

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

SMALL BUSINESS DEVELOPMENT GROUP, INC.

2500 Regency Pkwy, Cary, NC 27518

919-654-6870

www.sbdgstock.com

info@sbdgholdings.com

SIC: 6719

Quarterly Report For the Period Ending March 31, 2022 (the "Reporting Period")

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

11,051,662

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

10,360,444

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

10,360,444

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

Yes: ☐ No: ☒

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

Yes: ☒ No: ☐

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

1) 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.

¹ "Change in Control" shall mean any events resulting in:

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

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

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

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

Predecessor names and dates:

1. XORC, INC. – March 16, 1998
2. MEDIPLACE, INC. – November 30, 1998
3. VIROGEN, INC.- December 31, 2007
4. SMALL BUSINESS DEVELOPMENT GROUP, INC. – September 4, 2013

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):

March 16, 1998 in the state of Texas,

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:

2500 Regency Pkwy, Cary, NC 27518

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

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

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

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

2) Security Information

Trading symbol: SBDG
Exact title and class of securities outstanding: Common
CUSIP: 83165V108
Par or stated value: .0001

Total shares authorized:	<u>30,000,000</u>	as of date: <u>March 31, 2022</u>
Total shares outstanding:	<u>11,051,662</u>	as of date: <u>March 31, 2022</u>
Number of shares in the Public Float ² :	<u>950,564</u>	as of date: <u>March 31, 2022</u>
Total number of shareholders of record:	<u>22</u>	as of date: <u>March 31, 2022</u>

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

Trading symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or stated value: _____

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

Total shares authorized: _____ as of date: _____
Total shares outstanding: _____ as of date: _____

Transfer Agent

Name: ClearTrust, LLC
Phone: (813) 235-4490
Email: inbox@cleartrusttransfer.com
Address: 16540 Point Village Dr., Suite 205 Lutz, FL 33558 US

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

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period**.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date December 31, 2021 Common: <u>10,360,444</u> Preferred: 1			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
March 28, 2022	Issuance	136,364	Common	\$0.88	No	C2C Private Investment Company – Roy Y Salisbury - Member	Cancellation of Debt	Restricted	
March 28, 2022	Issuance	554,854	Common	\$0.88	No	C2C Business Strategies LLC – James Jenkins, CEO	Cancellation of Debt	Restricted	
March 30, 2022	Issuance	480	Preferred Series A	\$1,000	N/A	Robert M and Victoria Lilley JTWROS	Acquisition of Company	Restricted	
March 30, 2022	Issuance	56	Series A Preferred	\$1,000	N/A	Paul Visokey	Acquisition of Company	Restricted	
Shares Outstanding on Date of This Report: <u>Ending Balance</u> <u>Ending Balance:</u> Date <u>March 31, 2022</u> Common: <u>11,051,662</u>									

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Example: A company with a fiscal year end of December 31st, in addressing this item for its quarter ended September 30, 2019, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2019 pursuant to the tabular format above.

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

None

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

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

None

4) Financial Statements

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

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by⁴:

Name: **James E Jenkins**
Title: **CFO**
Relationship to Issuer: **CFO**

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
D. Statement of income;
E. Statement of cash flows;
F. Statement of Changes in Shareholders' Equity
G. Financial notes; and

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

H. Audit letter, if audited

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

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

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

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

Small Business Development Group, Inc. operates as a holding company, and as such, it may own either majority control or a minority position in the businesses it acquires. SBDG is actively seeking businesses for its portfolio, and specifically seeks stable businesses that have demonstrated modest but predictable growth and profitability over time. In brief, SBDG is interested in acquiring boring tortoises rather than flashy hares. Holding companies such as SBDG offer an advantage to investors; the diversity of its holdings spreads the risk among several different business sectors. Consequently, an unforeseen collapse in one sector may be offset by gains in another. Typical acquisition targets would be manufacturers or service providers that have been in business for five years; have demonstrated modest but stable profitability and growth; that have maintained sound business fundamentals; and that are owned by "baby boomers" seeking to retire with an exit strategy. This business structure is advantageous in that a Pink Sheet company operating as a holding company is allowed to acquire either privately-held or other publicly-traded corporations, including those trading on higher-level exchanges, while avoiding the expense of compliance required of a fully-reporting company under SEC regulations. Any corporation like SBDG is, however, fully accountable under SEC Rule 10b-5 which defines and governs illegal and unethical practices

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

<u>Subsidiaries</u>	<u>Description</u>	<u>Contact</u>	<u>Officers</u>	<u>Control Person/Entity</u>
<u>Stoney Hill Advisors</u>	<u>M&A Firm</u>	<u>1266 East Main Street, Stamford CT 06902</u>	<u>Paul Visokey</u>	<u>SBDG</u>
<u>Appraisal 3000 Inc.</u>	<u>Appraisal Management Firm</u>	<u>5151 California Ave Suite 101, Irvine CA 92617</u>	<u>Robert Liley</u>	<u>SBDG</u>
<u>Cyberdyne Marketing LLC</u>	<u>Marketing Firm</u>	<u>5151 California Ave Suite 101, Irvine CA 92617</u>	<u>Brian Jue</u>	<u>SBDG</u>

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

Crisis Management

As a result of the COVID-19 crisis, business owners and management teams face significant challenges as we emerge from a global lockdown. We still face the uncertainty as to the future of the pandemic and its true economic impact. SBDG offers management consulting services that has the significant advantage of the strength of the entire SBDG network.

- Additionally, as SBDG is actively pursuing acquisitions, the SBDG team will be recommending clients for SBDG management for acquisition consideration.

Selling Your Company

Selling your business is a major decision! You have devoted your time, money and energy to building, running and operating your business, and it may well represent your life's work. You have decided that now is the right time to sell, and you want the very best professional guidance you can get. This is when working with Small Business Development Group, Inc. it can make the difference between just getting rid of the business or selling it for the very best price and terms possible in the current market.

Private & Public Business Advisory

Small Business Development Group, Inc. provides private strategic advisory services, on a monthly fee basis, working for a few select clients who can benefit from our experience and our contacts. Small Business Development Group, Inc. focuses on three primary areas which, in many cases, overlap. They are:

- Business development growth strategies;
- Corporate financing strategies; and,
- Merger, acquisition, divestiture and exit planning strategies,
- Small and micro public company advisers.

Working only with senior management and business owners, Small Business Development Group, Inc. provides high-level advice and executable strategies for our private and public clients that add significant value to any transaction.

Private to Public

Going public is not an option for many companies. Moreover, aside from the cost and complexities, some companies and their management are just not suited to be public companies for a variety of good reasons. For those that do qualify, the process can be overwhelming, creating hurdles most do not want to face. This does not have to be the case. Small Business Development Group, Inc. has developed a clear process that addresses every aspect of the private-to-public experience and its execution. It does not have to be outlandishly expensive or demand an inordinate time commitment, but it needs to be well planned and executed!

Public Traded Company Services

With significant C-level operating experience with publicly traded companies, SBDG can offer a full scope of services to assist publicly traded companies.

- Rehabilitating Small & Microcap Public Companies- there are numerous publicly traded companies in peril, SBDG has the experience to assist and for management teams willing to listen, will implement a rehabilitation plan

The engineering of a Public Company

The Engineering of a Public Company is a proprietary business model created by SBDG principals that lays out a procedure whereby a poorly-performing company may be rehabilitated by implementing and adhering to sound business fundamentals, establishing a solid business plan, setting realistic performance goals, adopting a code of business ethics and bringing on board a team of skilled and experienced managers. The strategy is certainly no short cut to success, but it is a proven strategy to put businesses of any size on the right track.

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

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

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

Shared office at 2500 Regency Pkwy, Cary, NC 27518

7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Roy Y Salisbury</u>	<u>CEO/Director</u>	<u>615 St. George Court, Suite 300 Winston-Salem, NC 27103</u>	<u>0</u>	<u>Common</u>	<u>N/A</u>	<u>_____</u>
<u>James E Jenkins</u>	<u>CFO/Director</u>	<u>850 Teague Trail, #580 Lady Lake FL 32159</u>	<u>0</u>	<u>Common</u>	<u>N/A</u>	<u>_____</u>
<u>Deep River Management Company</u>	<u>Related Party</u> <u>CFO/Director</u>	<u>850 Teague Trail, #580 Lady Lake FL 32159</u>	<u>800,000</u>	<u>Common</u>	<u>7.722</u>	<u>Restricted</u> <u>James E Jenkins, President</u> <u>850 Teague Trail, #580 Lady Lake FL 32159</u>
<u>Paul Hogan</u>	<u>Individual</u>	<u>PO box 95 San Geronimo CA 94963</u>	<u>849,940</u>	<u>Common</u>	<u>8.204</u>	<u>Restricted</u>
<u>Alvin Lang</u>	<u>Individual</u>	<u>1223 SHERBORN St. Unit 101 Corona CA 92879</u>	<u>1,000,000</u>	<u>Common</u>	<u>9.652</u>	<u>Restricted</u>
<u>Progress Works Corporation</u>	<u>Related Party</u> <u>CFO/Director</u>	<u>615 St. George Court, Suite 300 Winston-Salem, NC 27103</u>	<u>2,500,000</u>	<u>Common</u>	<u>24.13</u>	<u>Restricted</u> <u>James E Jenkins, CFO</u> <u>850 Teague Trail, #580 Lady Lake FL 32159</u>
<u>RYS&Co GP</u>	<u>Related Party</u> <u>CEO/Director</u>	<u>615 St. George Court, Suite 300 Winston-Salem, NC 27103</u>	<u>3,249,940</u>	<u>Common</u>	<u>31.369</u>	<u>Restricted</u> <u>Roy Y. Salisbury, General Partner</u> <u>615 St. George Court, Suite 300 Winston-Salem, NC 27103</u>

8) Legal/Disciplinary History

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

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

Securities Counsel

Name: Charles Giannetto, Esq.
Firm: Giannetto Law LLC
Address 1: 8815 Conroy Windermere Rd., 104
Address 2: Orlando, FL 32835
Phone: (321) 289-3049
E-mail: charlie@giannettolaw.com

Accountant or Auditor

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

Investor Relations

Name: _____

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

Other Service Providers

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

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

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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).

The certifications shall follow the format below:

I, Roy Y Salisbury certify that:

1. I have reviewed this quarterly disclosure statement of Small Business Development Group Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022

/s/ Roy Y Salisbury [CEO's Signature]

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

Principal Financial Officer:

I, James E Jenkins certify that:

1. I have reviewed this quarterly disclosure statement of Small Business Development Group Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

May 20, 2022

/s/ James E Jenkins [CFO's Signature]

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

SMALL BUSINESS DEVELOPMENT GROUP, INC.

FINANCIAL STATEMENTS

MARCH 31, 2022

(Unaudited)

Small Business Development Group, Inc.

September 30, 2021
(unaudited)

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SMALL BUSINESS DEVELOPMENT GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash	\$ 87,241	\$ 4,087
Held-for-trading securities	80,075	—
Prepaid deposit	—	12,000
Total current assets	<u>167,316</u>	<u>16,087</u>
Equipment, net	2,062	—
Goodwill, net	919,659	—
Total Assets	<u>\$ 1,089,037</u>	<u>\$ 16,087</u>
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 194,670	\$ 194,670
Due to related parties	408,374	608,655
Total current liabilities	<u>603,044</u>	<u>803,325</u>
Total Liabilities	<u>603,044</u>	<u>803,325</u>
Commitments and contingencies		
	—	—
Mezzanine equity:		
Preferred stock Series A, \$0.0001 par value – 2,500,000 shares authorized; 536 and zero issued and outstanding at March 31, 2022 and December 31, 2021 respectively.	536,000	—
Preferred stock Series A to be issued – 224 and zero shares respectively.	224,000	—
Preferred stock Series B, \$0.0001 par value – 2,500,000 shares authorized; none issued and outstanding at March 31, 2022 and December 31, 2021	—	—
Stockholders' deficit:		
Preferred stock, \$0.0001 par value		
Series C – 100,000 shares authorized; 1 share issued and outstanding at March 31, 2022 and December 31, 2021	—	—
Common stock, \$0.0001 par value, 30,000,000 shares authorized; 11,051,662 and 10,360,444 shares issued and outstanding at March 31, 2022 and December 31, 2021 respectively.	1,105	1,036
Additional paid-in capital	1,650,316	1,044,514
Accumulated deficit	(1,881,766)	(1,832,788)
Noncontrolling interests	(43,662)	—
Total Stockholders' Deficit	<u>(274,007)</u>	<u>(787,238)</u>
Total Liabilities, Mezzanine Equity and Stockholders' Deficit	<u>\$ 1,089,037</u>	<u>\$ 16,087</u>

See accompanying Notes to the unaudited Consolidated Financial Statements

SMALL BUSINESS DEVELOPMENT GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Net revenue	\$ 467,450	\$ —
Cost of revenue	188,394	—
Gross profit	<u>279,056</u>	<u>—</u>
Operating expenses:		
Selling and marketing	24,946	—
General and administrative	273,523	12,255
Loss on sale of held-for-trading securities	883	—
Unrealized loss on held-for-trading securities	31,332	—
Total operating expense	<u>330,684</u>	<u>12,255</u>
Operating loss	(51,628)	(12,255)
Other income (expense)		
Interest expense	(602)	—
Total other income (expense)	<u>(602)</u>	<u>—</u>
Loss before provision for income taxes	(52,230)	(12,255)
Provision for income taxes	<u>—</u>	<u>—</u>
Net loss including noncontrolling interest	(52,230)	(12,255)
Net loss attributable to noncontrolling interests	(3,252)	—
Net loss attributable to Small Business Development Group	<u>\$ (48,978)</u>	<u>\$ (12,255)</u>
Weighted average shares basic and diluted	<u>10,360,444</u>	<u>10,360,444</u>
Weighted average basic and diluted loss per common share	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>

See accompanying Notes to the unaudited Consolidated Financial Statements

SMALL BUSINESS DEVELOPMENT GROUP, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(Unaudited)

	Preferred Stock – Series C		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount				
Balance – December 31, 2021	1	\$ —	10,360,444	\$ 1,036	\$ 1,044,514	\$ (1,832,788)	\$ —	\$ (787,238)
Net liabilities from acquisitions, net of goodwill	—	—	—	—	(2,400)	0	(40,410)	(42,810)
Conversion of related party debt			691,218	69	608,202	—	—	608,271
Net income (loss)	—	—	—	—	—	(48,978)	(3,252)	(52,230)
Balance – March 31, 2022	<u>1</u>	<u>\$ —</u>	<u>11,051,662</u>	<u>\$ 1,105</u>	<u>\$ 1,650,316</u>	<u>\$ (1,881,766)</u>	<u>\$ (43,662)</u>	<u>\$ (274,007)</u>

	Preferred Stock – Series C		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Noncontrolling Interests	Total Stockholders' (Deficit)
	Shares	Amount	Shares	Amount				
Balance – December 31, 2020	1	\$ —	10,360,444	\$ 1,036	\$ 1,044,514	\$ (1,748,824)	\$ —	\$ (703,274)
Net loss	—	—	—	—	—	(12,255)	—	(12,255)
Balance – March 31, 2021	<u>1</u>	<u>\$ —</u>	<u>10,360,444</u>	<u>\$ 1,036</u>	<u>\$ 1,044,514</u>	<u>\$ (1,761,079)</u>	<u>---</u>	<u>\$ (715,529)</u>

See accompanying Notes to the unaudited Consolidated Financial Statements

SMALL BUSINESS DEVELOPMENT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended March 31, 2022	For the Three Months Ended March 31, 2021
Cash flows from operating activities:		
Net loss attributable to Small Business Development Group	\$ (48,978)	\$ (12,255)
Adjustment to reconcile net loss to net cash used in operating activities:		
Net loss attributable to noncontrolling interests	(3,252)	—
Net liabilities assumed in acquisitions, net of goodwill	42,810	—
Depreciation and amortization	23,712	—
Unrealized loss on held-for-trading securities	31,332	—
Changes in operating assets and liabilities:		
Accounts receivable	4,825	—
Due to related parties	8,988	—
Other	1,517	—
Net cash used in operating activities	<u>60,954</u>	<u>(12,255)</u>
Cash flows from financing activities:		
Borrowings from related party	22,200	12,255
Net cash provided by financing activities	<u>22,200</u>	<u>12,255</u>
Net change in cash	83,154	—
Cash, beginning of period	4,087	—
Cash, end of period	<u>\$ 87,241</u>	<u>\$ —</u>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	<u>\$ —</u>	<u>\$ —</u>
Taxes	<u>\$ —</u>	<u>\$ —</u>

See accompanying Notes to the unaudited Consolidated Financial Statements

SMALL BUSINESS DEVELOPMENT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Organization and Business

Organization and History

We were incorporated on March 16, 1998 in the State of Texas as XORC, Inc. Our Company has undergone a series of name changes; on November 30, 1998 our name was changed to Mediplace; on December 31, 2007 our name was changed to Virogen, Inc.; and on July 18, 2013 our name was changed to Small Business Development Group, Inc. (“SBDG”).

On July 7, 2021 we filed a Certificate of Amendment with the Texas Secretary of State, which was approved by our Board of Directors, in which we increased the number of authorized shares in the following categories of our capital stock: (a) Common Stock from 15,000,000 to 30,000,000 shares; (b) Series A Preferred Stock from 100,000 to 2,500,000 shares; and (c) Series B Preferred Stock from 100,000 to 2,500,000 shares. In addition, the Certificate of Amendment adjusts certain rights of shareholders of Series A and B Preferred Stock, which rights are described in Note 5. The number of authorized shares of Series C Preferred Stock remains at 100,000 shares.

As of March 31, 2022, we have 11,051,662 common shares outstanding, 536 Series A Preferred shares outstanding, and one (1) Series C Preferred share outstanding. There are and no Series B Preferred shares outstanding.

Business

Our Company is in the business of investing in early-stage companies with proof of concept in specific verticals that we believe can become successful public companies on their own. We also provide services in the areas of mergers and acquisitions, company turn-arounds, public company consulting, and investor communication.

We actively seek to acquire privately held companies which have had a track record of profitability and are in industry sectors for which demand promises to be strong in the foreseeable future. Of particular interest are small- to medium-sized enterprises in sectors such as the service industry, consumer products, light manufacturing, and specialty foods. Our intent is to invest in North American companies with enterprise values between \$2.0 million and \$20.0 million with positive cash flows between \$500,000 and \$5.0 million. We favor businesses owned by persons seeking an exit strategy for which they can realize a return from their many years of work. Our belief is that, in pursuing these types of businesses, we can achieve a predictable revenue stream and mitigate risk in a post COVID-19 economy. We are willing to make either majority or minority investments in companies that meet our investment criteria, and we expect to hold our investments between five to seven years.

During the year ended December 31, 2021, we entered into the following agreements in pursuit of making an acquisition, both of which closed effective January 1, 2022.

- A Membership Unit Purchase Agreement with the sole Member of Stony Hill Advisors (“SHA”), a merger and acquisition advisory firm that specializes in providing intermediary services for lower middle market companies and small business entrepreneurs.
- A Stock Purchase Agreement with the owners of Appraisal 3000 Inc. (“Appraisal”), an appraisal management company based in Southern California which manages commercial and residential real estate appraisals throughout California.

In addition, during the year ended December 31, 2021, we formed four wholly owned subsidiary companies to serve as vehicles to pursue our business investment strategies.

See Note 3 for additional information regarding the two acquisitions referred to above.

2. Summary of Significant Accounting Policies

Basis of Presentation

We have prepared the accompanying unaudited interim financial statements in conformity with generally accepted accounting principles in the United States of America. In the opinion of management, all adjustments and disclosures necessary for a fair presentation of these financial statements have been included.

Going Concern Considerations

The accompanying unaudited interim financial statements contemplate continuation of our Company as a going concern. We currently have revenues, have incurred net losses, and have an accumulated deficit of nearly \$1.9 million as of March 31, 2022. We presently have limited liquidity and limited access to capital. These factors raise substantial doubt about our ability to continue as a going concern for a period of one year from the date of this report. If we are unable to obtain adequate capital, we could be forced to cease operations.

The accompanying financial statements do not include any adjustments that might be necessary if our Company is unable to continue as a going concern.

Use of Estimates

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

Held-for-Trading Securities

Held-for-trading securities are carried at fair value based on market quotes, with unrealized and realized gains and/or losses included in the Statement of Operations along with charges for impairments that are other than temporary.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of our Company. Unobservable inputs are inputs that reflect our Company's assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

As previously noted, the fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of March 31, 2022 and December 31, 2021. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include accounts payable and accrued liabilities and related-party advances. Fair values for these items were assumed to approximate carrying values because of their short-term nature or their status of being payable on demand.

Business Combinations

We account for acquisitions in accordance with Accounting Standards Codification ("ASC") 805, *Business Combinations*. The purchase price of an acquisition is measured as the aggregate fair value of the consideration transferred at the date of acquisition. The purchase price is allocated to the fair values of the tangible and intangible assets acquired and liabilities assumed, with any excess recorded as goodwill. These fair value determinations require judgment and may involve the use of significant estimates and assumptions. The purchase price allocation may be provisional during a measurement period of up to one year from the acquisition date.

to provide reasonable time to obtain the information necessary to identify and measure the assets acquired and liabilities assumed. Only facts and circumstances that existed as of the acquisition date are considered for subsequent adjustment to the purchase price allocation, and any such adjustment will be recognized in the period in which it is determined prior to completion of the measurement period. Transaction costs associated with acquisitions are expensed as incurred.

Long-lived Assets

We follow ASC 360-10-15-3, Impairment or Disposal of Long-lived Assets, which established a “primary asset” approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Revenue Recognition

In recognizing revenue, we follow the guidance of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Under this guidance, operating revenue is recognized at the time a good or service is transferred to a customer and the customer receives the service performed. Our revenue arrangements with customers are predominantly short-term in nature involving a single performance obligation related to the delivery of the service and generally provide for transfer of control at the time payment for the service is received.

Our reported net revenue consists of revenue generated by our subsidiaries SHA and Appraisal in connection with SHA’s merger and advisory services and Appraisal’s real estate appraisal services. Customer payments are typically received subsequent to our providing services.

We exclude from the measurement of the transaction price, if applicable, all taxes imposed on and concurrent with a specific revenue-producing transaction and collected by us from a customer, including sales, use, excise, value-added, and franchise taxes (collectively referred to as sales taxes). Sales taxes which may be collected are not recognized as revenue but are included in accounts payable on the balance sheets as they would ultimately be remitted to governmental authorities. No such taxes have yet been charged or collected.

We have elected the practical expedient permitted in ASC 606-10-32-18, which allows an entity to recognize the promised amount of consideration without adjusting for the effects of a significant financing component if the contract has a duration of one year or less. Our revenue arrangements are short-term in nature and do not have significant financing components, therefore we have not adjusted consideration.

Loss per Common Share

We calculate net loss per share in accordance with ASC 260 – *Earnings per Share*. Basic loss per share is calculated by dividing our net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted loss per share is calculated by dividing our net loss available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. As of March 31, 2022 and 2021, potentially dilutive shares related to our Series A and Series C Preferred Stock have not been included in diluted loss per share computations as they would be antidilutive for the periods presented.

Income Taxes

We account for income taxes in accordance with ASC 740 - *Income Taxes*, which requires us to provide a net deferred tax asset/liability equal to the expected future tax benefit/expense of temporary reporting differences between book and tax accounting methods and any available operating loss or tax credit carry forwards. Tax law and rate changes are reflected in income in the period such changes are enacted. We record a valuation allowance to reduce the deferred tax assets to the amount that is more likely than not to be realized. We include interest and penalties related to income taxes, including unrecognized tax benefits, within the provision for income taxes.

New Accounting Pronouncements

We have reviewed all other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the AICPA and have determined that they are either not applicable or are not believed to have a material impact on our present or future financial statements.

3. Acquisitions

As stated in Note 1, during the year ended December 31, 2021, we entered into the agreements described below in pursuit of acquiring each company. Both acquisitions were finalized and closed effective January 1, 2022.

SHA Acquisition

In 2021, we entered into a Membership Unit Purchase Agreement (the “MUPA”) with the sole Member of SHA to purchase an 80% membership in SHA for a total of 280 shares of our Series A Preferred Stock, which shares are convertible into 112,000 shares of our common stock. SHA is a merger and acquisition advisory firm that specializes in providing intermediary services for lower middle market companies and small business entrepreneurs. They specialize in providing intermediary services for lower middle market companies and small business entrepreneurs and have assisted their clients across a wide variety of industries throughout New Jersey, Pennsylvania, Delaware, Ohio, Connecticut and the New York metro region. They offer various professional services including mergers, acquisitions, divestitures, exit value planning, business valuations and transaction consulting. SHA believes the owners and acquirers of small and mid-sized businesses can greatly benefit from the expertise and dedication of the SHA team of advisors. SHA’s role is that of a trusted advisor partnering with its clients and other trusted advisors to provide confidential, qualitative, and quantitative guidance and results.

The MUPA called for a Closing at a date agreed between the parties, which Closing took place effective January 1, 2022. A schedule of the preferred stock payments under the MUPA is as follows:

1. At the Closing, 56 shares. These shares were issued during the three months ended March 31, 2022.
2. Within five (5) business days of the first anniversary of the Closing, 112 shares.
3. Within five (5) business days of the second anniversary of the Closing, 112 shares.

The MUPA also obligates us to issue the sole Member an option to purchase 100,000 restricted shares of our common stock at an exercise price equal to 75% of the average market value of our stock for the 10 days prior to the date of exercise. The option may be exercised at any time during the two (2) years from the grant date of option. The option has not yet been granted. Finally, the MUPA requires that we provide SHA up to \$150,000 in working capital if requested.

In anticipation of the Closing, during the fourth quarter of 2021, we advanced \$12,000 to SHA which was recorded as a prepaid deposit on our December 31, 2021 Balance Sheet.

Appraisal Acquisition

In 2021, we entered into a Stock Purchase Agreement (the “SPA”) with the owners of Appraisal for a total of 480 shares of our Series A Preferred Stock, which shares are convertible into 192,000 shares of our common stock. Appraisal is an appraisal management company and manages commercial and residential real estate appraisals throughout the state of California. Formed in 2013, Appraisal manages more than 50 state-licensed appraisers to value properties and deliver real estate appraisal reports to mortgage lenders. Appraisal’s management has long-standing relationships in the real estate industry and has been growing steadily since inception. Our Company plans to accelerate Appraisal’s existing organic development with an infusion of resources including capital, marketing, technology and human resources. Growth plans include increasing Appraisal’s market share in California, expanding into states where Appraisal is well-networked, and growth via acquisition.

The SPA called for a Closing at a date agreed between the parties, which Closing took place effective January 1, 2022. During the three months ended March 31, 2022, we issued 480 shares of our Series A to the owners of Appraisal.

A summary of the purchase price for both acquisitions is shown below:

	SHA	Appraisal	Total
Purchase price:			
Series A preferred stock:			
Issued	\$ 56,000	\$ 480,000	\$ 536,000
To be issued	224,000	—	224,000

Deposit	12,000	—	12,000
Total purchase price	\$ 292,000	\$ 480,000	\$ 772,000
Noncontrolling interest	\$ (8,644)	\$ (34,166)	\$ (42,810)
Purchase price allocation:			
Cash	\$ 2,390	\$ 41,055	\$ 43,445
Accounts receivable	—	4,825	4,825
Held-for-trading securities	—	112,289	112,289
Equipment, net	2,192	—	2,192
Goodwill	326,576	616,665	943,241
Due to related party	(47,802)	(329,000)	(376,802)
Total	\$ 283,356	\$ 445,834	\$ 729,190

The goodwill recorded in the two acquisitions represents future economic benefits expected to be recognized from our company's expansion plans as well as expected future synergies and operating efficiencies. As required by ASC 360-10-15-3, Management has reviewed the carrying value of goodwill and determined that no impairment has occurred. We are amortizing goodwill over ten years and during the three months ended March 31, 2022, amortization expense of \$23,581 was recorded in general and administrative expense.

4. Related Party Transactions

Due to Related Parties

Amounts owed to related parties consists of the following as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
C2C Business Strategies, LLC	\$ 22,584	\$ 488,655
Roy Salisbury, Director	—	120,000
Paul Visokey, Sole Member of SHA	56,790	—
Robert Lilly, President of Appraisal 3000	329,000	—
	<u>\$ 408,374</u>	<u>\$ 608,655</u>

C2C Business Strategies, LLC ("C2C") is a related party and has supplied us most of our capital in the last several years. RYS&Co GP, our largest shareholder, is the Managing Member of C2C Business Strategies and Mr. Salisbury is the Managing Partner of RYS&Co GP. The amounts owed to Mr. Salisbury result from certain agreements with Mr. Salisbury prior to our Company's 2016 bankruptcy. Since our dismissal from bankruptcy, Mr. Salisbury's services to our Company have been performed at no charge.

During the three months ended March 31, 2022, C2C and Mr. Salisbury converted amounts owed to them totaling \$608,271 into a total of 691,218 shares of our common stock at \$0.88 per share which was our Board of Directors determination of the fair market value of the stock at the date of conversion. No gain or loss resulted from the conversion.

5. Mezzanine Equity

Preferred Stock – Series A and Series B

We are authorized to issue 2.5 million shares each of our Series A and Series B preferred stock, the par value for each series being \$0.0001 per share. The stated value of each series is \$1,000 per share and any shares issued under these series contains a provision requiring our Company redeem the preferred shares in three equal annual installments commencing five years from the date of their issuance by paying in cash an amount equal to the original issuance value plus any declared but unpaid dividends plus 5% for each year the shares are outstanding. Each of Series A and Series B preferred shares is convertible to common shares at a price and discount to be set by our Board of Directors. Series A preferred shareholders may, as a class, elect two directors. Series B preferred shareholders have no voting rights.

In connection with the January 1, 2022 effective closing dates of the SHA Acquisition and the Appraisal Acquisition discussed in Note 3, during the three months ended March 31, 2022, we issued 480 shares of our Series A preferred stock to the owners of Appraisal

and 56 shares of our Series A preferred stock to the sole Member of SHA. In addition, we are obligated to issue an additional 224 shares of our Series A preferred stock to the sole Member of SHA. The Series A preferred shares issued and to be issued are convertible into a total of 304,000 of our common stock. As stated above, we are required to redeem any outstanding Series A preferred shares at the original issuance price of \$1,000 per share in installments commencing five years from the dates of their issuance.

There are no outstanding Series B preferred shares outstanding at March 31, 2022.

6. Capital Stock

Preferred Stock

We have designated three (3) series of preferred stock as described below:

Series A Preferred Stock (Series A) – see Note 5.

Series B Preferred Stock (Series B) – see Note 5.

Series C Preferred Stock (Series C) – we are authorized to issue 100,000 shares of Series C. The Series C ranking is senior to common stock. No dividends are payable on Series C. For voting purposes, if at least one share of Series C is issued and outstanding, then the total aggregate of all issued shares of Series C at any given time, regardless of their number, shall be equivalent to the number of shares of common stock which equals four times the sum of: i) the total number of shares of common stock that are issued and outstanding at the time of voting, plus ii) the total number of shares of Series A and Series B that are issued and outstanding at the time of voting. Series C may only be issued in exchange for the partial or full retirement of debt. One share of Series C is issued and outstanding as of March 31, 2022 and December 31, 2021.

Common Stock

We are authorized to issue 30,000,000 shares of our \$0.001 par value common stock and each holder is entitled to one (1) vote on all matters subject to a vote of stockholders. As described in Note 4, we issued two related parties a total of 691,218 shares of our common stock for related party debt totaling \$608,271.

Stock Option

As described in the SHA Acquisition portion of Note 3, effective January 1, 2022 we are obligated to issue an option to the Sole Member of SHA to purchase 100,000 shares of our common stock. The option has not yet been granted. When granted, the option will be exercisable at a price equal to 75% of the average market value of our stock for the 10 days prior to the date of exercise and may be exercised at any time during the two (2) years from the date of grant. When we grant the option, we will calculate its fair market value on the date of grant using the Black-Scholes option pricing model and record the resulting expense.