

SMALL BUSINESS DEVELOPMENT GROUP, INC.

1370 NC 24-87, Ste 153, Cameron, NC 28326

910-476-7404

www.stonyhilladvisorsinc.com

info@stonyhilladvisorsinc.com

SIC: 6719

Quarterly Report

For the period ending June 30, 2024 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

11,051,662 as of June 30, 2024

11,051,662 as of December 31, 2023

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 Control¹ of the company has occurred during 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 and names used by predecessor entities, along with the

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.

dates of the name changes.

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. – Texas, July 18, 2013
5. STONY HILL ADVISORS, INC. – active, Texas, December 18, 2023

Current State and Date of Incorporation or Registration: **March 16, 1998 in the state of Texas,**

Standing in this jurisdiction: (e.g. active, default, inactive): **Active**

Prior Incorporation Information for the issuer and any predecessors during the past five years:

Describe any trading suspension or halt orders issued by the SEC or FINRA 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:

Management and UBUN2Group rescinded the acquisition transaction effective July 1, 2023.

Address of the issuer's principal executive office:

1370 NC 24-87, Ste 153, Cameron, NC 28326

Address of the issuer's principal place of business:

Yes: *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: ClearTrust, LLC
Phone: 813-235-4490
Email: inbox@cleartrusttransfer.com
Address: 16540 Point Village Drive, Suite 205, Lutz, FL 33558

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: | SBDG | |
| Exact title and class of securities outstanding: | Common | |
| CUSIP: | 83165V108 | |
| Par or stated value: | .0001 | |
| Total shares authorized: | 30,000,000 | <u>as of date: June 30, 2024</u> |
| Total shares outstanding: | 11,051,662 | <u>as of date: June 30, 2024</u> |
| Total number of shareholders of record: | 22 | <u>as of date: June 30, 2024</u> |

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities:

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

| | | |
|---|-------|--------------------------|
| Exact title and class of the security: | _____ | |
| Par or stated value: | _____ | |
| Total shares authorized: | _____ | <u>as of date: _____</u> |
| Total shares outstanding (if applicable): | _____ | <u>as of date: _____</u> |
| Total number of shareholders of record: | _____ | <u>as of date: _____</u> |

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

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.

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.

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

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 contain a provision requiring that 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.

We are authorized to issue 100,000 shares of our Series C preferred stock. 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.

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

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.

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 for the two most recently completed fiscal years and any subsequent period.

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 Opening Balance: Date <u>December 31, 2022</u> Common: <u>11,051,662</u> Preferred: 1,817 | | | *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. ***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. |
| 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 | |
| May 1, 2024 | Issuance | 10 | Series A Preferred | \$1,000 | N/A | Bryan Coble | Investment | Restricted | |
| June 11, 2024 | Issuance | 25 | Series A Preferred | \$1,000 | N/A | Johnny Cram | Investment | Restricted | |

| | |
|---|---|
| Shares Outstanding on Date of This Report: | |
| <u>Ending Balance:</u> Date <u>June 30, 2024</u> | <u>Ending Balance</u> Common: <u>11,051,662</u> Preferred: <u>571</u> |

Example: A company with a fiscal year end of December 31st 2023, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2022, through December 31, 2023 pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

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.) |
|-----------------------|--------------------------|-----------------------------------|-----------------------|---------------|--|--|---|
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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

4) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. Ensure that these descriptions are updated on the Company's Profile on www.otcm Markets.com.

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

Small Business Development Group, Inc. (SBDG) has transitioned from operating solely as a holding company to incorporating a comprehensive Business Development, Merger and Acquisition, and Consulting Advisory strategy. Leveraging its prior experience as a holding company, the Company now specializes in providing business development and consulting services to lower-middle market companies and small business entrepreneurs across diverse industries and geographic locations.

The range of professional services offered by the Company includes mergers, acquisitions, divestitures, capital

strategies, financial restructuring, and management consulting. Recognizing the specialized needs of owners and acquirers in the small- and mid-sized business sector, the Company positions itself as a trusted advisor, collaborating with clients and their existing advisors to offer confidential, qualitative, and quantitative guidance aimed at achieving tangible results.

In addition to its advisory and consulting services, the Company actively engages in purchasing off-market transactions within allied business services, as well as in the realms of M&A and Business Brokerage. The company also pursues opportunistic transactions within industries where its management team possesses expertise.

For the fiscal year ending December 31, 2022, SBDG completed acquisition transactions of Stony Hill Advisors, Appraisal 3000, Inc. and UBUN2Group, Inc. It is noteworthy that the acquisition of UBUN2Group, Inc. (UBUN2), which specialized in enterprise software solutions, particularly in AI and cloud-based solutions, was rescinded in 2023.

Founded in 1998, Small Business Development Group, Inc. operates as a publicly traded entity on OTC Markets. This transition marks a strategic evolution for the company, expanding its scope to offer a comprehensive suite of services tailored to the needs of its target market. The Company is fully accountable under SEC Rule 10b-5, which defines and governs illegal and unethical practices.

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

| <u>Subsidiaries</u> | <u>Description</u> | <u>Contact</u> | <u>Officers</u> | <u>Control Person/Entity</u> |
|---|----------------------------------|---|--|------------------------------|
| <u>Stony 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 Lilley</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> |
| <u>SBDG Real Estate Investments LLC</u> | <u>Real Estate Investments</u> | <u>1370 NC 24-87 Ste 153, Cameron, NC 28326</u> | <u>Small Business Development Group Inc. - Managing Member</u> | <u>SBDG</u> |
| <u>Appraisal 3000 Management LLC</u> | <u>Appraisal Management Firm</u> | <u>5000 Centregreen Way Suite 500 Cary, NC 27513</u> | <u>Small Business Development Group Inc. - Managing Member</u> | <u>SBDG</u> |
| <u>Stony Hill Advisors, Inc.</u> | <u>M&A Firm</u> | <u>1370 NC 24-87 Ste 153, Cameron, NC 28326</u> | <u>Roy Y. Salisbury</u> | <u>SBDG</u> |

C. Describe the issuers' principal products or services.

The core activity of Small Business Development Group, Inc. is business development. From exit planning/selling a business, to management operational stresses compounded by COVID-19, inflation, and staffing issues to preparing a company for a merger or acquisition or going public, the Company provides advisory services in:

Exiting/Transitioning/Selling a Company

Exiting a business entails careful preparation and strategic planning to ensure a smooth and successful outcome. The process of preparing a business for sale includes assessing its financial performance, market position, and operational efficiency. Once prepared for sale, it must be marketed through a variety of channels.

Crisis Management

The COVID-19 crisis has presented a series of formidable challenges to business owners and management teams during the global lockdown. Uncertainty about the pandemic's trajectory and its long-term economic ramifications continues to persist. In response, the Company has developed comprehensive management consulting services that leverage the considerable benefits of the broader network.

Moreover, given its active pursuit of acquisitions, our team will be proactively identifying and recommending clients to management with the potential for acquisition consideration.

Private & Public Business Advisory

The Company delivers exclusive strategic advisory services to a limited number of clients, catering to their unique needs, leveraging our experience and extensive network. Our core areas of focus include business development growth strategies, exit planning strategies corporate financing strategies, and merger, acquisition, and divestiture. Additionally, we specialize in serving as small and micro public company advisers.

Our services are exclusively targeted towards senior management and business owners, and we provide high-level advice and practical strategies that add substantial value to any transaction, whether private or public. Through our customized approach, we assist our clients in achieving their objectives by delivering actionable insights and innovative solutions tailored to their specific requirements.

Private-to-Public

Going public may not be a viable option for many companies. Additionally, some companies and their management may not be well-suited for the complexities and costs associated with being a public company, for legitimate reasons. Even for those that qualify, the process of converting from a private to a public company can seem daunting, presenting numerous obstacles that many prefer to avoid.

However, this need not be the case. We have developed a comprehensive process that effectively addresses every aspect of the private-to-public transition, providing clients with clear guidance and execution strategies. While the process need not be exorbitantly expensive or demand an excessive amount of time, it does require thorough planning and careful execution to ensure a successful outcome.

Publicly Traded Company Services

With extensive executive experience at publicly traded companies, the Company provides a comprehensive range of services to support small public companies. We are equipped to aid companies in distress through our expertise in rehabilitating small and microcap public companies. We work closely with management teams to implement a rehabilitation plan that addresses their unique challenges.

Our "Engineering of a Public Company" is a proprietary business model created by our principals. This model outlines a systematic approach for rehabilitating underperforming companies. The approach involves implementing sound business fundamentals, developing a solid business plan, establishing realistic performance goals, promoting ethical business practices, and recruiting a team of capable and experienced managers. While the process is not a quick fix, it has been proven to be an effective strategy for putting businesses of all sizes on the path to success.

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. Describe the location of office space, data centers, principal plants, and other property of the issuer, and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

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

The goal of this section is to provide investors 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 owners.

| 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>1370 NC 24-87, Ste 153 Cameron, NC 28326</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>C2C Business Strategies LLC</u> | <u>Related Party President</u> | <u>850 Teague Trail, #580 Lady Lake FL 32159</u> | <u>554,854</u> | <u>Common</u> | <u>5.02</u> | <u>Restricted James E Jenkins, President 850 Teague Trail, #580 Lady Lake FL 32159</u> |
| <u>Brian Jue</u> | <u>COO</u> | <u>964 High House Rd, #2011 Cary, NC 27513</u> | <u>1,500</u> | <u>Common</u> | <u>.00014</u> | <u>Restricted</u> |
| <u>Deep River Management Company</u> | <u>Related Party 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 James E Jenkins, President 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 CFO/Director</u> | <u>162 Canyon Court, Sanford, NC 27332</u> | <u>2,500,000</u> | <u>Common</u> | <u>24.13</u> | <u>Restricted James E Jenkins, CFO 850 Teague Trail, #580 Lady Lake FL 32159</u> |
| <u>RYS & Co GP</u> | <u>Related Party CEO/Director</u> | <u>1370 NC 24-87, Ste 153 Cameron, NC 28326</u> | <u>3,249,940</u> | <u>Common</u> | <u>31.369</u> | <u>Restricted Roy Y Salisbury, General Partner 1370 NC 24-87, Ste 153 Cameron, NC 28326</u> |

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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 to 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.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Charles Giannetto, Esq.
Address 1: 8815 Conroy Windermere Road, 104
Address 2: Orlando, FL 32835
Phone: 321-289-3049
Email: _____

Accountant or Auditor

Name: _____
Firm: _____
Address 1: _____

Address 2: _____
Phone: _____
Email: _____

Investor Relations

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

All other means of Investor Communication:

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

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), consultant(s), or any entity/individual that provided assistance or services to the issuer during the reporting period.

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

9) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

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

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

- IFRS
 U.S. GAAP

C. The following financial statements were prepared by (name of individual):

Name: **James E. Jenkins**

Title: **CFO**

Relationship to Issuer: **CFO**

Describe the qualifications of the person or persons who prepared the financial statements: ²

Over 42 years of diversified experience in senior management including in publicly traded companies, as CEO, CFO, and Chairman of the Board. His professional experience includes SEC public company reporting and compliance, manufacturing operations, investment banking, real estate, and commodities markets. He has over 25 years of experience in raising capital and structuring financial transactions. He has complete deal-making experience including public offerings, private placement, M&A transactions, bond offerings, and commercial real estate construction. Has managed multiple functions including manufacturing, finance, operations, and due diligence, and has experience with financial institutions, investors, stock exchanges, and the SEC.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine-readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

² 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.

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, Roy Y. Salisbury certify that:

1. I have reviewed this Disclosure Statement for 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.

August 9, 2024

/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 Disclosure Statement for 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.

August 9, 2024

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

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

SMALL BUSINESS DEVELOPMENT GROUP, INC.

FINANCIAL STATEMENTS

June 30, 2024
(Unaudited)

Small Business Development Group, Inc.

June 30, 2024 (unaudited)

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

| | <u>30-Jun 2024</u> | <u>December 31, 2023</u> |
|--|------------------------|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 46,786 | \$ 106,069 |
| Accounts receivable | 750 | 750 |
| Trading securities | 18,718 | 20,602 |
| Prepaid expenses | - | - |
| Total current assets | <u>66,254</u> | <u>127,421</u> |
| Equipment, net | 1,769 | 1,769 |
| Goodwill, net | 707,431 | 754,593 |
| Total Assets | <u>\$ 775,454</u> | <u>\$ 883,783</u> |
| LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' DEFICIT | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 261,835 | \$ 363,651 |
| Note payable | 4,327 | 7,802 |
| Due to related parties | 472,953 | 534,904 |
| Total current liabilities | <u>739,115</u> | <u>906,357</u> |
| Non-current liabilities: | | |
| Note payable | 250,000 | 250,000 |
| Total non-current liabilities | <u>-</u> | <u>—</u> |
| Total Liabilities | <u>989,115</u> | <u>1,156,357</u> |
| Commitments and contingencies | | |
| | — | — |
| Mezzanine equity: | | |
| Preferred stock Series A, \$0.0001 par value – 2,500,000 shares authorized; 571 shares issued and outstanding at March 31, 2024 and 536 at December 31, 2023 | 571,000 | 536,000 |
| Preferred stock Series A to be issued – 224 shares | 224,000 | 224,000 |
| Preferred stock Series B, \$0.0001 par value – 2,500,000 shares authorized; no shares issued and outstanding at March 31, 2024 and December 31, 2023 | - | - |
| Stockholders' deficit: | | |
| Preferred stock, \$0.0001 par value | | |
| Series C – 100,000 shares authorized; 1 share issued and outstanding at March 31, 2024 and December 31, 2023 | - | - |
| Common stock, \$0.0001 par value, 30,000,000 shares authorized; 11,051,662 shares issued and outstanding at March 31, 2023 and December 31, 2022 | 1,105 | 1,105 |
| Additional paid-in capital | 1,706,635 | 1,580,255 |
| Accumulated deficit | (2,632,595) | (2,517,586) |
| Noncontrolling interests | (83,806) | (96,348) |
| Total Stockholders' Deficit | <u>(1,008,662)</u> | <u>(1,032,574)</u> |
| Total Liabilities, Mezzanine Equity and Stockholders' Deficit | <u>\$ 775,454</u> | <u>\$ 883,783</u> |

See accompanying Notes to the unaudited Consolidated Financial Statements

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

See accompanying Notes to the unaudited Consolidated Financial Statements

| | For the Three Months Ended | For the Three Months Ended | For the Six Months Ended | For the Six Months Ended |
|---|-------------------------------|-------------------------------|-----------------------------|-----------------------------|
| | 30-Jun-24 | 30-Jun-23 | 30-Jun-24 | 30-Jun-23 |
| Net revenue | \$ 272,565 | \$ 230,896 | \$ 470,467 | \$ 698,346 |
| Cost of revenue | 55,570 | 143,331 | 125,013 | 331,724 |
| Gross profit | 216,995 | 87,566 | 345,454 | 366,621 |
| Operating expenses: | | | | |
| Selling and marketing expense | 30,303 | 11,065 | 47,506 | 36,011 |
| General and administrative expense | 249,430 | 236,060 | 386,951 | 487,167 |
| Loss on sale of held-for-trading securities | | | - | 883 |
| Unrealized loss on held-for-trading securities | 8,672 | | 1,885 | 31,332 |
| Total operating expense | 288,405 | 247,125 | 436,341 | 555,392 |
| Operating loss | (71,410) | (159,560) | (90,887) | (188,771) |
| Other income (expense) | (10,970) | 16 | (11,581) | 16 |
| Interest expense | - | (5,453) | - | (6,055) |
| Total other income (expense) | (10,970) | (5,438) | (11,581) | (6,039) |
| Loss before provision for income taxes | (82,380) | (164,997) | (102,469) | (194,810) |
| Provision for income taxes | | | | |
| Net loss including noncontrolling interests | (82,380) | (164,997) | (102,469) | (194,810) |
| Net loss attributable to noncontrolling interests | 1,981 | (9,542) | 12,540 | (12,794) |
| Net loss attributable to Small Business Development Group | \$ (84,361) | \$ (155,455) | \$ (115,009) | \$ (182,017) |
| Weighted average shares basic and diluted | 11,051,662 | 11,051,662 | 11,051,662 | 11,051,662 |
| Weighted average basic and diluted loss per common share | \$ (0.01) | \$ (0.01) | \$ (0.01) | \$ (0.01) |

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

| | Preferred Stock Series C | | Common Stock | | Additional Paid-In | Accumulated | Noncontrolling | Total Stockholders |
|-----------------------------|--------------------------|--------|--------------|----------|--------------------|----------------|----------------|--------------------|
| | Shares | Amount | Shares | Amount | Capital | Deficit | Interests | (Deficit) |
| Balance – December 31, 2023 | C | \$ - | 11,051,662 | \$ 1,105 | \$ 1,580,255 | \$ (2,517,586) | \$ (96,348) | \$(1,032,574) |
| Net income (loss) | - | \$ - | - | \$ - | \$ - | \$ (30,648) | \$ 10,560 | \$ (20,088) |
| Balance – March 31, 2024 | 1 | \$ - | 11,051,662 | \$ 1,105 | \$ 1,580,255 | \$ (2,548,234) | \$ (85,788) | \$(1,052,662) |
| Net income (loss) | - | \$ - | - | \$ - | \$ 126,380 | \$ (84,361) | \$ 1,981 | \$ 44,000 |
| Balance – June 30, 2024 | 1 | \$ - | 11,051,662 | \$ 1,105 | \$ 1,706,635 | \$ (2,632,595) | \$ (83,807) | \$(1,008,662) |

| | Preferred Stock Series C | | Common Stock | | Additional Paid-In | Accumulated | Noncontrolling | Total Stockholders |
|-----------------------------|--------------------------|--------|--------------|----------|--------------------|----------------|----------------|--------------------|
| | Shares | Amount | Shares | Amount | Capital | Deficit | Interests | (Deficit) |
| Balance – December 31, 2022 | 1 | \$ - | 11,051,662 | \$ 1,105 | \$ 1,650,316 | \$ (2,287,640) | \$ (88,099) | \$ (724,318) |
| Net income (loss) | - | \$ - | 0 | \$ - | \$ - | \$ (122,307) | \$ (7,327) | \$ (129,634) |
| Balance – March 31, 2023 | 1 | \$ - | 11,742,880 | \$ 1,105 | \$ 1,650,316 | \$ (2,409,947) | \$ (95,426) | \$ (853,952) |
| Net income (loss) | - | \$ - | - | \$ - | \$ - | \$ (161,519) | \$ (9,542) | \$ (171,061) |
| Balance – June 30, 2023 | 1 | \$ - | 0 | \$ - | \$ - | \$ (2,571,466) | \$ (104,968) | \$(1,025,013) |

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

See accompanying Notes to the unaudited Consolidated Financial
Statements

| | For the Six Months Ended June 30, 2024 | For the Six Months Ended June 30, 2023 |
|--|---|---|
| Cash flows from operating activities: | | |
| Net loss attributable to Small Business Development Group | \$ (115,009) | \$ (164,997) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Net Inc (Loss) attributable to noncontrolling interests | 12,540 | (12,794) |
| Net liabilities assumed in acquisitions, net of goodwill | — | — |
| Depreciation and amortization | 55,647 | 55,279 |
| Unrealized loss on trading securities | 8,672 | (3,678) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | | 750 |
| Prepaid expenses | - | 1,202 |
| Accounts payable and accrued liabilities | (95,634) | 64,675 |
| Other | - | - |
| Net cash used in operating activities | (133,784) | (59,563) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of note payable | - | 80,040 |
| Repayments of notes payable | (28,657) | (16,092) |
| Net borrowings from / repayments to related parties | 145,929 | (3,164) |
| Net cash provided by financing activities | 117,272 | 60,784 |
| Net change in cash | (16,512) | 1,221 |
| Cash, beginning of period | 63,298 | 51,427 |
| Cash, end of period | \$ 46,786 | \$ 52,648 |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the period for: | | |
| Interest | \$ — | \$ — |
| Taxes | \$ — | \$ — |
| Supplemental disclosures of non-cash investing and financing activities: | | |
| Shares issued on settlement of amounts owed to related parties | \$ — | \$ — |

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”). Our main office is located at 1370 NC 24-87 Ste 153, Cameron, North Carolina. We have also opened an office in Malaysia during 2022 to service potential investment opportunities.

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 6. The number of authorized shares of Series C Preferred Stock remains at 100,000 shares.

On December 18, 2023, after a vote by the Board of Directors, we filed with the Texas Secretary of State to change the name of the Company to Stony Hill Advisors, Inc.

As of June 30, 2024, we have 11,051,662 common shares outstanding, one (1) Series C Preferred share outstanding and 572 Series A Preferred shares outstanding. In addition, we are obligated to issue 224 additional Series A Preferred shares. There are no Series B Preferred shares outstanding.

Business

Small Business Developments Group, Inc. has transitioned from operating solely as a holding company to incorporating a comprehensive Business Development, Merger and Acquisition, and Consulting Advisory strategy. Leveraging its prior experience as a holding company, the Company now specializes in providing business development and consulting services to lower-middle market companies and small business entrepreneurs across diverse industries and geographic locations.

The range of professional services offered by the Company includes mergers, acquisitions, divestitures, capital strategies, financial restructuring, and management consulting. Recognizing the specialized needs of owners and acquirers in the small- and mid-sized business sector, the Company positions itself as a trusted advisor, collaborating with clients and their existing advisors to offer confidential, qualitative, and quantitative guidance aimed at achieving tangible results.

In addition to its advisory and consulting services, the Company actively engages in purchasing off-market transactions within allied business services, as well as in the realms of M&A and Business Brokerage. The company also pursues opportunistic transactions within industries where its management team possesses expertise.

For the fiscal year ending December 31, 2022, SBDG completed the following acquisition transactions:

Acquisition of Stony Hill Advisors (SHA) through a Membership Unit Purchase Agreement. SHA specializes in providing merger and acquisition advisory services to lower-middle market companies and small business entrepreneurs.

Acquisition of Appraisal 3000 Inc. through a Stock Purchase Agreement. Appraisal 3000 is an appraisal management company based in Southern California, overseeing commercial and residential real estate appraisals across the state.

It is noteworthy that the acquisition of UBUN2Group, Inc. (UBUN2), which specialized in enterprise software solutions, particularly in AI and cloud-based solutions, was rescinded in 2023.

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

During the year ended December 31, 2022, we diversified our service base and added the following:

- Exiting/Transitioning/Selling a Company
- Crisis Management
- Private & Public Business Advisory
- Private-to-Public
- Publicly Traded Company Services

Founded in 1998, Small Business Development Group, Inc. operates as a publicly traded entity on OTC Markets. This transition marks a strategic evolution for the company, expanding its scope to offer a comprehensive suite of services tailored to the needs of its target market. The Company is fully accountable under SEC Rule 10b-5, which defines and governs illegal and unethical practices.

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. As a result of our acquisitions, we currently have revenues, but have incurred net losses, and have an accumulated deficit of \$2,592,102 as of June 30, 2024. 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.

Trading Securities

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 | - 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 June 30, 2024, and June 30, 2023. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments include accounts receivable, trading securities, prepaid expenses, 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, Appraisal’s real estate appraisal services, and Ubun2’s enterprise software solutions services. Customer payments are typically received after we provide our 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 average number of shares adjusted for any potentially dilutive debt or equity. As of June 30, 2023, potentially dilutive shares have not been included in the diluted loss per share computations as they would be anti-dilutive 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 carryforwards. 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, 2022, we closed on acquisition agreements with the following businesses as described below.

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 year ended December 31, 2022.
2. Within five (5) business days of the first anniversary of the Closing, 112 shares. These shares have not yet been issued.
3. Within five (5) business days of the second anniversary of the Closing, 112 shares. These shares have not yet been issued.

The MUPA also obliges 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 the 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.

Appraisal 3000 Acquisition

In 2021, we entered into a Stock Purchase Agreement (the "SPA") with the owners of Appraisal 3000 to purchase 80% of the outstanding shares of Appraisal 3000 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. Appraisal is licensed in California, North and South Carolina, Tennessee, Texas, Arizona, and Florida. 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 year ended December 31, 2022, we issued 480 shares of our Series A to the owners of Appraisal.

UBUN2 Acquisition

On July 1, 2022, we closed a Stock Purchase Agreement with the owners of UBUN2 to purchase 80% of the outstanding shares of UBUN2 for a total of 1,280 shares of our Series A Preferred Stock, which shares were issued during the year ended December 31, 2022. The Series A preferred shares are convertible into 512,000 shares of our common stock. UBUN2 is an enterprise software solutions company specializing in creating AI and cloud-based enterprise solutions for small and medium-sized businesses to Fortune 500 companies. UBUN2's driving mission is to foster human connections and business partnerships by integrating all facets of technology within an organization to create sustainable and efficient solutions. UBUN2's client list is extensive and includes the State of California, Kaiser Permanente, General Motors, Robert Half and Ricoh Electronics. Effective July 1, 2023, management and UBUN2Group rescinded the acquisition transaction.

Acquisition Activity Summary

A summary of the purchase price and related allocations for the acquisitions is shown below:

| | SHA | Appraisal 3000 | 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 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 no impairment has occurred as of December 31, 2023. We are amortizing goodwill over ten years and during the three months ended June 30 2024 and June 30, 2023 amortization expenses of \$23,581 and \$55,279 was recorded in general and administrative expenses.

4. Related Party Transactions

Due to Related Parties

Amounts owed to related parties consist of the following as of June 30, 2024, and June 30, 2023:

| | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|---|----------------------|----------------------|
| C2C Business Strategies, LLC | \$ 86,833 | \$ 85,333 |
| Paul Visokey, Sole Member of SHA | 10,924 | 70,593 |
| Robert Lilly, President of Appraisal 3000 | \$ 375,195 | \$ 412,683 |
| | <u>\$ 472,952</u> | <u>\$ 569,109</u> |

C2C Business Strategies, LLC (“C2C”) is a related party and has supplied us with 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 that ended June 30, 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. The amounts owed to Mr. Salisbury resulted 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. No gain or loss resulted from the conversions.

Recission of Acquisition

Effective July 1, 2023, management and UBUN2Group rescinded the acquisition transaction.

Bank Line of Credit

In January 2023, our subsidiary Appraisal 3000 entered into a Bank Line of Credit with Premier Pacific Bank and drew advances totaling \$5,000. The advances bear interest at 13.25% per annum.

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 contain a provision requiring that 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 June 30, 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.

In connection with the July 1, 2022, acquisition of UBUN2, we issued 1,280 shares of our Series A preferred stock to the owners of UBUN2. The Series A preferred shares issued and to be issued are convertible into a total of 816,000 of our common stock. Effective July 1, 2023, management and UBUN2Group rescinded the acquisition transaction. All stock was returned to their respective owners.

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 were no outstanding Series A or B preferred shares outstanding as of December 31, 2023.

On May 1, 2024, Bryan Coble purchased 10 shares of our Series A preferred stock for an investment of \$10,000. The preferred shares in the private sale were conducted under an exemption from registration under the Securities Act of 1933, as amended. The Investor acknowledged that these shares are restricted, have not been registered under federal or state securities laws, and cannot be resold without appropriate registration or an applicable exemption.

On June 11, 2024, Johnny Cram purchased 25 shares of our Series A preferred stock for an investment of \$25,000. The preferred shares in the private sale were conducted under an exemption from registration under the Securities Act of 1933, as amended. The Investor acknowledged that these shares are restricted, have not been registered under federal or state securities laws, and cannot be resold without appropriate registration or an applicable exemption.

There are no outstanding Series B preferred shares outstanding at either December 31, 2023, or December 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)

Series B Preferred Stock (Series B)

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 December 31, 2023, and December 31, 2022.

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, during the three months ended June 30, 2022, 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 grant 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.