amortized over the life of the convertible notes. The derivative liability that was recorded at inception is being marked-to-market each reporting period and the changes in the fair value of the derivative liability are reflected in other income (expense).

The Company has recognized the conversion option on the September 30, 2022 convertible notes and the corresponding warrants as derivative liabilities due to the fact that the Company may not be able to net share settle these obligations, and recognized a debt discount at inception in the amount of \$189,279 which includes an original issue discount of \$60,000. The Company received net proceeds of \$600,000 in the issuance of these convertible notes. The discounts are being amortized over the life of the convertible notes. The derivative liability that was recorded at inception is being marked-to-market each reporting period and the changes in the fair value of the derivative liability are reflected in other income (expense).

The Company has recognized the conversion option on the June 15, 2023 convertible notes and the corresponding warrants as derivative liabilities due to the fact that the Company may not be able to net share settle these obligations, and recognized a debt discount at inception in the amount of \$64,841 which includes an original issue discount of \$18,500. The Company received net proceeds of \$185,000 in the issuance of these convertible notes. The discounts are being amortized over the life of the convertible notes. The derivative liability that was recorded at inception is being marked-to-market each reporting period and the changes in the fair value of the derivative liability are reflected in other income (expense).

The following are the changes in the derivative liabilities during the quarter ended September 30, 2023.

	Nine Months Ended September 30, 2023		
	Level 1	Level 2	Level 3
Derivative liabilities as of December 31, 2022 (Restated)	\$ -	\$ -	\$ 5,979,437
Addition	-	-	46,341
Changes in fair value	-	-	(1,104,960)
Extinguishment	-	-	-
Derivative liabilities as September 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,920,818</u>

## **Note 8 - Stockholders' Equity**

### *Preferred Stock*

The Company is authorized to issue 15,000,000 shares of Preferred Stock par value of \$0.001 per share. Total issued Preferred Stock is eleven million (11,000,000) shares – ten million (10,000,000) designated as Series A Preferred and one million (1,000,000) Series B Preferred.

### *Series A*

Pursuant to the Contribution Agreement dated June 14, 2022, ten million (10,000,000) new shares of Series A Preferred Stock were issued to the members of Tekumo LLC in consideration for 100% of Tekumo's membership interests.

The Series A (a) ranks senior, with respect to dividends and liquidation, winding up or dissolution to all other classes of stock; and (b) senior to any future designation of preferred stock (c) controls 85% of the voting interest of the Company on an if-converted to common shares basis (d) holders of Series A will be entitled to receive dividends on each outstanding share of Series A, which will accrue in at a rate equal to 4% per annum from the issuance date; (e) liquidation value of \$0.6779 per share; and (e) the Series A Preferred Stock may convert into 85% of the fully diluted shares of the Company, non-dilutable for a period of 18 months from the date of Issuance.

The conversion of 38,000 Series A Preferred shares resulted in the issuance of 96,900,000 common shares being issued following the reverse merger.

### *Series B*

Pursuant to a Consulting Agreement dated June 14, 2022, a total of one million (1,000,000) new shares of Series B Preferred Stock were issued to Trillium Partners LP for services rendered.

The Series B (a) ranks senior, with respect to dividends and liquidation, winding up or dissolution to all other classes of stock, except the Series A Preferred Stock; and (b) senior to any future designation of preferred stock (c) is non-voting (d) holders of Series B will be entitled to receive dividends on each outstanding share of Series B, which will accrue in at a rate equal to 4% per annum from the issuance date; (e) liquidation value of \$0.7975 per share; and (e) the Series B Preferred Stock may convert into 10% of the fully diluted shares of the Company, non-dilutable for a period of 18 months from the date of Issuance. The Series B may be converted at any time.

### *Common Stock*

The Company is authorized to issue 1,500,000,000 shares of common stock with par value of \$0.001 per share.

Following the Tekumo Contribution Agreement in June 2022 there were a total of 150,218,141 common shares issued and outstanding.

The Company issued a total of 31,375,000 common shares in February 2023 pursuant to its Regulation 1-A offering filed with the Securities and Exchange commission.

The Company recently issued a total of 18,034,000 common shares in September 2023 pursuant to 3(a)(10) Settlement Agreement.

There is a total of 200,197,317 common shares currently issued and outstanding.

### *Warrants*

The Company applies a fair market value for all its stock classes and derivatives. The fair value of each warrant is estimated using a binomial method based on the enterprise value of the Company.

The assumptions used for valuing warrants for the period ended September 30, 2023 are as follows:

	<b>September 30, 2023</b>
	\$0.0001 -
Exercise price	\$0.0055
Expected dividends	0
Expected volatility	330%
	4.60% -
Risk free interest rate	5.46.%
	5.7 -
Expected life of warrant	7.00 years

### *Warrant Activities*

The following is a summary of the Company's warrant activity:

	<b>Warrant</b>	<b>Weighted Average Exercise Price</b>
Balance – January 1, 2023 – outstanding	265,000,000	0.0055
Granted	185,000,000	0.001
Exercised	-	-
Forfeited/Cancelled	-	-
Balance – September 30, 2023 – outstanding	450,000,000	0.00365
Balance – September 30, 2023 – exercisable	450,000,000	0.00365

During the quarter ended September 30, 2023, no warrants were issued.

The outstanding warrants had a fair value market value at grant of \$255,542 using an option-pricing model and the above assumptions based on the allocated fair market value of each class of stock.

As of September 30, 2023 the fair market value of all warrants is \$100,607 and the weighted average term of the warrants is 6.23 years.

## **Note 9 - Commitments and Contingencies**

### **Legal**

In the normal course of business, the Company may become involved in various legal proceedings. The Company knows of no pending or threatened legal proceeding to which the Company is or will be a party that, if successful, might result in material adverse change in the Company's business, properties or financial condition.

## **Note 10 – Subsequent Events**

### **Restatement of Previously Filed Financial Statements**

For the quarter ending September 30, 2023, the Company engaged a SEC financial consultant to assess the Company's Derivative Liabilities related to the various issuances of the Series A and B Preferred Stock, as well as the three series of convertible notes issued with warrants on June 14, 2022, September 30, 2022 and June 15, 2023. Changes in the valuation of the derivative liabilities as well as the recognition of the discounts associated with the convertible notes and the valuation of the deemed dividend for the Series A preferred Stock and stock-based compensation related to the issuance of the Series B Preferred Stock will result in a restatement of the previously submitted financial statements for the periods ended June 30, 2022, September 30, 2022, December 31, 2022, March 31, 2023 and June 30, 2023 as soon as the reports are compiled.

### **Other Events**

The Company has evaluated subsequent events after the balance sheet date and based upon its evaluation, management has determined that no other subsequent events have occurred that would require recognition in the accompanying consolidated financial statements or disclosure in the notes thereto other than as disclosed in the accompanying 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, Strings D.E. Kozisek certify that:

1. I have reviewed this Disclosure Statement for Balincan USA, 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.

November 17, 2023

/s/ Strings D.E. Kozisek, CEO

*Principal Financial Officer:*

I, Phillip Dignan certify that:

1. I have reviewed this Disclosure Statement for Balincan USA, 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.

November 17, 2023

/s/ Phillip Dignan, CFO