

HERE TO SERVE HOLDING CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE- AND THREE-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021

UNAUDITED

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Here To Serve Holding Corp.
Consolidated Balance Sheets

	<u>June 30, 2022</u> (Unaudited)	<u>September 30, 2021</u> (Audited)
ASSETS		
Current Assets		
Cash	\$ 31,170	\$ 59,174
Accounts receivable	-	3,105
Prepaid expenses	5,523	80,916
Total current assets	36,693	143,195
Equity securities at fair value	1,385,700	4,074,250
Related party equity securities at fair value	602,000	93,000
Investments	3,150	133,150
Mineral interests	500,939	374,525
TOTAL ASSETS	\$ 2,528,482	\$ 4,818,120
LIABILITIES & SHAREHOLDERS' EQUITY		
Current Liabilities		
Accrued expenses	\$ 12,287	\$ 12,505
Due to related parties	18,650	18,780
Accrued interest payable	6,732	4,207
Current portion of long-term debt	1,114	467
Total current liabilities	38,783	35,959
Long-term notes payable, less current portion	88,886	89,533
Total liabilities	127,669	125,492
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock, 10,000,000 shares authorized		
Series A, par value \$.001, 1,000,000 shares issued and outstanding	1,000	1,000
Convertible preferred stock, \$.0001 par value		
Series C, 100,000 shares issued and outstanding	10	10
Common stock, par value \$.001, 400,000,000 shares authorized, 75,338,500 and 67,340,075 issued and outstanding, respectively	75,338	67,340
Additional paid in capital	7,232,525	7,004,548
Accumulated deficit	(4,908,060)	(2,380,270)
Total shareholders' equity	2,400,813	4,692,628
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 2,528,482	\$ 4,818,120

The accompanying notes are an integral part of these consolidated financial statements.

Here To Serve Holding Corp.
Consolidated Statements of Operations
Unaudited

	For the Nine Months Ended		For the Three Months Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenues	\$ 1,935,374	\$ 790,800	\$ 511,988	\$ 578,630
Cost of revenues	348,675	294,104	166,575	275,104
Gross Profit	<u>1,586,699</u>	<u>496,696</u>	<u>345,413</u>	<u>303,526</u>
Expenses:				
Wages	24,102	29,777	855	12,049
Consulting fees	193,164	33,846	25,131	33,846
Advertising	8,290	33,779	235	126
Rent	900	900	300	300
General and administrative	34,853	25,189	11,703	6,964
Professional services	4,507	4,486	2,439	1,344
Total operating expenses	<u>265,816</u>	<u>127,977</u>	<u>40,663</u>	<u>54,629</u>
Income from operations	<u>1,320,883</u>	<u>368,719</u>	<u>304,750</u>	<u>248,897</u>
Other income (expenses):				
Unrealized gain (loss) on investments	(3,846,150)	5,184,825	(901,150)	1,108,250
Realized gain on investments	-	12,225	-	12,225
Gain on sale of subsidiary	100	18,571	100	18,571
Interest expense	(2,623)	(2,835)	(883)	(960)
Total other income (expenses)	<u>(3,848,673)</u>	<u>5,212,786</u>	<u>(901,933)</u>	<u>1,138,086</u>
Net Income (loss) before income taxes	(2,527,790)	5,581,505	(597,183)	1,386,983
Income tax expense	-	-	-	-
Net income (loss)	<u>\$ (2,527,790)</u>	<u>\$ 5,581,505</u>	<u>\$ (597,183)</u>	<u>\$ 1,386,983</u>
Basic net income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.09</u>	<u>\$ (0.01)</u>	<u>\$ 0.02</u>
Diluted income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.04</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>
Weighted average number of shares outstanding				
Basic	<u>70,964,471</u>	<u>61,312,145</u>	<u>74,741,962</u>	<u>63,772,177</u>
Fully diluted	<u>70,964,471</u>	<u>128,447,059</u>	<u>74,741,962</u>	<u>130,857,091</u>

The accompanying notes are an integral part of these consolidated financial statements.

Here To Serve Holding Corp.
Consolidated Statements of Shareholders' Equity
For the Nine Months Ended June 30, 2022 and the Years Ended September 30, 2021 and 2020
Unaudited

	Common Shares	Common Stock, Par	Preferred Shares	Preferred Stock, Par	Additional Paid in Capital	Accumulated Deficit	Treasury Stock	Total Shareholders' Equity
Balance, October 1, 2019	126,084,434	\$ 126,085	1,100,000	\$ 1,010	\$ 8,326,036	\$ (5,931,579)	\$ (2,500,000)	\$ 21,552
Purchase of subsidiary	100,000	100	-	-	200	-	-	300
Sale of common stock	662,500	662	-	-	6,838	-	-	7,500
Retire treasury stock	(76,114,285)	(76,114)	-	-	(2,423,886)	-	2,500,000	-
Purchase of mineral rights	1,000,000	1,000	-	-	78,200	-	-	79,200
Issuance of warrants	-	-	-	-	92,824	-	-	92,824
Return of 100,000 warrants	-	-	-	-	(9,453)	-	-	(9,453)
Exercise of warrants	5,700,000	5,700	-	-	(5,700)	-	-	-
Net income year ended September 30, 2020	-	-	-	-	-	335,587	-	335,587
Balance, September 30, 2020	57,432,649	57,433	1,100,000	1,010	6,065,059	(5,595,992)	-	527,510
Purchase of mineral rights	2,549,000	2,549	-	-	231,631	-	-	234,180
Sale of common stock	1,000,000	1,000	-	-	79,000	-	-	80,000
Issuance of warrants	-	-	-	-	55,616	-	-	55,616
Net income year ended September 30, 2021	-	-	-	-	-	3,215,722	-	3,215,722
Exercise of warrants	2,358,426	2,358	-	-	(2,358)	-	-	-
Purchase of biotech investment	1,000,000	1,000	-	-	129,000	-	-	130,000
Common stock issued for services	3,000,000	3,000	-	-	446,600	-	-	449,600
Balance, September 30, 2021	67,340,075	67,340	1,100,000	1,010	7,004,548	(2,380,270)	-	4,692,628
Sale of common stock	1,421,428	1,422	-	-	65,661	-	-	67,083
Issuance of warrants	-	-	-	-	117,771	-	-	117,771
Purchase of subsidiary	500,000	500	-	-	622	-	-	1,122
Net loss quarter ended December 31, 2021	-	-	-	-	-	(1,055,082)	-	(1,055,082)
Balance, December 31, 2021	69,261,503	69,262	1,100,000	1,010	7,188,602	(3,435,352)	-	3,823,522
Sale of common stock	1,167,048	1,167	-	-	38,832	-	-	39,999
Exercise of warrants	1,358,426	1,358	-	-	(1,358)	-	-	-
Net loss quarter ended March 31, 2022	-	-	-	-	-	(875,525)	-	(875,525)
Balance, March 31, 2022	71,786,977	71,787	1,100,000	1,010	7,226,076	(4,310,877)	-	2,987,996
Sale of common stock	333,333	333	-	-	9,667	-	-	10,000
Exercise of warrants	3,218,190	3,218	-	-	(3,218)	-	-	-
Net loss quarter ended June 30, 2022	-	-	-	-	-	(597,183)	-	(597,183)
Balance, June 30, 2022	75,338,500	\$ 75,338	1,100,000	\$ 1,010	\$ 7,232,525	\$ (4,908,060)	\$ -	\$ 2,400,813

The accompanying notes are an integral part of these consolidated financial statements.

Here To Serve Holding Corp.
Statements of Cash Flow
Unaudited

	Nine Months Ended	
	June 30, 2022	June 30, 2021
OPERATING ACTIVITIES		
Net income (loss)	\$ (2,527,790)	\$ 5,581,505
Adjustment to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	193,164	37,201
Bad debt allowance	1,105	-
SBA loan forgiveness		(18,571)
Non-cash expense from the transfer of investments	160,000	261,000
Non-cash revenue from the receipt of equity	(1,696,600)	(750,000)
Unrealized loss (gain) on investments	3,846,150	(5,184,825)
Changes in operating assets and liabilities:		
Accounts receivable	2,000	4,320
Accounts payable and other current liabilities	(5,940)	755
Accrued interest payable	2,525	2,695
Related party payable	(130)	(868)
Net cash used in operating activities	<u>(25,516)</u>	<u>(66,788)</u>
INVESTING ACTIVITIES		
Purchase of subsidiaries	6,844	-
Mineral interests	(126,414)	(25,923)
Net cash used in investing activities	<u>(119,570)</u>	<u>(25,923)</u>
FINANCING ACTIVITIES		
Proceeds from loan	-	19,332
Sale of common stock	117,082	60,000
Cash flow from financing activities	<u>117,082</u>	<u>79,332</u>
Net increase (decrease) in cash	(28,004)	(13,379)
Beginning cash	59,174	69,731
Ending Cash	<u>\$ 31,170</u>	<u>\$ 56,352</u>
Supplemental disclosure of cash flow information:		
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest	<u>\$ 98</u>	<u>\$ 141</u>
Supplemental Non-Cash Investing and Financing Information:		
Common stock issued for purchase of mining claims	<u>\$ -</u>	<u>\$ 234,180</u>

The accompanying notes are an integral part of these consolidated financial statements.

Here To Serve Holding Corp.
Notes to the Consolidated Financial Statements
June 30, 2022
Unaudited

NOTE 1 – NATURE OF OPERATIONS AND ORGANIZATION

History of Organization

Here To Serve Holding Corp. (the “Company,” “we” or “our”) was incorporated in the State of Delaware as New Ithaca Corporation on September 22, 1983. In 2006, the Company operated as F3 Technologies and began trading on the OTC Market Exchange under the symbol FTCH. In September 2013 it began operating as Here To Serve Holding Corp. trading under the symbol HTSC. Over the next several years, the Company consulted in the software development industry, and currently it provides consulting services to small publicly traded companies that need assistance in financial reporting, product development or marketing.

In fiscal 2020, the Company’s wholly owned subsidiary, ICF Industries Inc. (“ICF”), began providing financial reporting and advisory services to mining companies and discovered an opportunity to acquire mining claims in a nickel-rich area. Consequently, the Company formed a wholly owned subsidiary, Fortune Nickel and Gold Inc. (“Fortune”) to pursue the acquisition, exploration and development of mining properties in prolific jurisdictions, and began accumulating single cell mining claims.

Fortune owns mineral rights on 182 unpatented mining claims in the Timmins Mining Camp, Ontario, Canada, for the purpose of exploration and potential development of nickel, gold, copper, and other metals on a total of approximately 9,200 acres. Fortune's goal is to mine metals that sustain the global economy and replace fossil fuels with low-carbon energy. Metals such as copper facilitate the generation, storage and transmission of electricity, and nickel is a key component in the batteries of electric vehicles. Fortune’s 182 mining claims lie at the core of the Abitibi Greenstone Belt, which contains some of the world's largest deposits of gold, copper, zinc, nickel, and platinum-group metals. Nickel is a crucial battery metal in the electric vehicle supply chain.

ICF accounts for all the Company’s revenues. It holds a basket of minority positions in publicly traded companies. It receives cash and equity securities in exchange for marketing and financial reporting services.

ICF also works with KRTL Holding Group, Inc. and its affiliates (“KRTL”). Their goal is to discover and distribute psychedelic medicines to medical treatment centers to alleviate suffering and improve health. KRTL has approval from South Korea’s Ministry of Food and Drug Safety to study psilocybin and CBD in South Korea with its team of doctors, chemists, and researchers. The team has years of experience with research and development of custom formulations for CBD, terpenes and other cannabinoids, which they believe will allow them to fast track the production cycle.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principle of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of significant intercompany balances and transactions. The Company uses the accrual basis of accounting and accounting principles generally accepted in the United States of America. The Company has a September 30 fiscal year end.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to income tax valuation allowance, the valuation of warrants and the allowance for doubtful accounts. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company has no cash equivalents. The Company uses one financial institution for its cash balances and has not maintained cash balances that exceed federally insured limits.

Investments

The Company follows ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, for the recognition, measurement, presentation and disclosure of financial instruments.

Exploration and Evaluation of Mineral Properties

Exploration and evaluation assets represent properties on which the Company is conducting exploration to determine whether significant mineralization exists or for which the Company has identified a mineral resource of such quantity and grade or quality that it has reasonable prospects for economic extraction. All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on an area of interest are expensed as incurred. Once the legal right to explore has been obtained, exploration expenditures are capitalized in respect of each identifiable area of interest until a technical feasibility study has been completed and the commercial viability of extracting a mineral resource is demonstrable. Exploration and evaluation activities include the following:

- acquiring the rights to explore;
- researching and analyzing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource; and
- compiling pre-feasibility and feasibility studies.

Exploration and evaluation assets are carried at historical cost, less any impairment, if applicable.

Revenue Recognition

The Company recognizes revenue based upon the provisions of ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." Topic 606 using the following five-step model:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

The Company identifies performance obligations in contracts with customers, which primarily are professional services. The transaction price is determined based on the amount the Company expects to be entitled to receive in

exchange for transferring the promised services to the customer. The transaction price in the contract is allocated to each distinct performance obligation in an amount that represents the relative amount of consideration expected to be received in exchange for satisfying each performance obligation. Revenue is recognized when performance obligations are satisfied. The Company usually bills its customers before it provides any services and begins performing services after the first payment is received. Contracts are typically one year or less. For larger contracts, in addition to the initial payment, the Company may allow for progress payments throughout the term of the contract.

Judgments and Estimates

The estimation of variable consideration for each performance obligation requires the Company to make subjective judgments. The Company enters contracts with customers that sometimes include promises to transfer multiple services, such as digital marketing, financial statement preparation, offering statements, and consulting services. For arrangements with multiple services, the Company evaluates whether the individual services qualify as distinct performance obligations. In its assessment of whether a service is a distinct performance obligation, the Company determines whether the customer can benefit from the service on its own or with other readily available resources, and whether the service is separately identifiable from other services in the contract. This evaluation requires the Company to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

When agreements involve multiple distinct performance obligations, the Company allocates arrangement consideration to all performance obligations at the inception of an arrangement based on the relative standalone selling prices (“SSP”) of each performance obligation. Where the Company has standalone sales data for its performance obligations which are indicative of the price at which the Company sells a promised service separately to a customer, such data is used to establish SSP. In instances where standalone sales data is not available for a particular performance obligation, the Company estimates SSP by the use of observable market and cost-based inputs. The Company continues to review the factors used to establish list price and will adjust standalone selling price methodologies as necessary on a prospective basis.

Service Revenue

Service revenue from subscriptions to the Company's digital marketing service is recognized over time on a ratable basis over the contractual subscription term beginning on the date that the service begins. Payments received in advance of subscription services being rendered are recorded as a deferred revenue. Professional services revenue is recognized in accordance with the terms of the service contract.

When a contract with a customer is signed, the Company assesses whether collection of the fees under the arrangement is probable. The Company estimates the amount to reserve for uncollectible amounts based on the aging of the contract balance, current and historical customer trends, and communications with its customers. These reserves are recorded as operating expenses against the contract asset.

Contract Assets

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services. Contract assets are included in other current or non-current assets in the consolidated balance sheets, depending on if their reduction will be recognized during the succeeding twelve-month period or beyond.

Deferred Revenue

Deferred revenues represent billings or payments received in advance of revenue recognition and are recognized upon transfer of control. Balances consist primarily of prepaid services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding twelve-month period are recorded as current deferred revenues in the consolidated balance sheets, with the remainder recorded as other non-current liabilities in the consolidated balance sheets.

Costs to Obtain a Customer Contract

Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized as other current or non-current assets and amortized on a straight-line basis over

the life of the contract, which approximates the benefit period. The benefit period was estimated by taking into consideration the length of customer contracts, technology lifecycle, and other factors. All sales commissions are recorded as consulting fees within the Company's consolidated statement of operations.

Remaining Performance Obligations

The Company's subscription terms are typically less than one year. All of the Company's revenues are considered contract revenues. As of June 30, 2022 and September 30, 2021 there was no contract revenue which has not yet been recognized.

Cost of Services

Cost of services consist of direct costs that we pay to third parties in order to provide the services that generate revenue.

Fair Value of Financial Instruments

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Impairment of long-lived assets

The Company periodically reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company recognizes an impairment loss when the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. The amount of impairment is measured as the difference between the asset's estimated fair value and its book value. During the nine- and three-month periods ended June 30, 2022 and 2021, the Company did not record any impairment losses.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. A valuation allowance has been established to eliminate the Company's deferred tax assets as it is more likely than not that any of the deferred tax assets will be realized.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process whereby (1) we determine whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Based on the Company's history of losses and tax loss carryforwards available, it has concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements. The Company believes that its income tax positions would be sustained on audit and does not anticipate any adjustments that would result in a material change to its financial position.

The Company may in the future become subject to foreign, federal, state and local income taxation though it has not been since inception. The Company is not presently subject to any income tax audit in any taxing jurisdiction.

Basic Income Per Share

Basic income per share is calculated by dividing the Company's net income applicable to common shareholders by the weighted average number of common shares during the period. A diluted earnings per share is calculated by dividing the Company's net income 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 June 30, 2022 and 2021 the Company had a series of convertible securities outstanding that could be converted into approximately 62,289,393 and 68,820,003 common shares, respectively.

Stock-Based Compensation

The Company utilizes the Black-Scholes option pricing model to estimate the fair value of stock options or common stock purchase warrants awarded to consultants or employees at the date of grant, which requires the input of highly subjective assumptions, including expected volatility and expected life. Changes in these inputs and assumptions can materially affect the measure of estimated fair value of share-based compensation. These assumptions are subjective and generally require significant analysis and judgment to develop. The Company estimates volatility by considering the historical stock volatility. The Company has opted to use the simplified method for estimating expected term.

On December 14, 2021, the company issued two warrants that expire on September 30, 2026 as compensation for the Company's two independent board members, to each purchase up to 750,000 shares of the Company's common stock at a price of \$0.069. Using the Black-Scholes valuation method with assumptions including: (1) a term of 4.8 years; (2) a computed volatility rate of 386%; (3) a discount rate of 1.18%; and (4) zero dividends, each warrant was valued at \$50,999. Consulting expense of \$101,998 and \$0 was recorded in the nine- and three-month periods ended June 30, 2022, respectively.

On October 11, 2021, the company issued a warrant that expires on September 30, 2025 as compensation for advisory services, to purchase up to 250,000 shares of the Company's common stock at a price of \$0.063. Using the Black-Scholes valuation method with assumptions including: (1) a term of 3.97 years; (2) a computed volatility rate of 386%; (3) a discount rate of 0.82%; and (4) zero dividends, the warrant was valued at \$15,773. Consulting expense of \$15,773 and \$0 was recorded in the nine- and three-month periods ended June 30, 2022, respectively.

Effective March 17, 2021, the company issued a warrant that expires on September 30, 2026 as compensation related to aboriginal rights in Timmins, Ontario, to purchase up to 100,000 shares of the Company's common stock at a price of \$0.1475. Using the Black-Scholes valuation method with assumptions including: (1) a term of 5.54 years; (2) a computed volatility rate of 386%; (3) a discount rate of 0.8%; and (4) zero dividends, the warrant was valued at \$13,750. Twenty-five percent of the warrant vests every six months, and seventy-five percent of the warrant is vested at June 30, 2022.

On January 6, 2021, the company issued a warrant that expires on September 30, 2024 as compensation for advisory board services, to purchase up to 500,000 shares of the Company's common stock at a price of \$0.06. Using the Black-Scholes valuation method with assumptions including: (1) a term of 3.73 years; (2) a computed volatility rate of 373%; (3) a discount rate of 0.8%; and (4) zero dividends, the warrant was valued at \$48,741 and recorded as a consulting expense in fiscal 2021.

The company also issues restricted shares of common stock as stock-based compensation. The shares are valued at the closing price on the day of issuance. 2,000,000 shares, valued at \$348,800, issued in May 2021, were immediately

expensed due to the terms of a consulting contract, and 1 million shares, valued at \$100,800, issued in July 2021, were recorded as a prepaid expense, based on the terms of a consulting contract.

Prepaid expenses from the issuance of common stock for services amounted to \$5,523 and \$80,916 as of June 30, 2022 and September 30, 2021, respectively.

Recent Accounting Pronouncements

In March 2017 the FASB issued ASU 2017-04 Intangibles—Goodwill and Other (Topic 350) Simplifying the Test for Goodwill Impairment. This amendment simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. This update is effective for fiscal years beginning after December 15, 2021. The adoption of ASU No. 2017-04 is not expected to have a material impact on the Company's financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

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

NOTE 3 – INVESTMENTS

In June 2022, the Company sold the farming rights to land in Iowa that is licensed to grow hemp by its subsidiary, ICF Industries Inc., for a sales price of 50 million shares of Agri-Dynamics, Inc. (OTC:AGDY) ("AGDY"), valued at \$500,000. The Company paid its affiliate, KRTL Holding Group, Inc. ("KRTL") 16 million shares of AGDY, valued at \$160,000, to provide consulting services to AGDY in conjunction with the farming rights. In October 2021 the Company received 15 million shares of AGDY for marketing and consulting services, valued at \$793,500. Previously, in June 2020, the Company earned 30 million shares of AGDY valued at \$195,000. As of June 30, 2022, the Company owns 79 million shares valued at \$790,000, as compared to 30 million shares valued at \$1,563,000 on September 30, 2021.

In March 2022, the Company received 200,000 warrants to purchase common stock of Quantum International Inc (OTC:QUAN) at a price of \$0.001 per share, that were valued at \$23,000, in exchange for consulting services. The warrant is valued at \$29,800 as of June 30, 2022.

In February 2022, the Company sold an inactive subsidiary for 100,000 shares of KRTL. The sale transaction was recorded at par value, or \$100, because KRTL is a related party. In addition, the Company had an investment in KRTL Biotech Inc., which merged with KRTL, and as a result, the Company's investment in KRTL is valued at \$602,000 as of June 30, 2022.

In October 2021 the Company received 2 million shares of Galexy Hldgs Inc. (OTC:GXXY) for marketing and consulting services, valued at \$380,000. As of June 30, 2022, the Company owns 2 million shares valued at \$120,000.

In July 2021, the Company received 5 million shares of Firma Holdings Corp. (OTC:FRMA) for marketing and consulting services, valued at \$574,500. The Company divested 4 million shares and the remaining 1 million shares of Firma Holdings Corp., are valued at \$20,100 on June 30, 2022 and \$2,500 on September 30, 2021.

During fiscal 2021, the company provided services to and received shares of common stock of Tamino Minerals Inc. (OTC:TINO) in the following amounts and values: 30 million shares valued at \$81,000, 10 million shares valued at \$122,000, and 10 million shares valued at \$116,000. The Company divested 5 million shares and owns 45 million shares valued at \$153,000 on June 30, 2022 and \$522,000 on September 30, 2021.

In February 2020, the Company provided consulting services to IDGlobal Corp. (OTC:IDGC) for a fee of \$200,000. The fee was paid for with 2,000,000,000 shares of stock of IDGlobal Corp., valued at \$0.0001 per share. In June 2021,

the Company received 400,000,000 shares of IDGlobal Corp., valued at \$400,000 for consulting and bookkeeping services. The Company divested 200 million shares and owns 2.2 billion shares valued at \$220,000 on June 30, 2022 and \$1,980,000 on September 30, 2021.

Effective June 1, 2020 the Company earned revenue on 500,000 shares of ATWEC Technologies, Inc (OTC:ATWT) valued at \$70,000. As of June 30, 2022 and September 30, 2021, the Company owns 500,000 shares valued at \$1,800 and \$6,750, respectively.

The following table summarizes the dollar value of the equity securities owned by the Company, recorded at their fair value on June 30, 2022 and September 30, 2021.

	<u>June 30, 2022</u>	<u>September 30, 2021</u>
ATWEC Technologies, Inc.	\$ 1,800	\$ 6,750
Agri-Dynamics, Inc.	790,000	1,563,000
Tamino Minerals Inc.	153,000	522,000
Galaxxy Hldgs Inc.	120,000	-
Firma Holdings Corp.	20,100	2,500
Quantum International Corp.	29,800	-
Pervasip Corp.	51,000	-
IDGlobal Corp.	<u>220,000</u>	<u>1,980,000</u>
Total fair value of equity securities	<u>\$ 1,385,700</u>	<u>\$ 4,074,250</u>

The following table summarizes the dollar value of the shares of related party equity securities owned by the Company, recorded at their fair value on June 30, 2022 and September 30, 2021.

	<u>June 30, 2022</u>	<u>September 30, 2021</u>
Pervasip Corp.	\$ -	\$ 93,000
KRTL Holding Group, Inc.	<u>602,000</u>	-
Total value of related party equity securities	<u>\$ 602,000</u>	<u>\$ 93,000</u>

The net decrease in the value of the above equity securities for the nine- and three month periods ended June 30, 2022 amounted to \$3,846,150 and \$901,150, respectively, and is recorded as an unrealized loss on investments in the income statement.

The Company also owns securities in a company that is not traded on OTC Markets. It provided services to Coltivare (TKEX:COLT) in December 2019, valued at \$3,150, that were paid for with securities in lieu of cash. The securities are recorded at the historical cost of \$3,150 as of June 30, 2022 and September 30, 2021.

The above investments in equity securities are within the scope of ASC 321. The Company monitors the investments for any changes in observable prices from orderly transactions. All investments are initially measured at cost and evaluated for changes in estimated fair value.

NOTE 4 – MINERAL PROPERTIES

As of June 30, 2022 and September 30, 2021, the Company's mining claims consisted of 182 unpatented claims in the Timmins Mining Camp, Ontario, Canada covering approximately 9,000 acres, with a historical cost of \$500,939 and \$374,525, respectively.

NOTE 5 – STOCKHOLDERS' EQUITY

The Company has authorized 400,000,000 shares of common stock, par value of \$0.001, and 10,000,000 shares of preferred stock, par value of \$0.001. There were 75,338,500 and 67,340,075 common shares outstanding as of June 30, 2022 and September 30, 2021, respectively. There were 1,000,000 Series A preferred shares and 100,000 series C preferred shares outstanding as of June 30, 2022 and September 30, 2021.

Preferred Stock

The powers, preferences, qualifications, limitations or restrictions, and relative rights of the Series A Preferred Stock shall be as follows:

The Series A Preferred Stock shall not be convertible into Common Stock of the Corporation. The outstanding shares of Series A Preferred Stock shall be entitled to the number of votes, collectively, which shall be equal to seventy percent (70%) of the total number of votes that may be cast (including the votes of the issued and outstanding common stock as well as any voting preferred stock) at the time of such vote, at each meeting (or by written consent) of shareholders of the Corporation for their action or consideration, including the election of directors. The Corporation shall not amend, alter or repeal the Series A Preferred Stock, special rights or other powers of the Series A Preferred Stock so as to affect adversely the Series A Preferred Stock, without written consent or affirmation vote of the holders of at least a majority of the then outstanding aggregate number of shares of such adversely affected Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class.

On June 26, 2018, the Company filed a Certificate of Designation for its Series C Preferred Stock. The rights of the Series C shareholders are as follows:

Conversion Rights.

Each outstanding share of Series C Preferred Stock may be converted at the option of the holder thereof (the "Holder") into fully paid, nonassessable shares of Common Stock, \$.0001 par value per share, of the Corporation. The number of shares of Common Stock issuable upon a conversion hereunder shall equal the quotient obtained by dividing (x) the Stated Value of the shares of Series C Preferred Stock to be converted by (y) the Conversion Price. The "Conversion Price" in effect on any Conversion Date shall be equal to the lesser of \$0.01 per share or fifty percent (50%) of the lowest closing market price for the Common Stock on the Principal Market during the thirty trading days preceding the Conversion Date. The "Conversion Date" shall be the business day on which the Corporation receives the Conversion Notice (defined below). The "Principal Market" shall be the national securities exchange or NASDAQ, if the Common Stock is so listed, and shall otherwise be the trading platform sponsored by OTC Markets on which the Common Stock is listed for quotation. No fractional shares of Common Stock shall be issued upon conversion of Series C Preferred Stock. In lieu of any fractional share to which the Holder would otherwise be entitled, the Corporation shall round up to the nearest whole share.

Liquidation Preference.

Upon the liquidation, dissolution and winding up of the Corporation, the holders of the Series C Preferred Stock shall be entitled to receive in cash out of the assets of the Corporation, whether from capital or from earnings available for distribution to its stockholders, before any amount shall be paid to the holders of Common Stock, a sum equal to the Stated Value per share, after which the holders of Series C Preferred Stock shall share in the distribution with the holders of the Common Stock on a pari passu basis, except that in determining the appropriate distribution of available cash among the shareholders, each share of Series C Preferred Stock shall be deemed to have been converted into the number of shares of the Corporation's Common Stock into which that holder's Series C Preferred Stock could be converted on the record date for the distribution without giving effect to the limitation on conversion.

Voting Rights.

The holders of shares of Series C Preferred Stock shall have the following voting rights: Each share of Series C Preferred Stock shall entitle the holder thereof, on all matters submitted to a vote of the stockholders of the Corporation, to that number of votes as shall be equal to the aggregate number of shares of Common Stock into which such holder's shares of Series C Preferred Stock are convertible on the record date for the stockholder action.

Dividends. In the event that the Corporation's Board of Directors declares a dividend payable to holders of any class of stock, the holder of each share of Series C Preferred Stock shall be entitled to receive a dividend equal in amount and kind to that payable to the holder of the number of shares of the Corporation's Common Stock into which that holder's Series C Preferred Stock could be converted on the record date for the dividend.

Protective Provisions.

So long as shares of Series C Preferred Stock are outstanding, the Corporation shall not take any action that would impair the rights of the holders of the Series C Preferred Stock set forth herein and shall not without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock alter or change the rights, preferences or privileges of the shares of the Series C Preferred Stock or any other securities so as to affect adversely the Series C Preferred Stock.

Common Stock

In the three months ended June 30, 2022, the Company issued 333,333 shares of common stock in the private sale of restricted stock for gross proceeds of \$10,000. The Company also issued 3,218,190 shares of common stock in conjunction with a warrant exercise

In the three months ended March 31, 2022, the Company issued 1,167,048 shares of common stock in the private sale of restricted stock for gross proceeds of \$38,832. The Company also issued 1,358,426 shares of common stock in conjunction with a warrant exercise.

In the three months ended December 31, 2021, the Company issued 1,421,428 shares of common stock in the private sale of restricted stock for gross proceeds of \$67,083. The Company also issued 500,000 shares for the purchase of a subsidiary valued at \$1,122.

In the three months ended September 30, 2021, the Company issued 250,000 shares of common stock in the private sale of restricted stock to an accredited investor for gross proceeds of \$20,000. The Company also issued 1,000,000 shares for consulting services valued at \$100,800.

In the three months ended June 30, 2021, the Company issued 1,000,000 shares of common stock to purchase a non-dilutive 15% interest in a psilocybin research company, KRTL Biotech Inc. The investment was valued at \$130,000. The Company sold 250,000 shares of common stock at a price of \$0.08 per share for total proceeds of \$20,000. The Company also issued 1,358,426 shares of common stock as a result of a warrant exercise and issued 2,000,000 shares for consulting and marketing services, at a value of \$348,800.

In the three months ended March 31, 2021, the Company issued 549,000 shares of common stock to purchase 75 mineral claims in the Beck-Ottaway area of Ontario, Canada. The mineral claims were valued at \$48,180. The Company also issued 600,000 shares of common stock as a result of a warrant exercise.

In the three months ended December 31, 2020, the Company issued 2,000,000 shares of common stock to purchase 66 mineral claims in the Gowan Township area of Ontario, Canada. The mineral claims were valued at \$186,000. The Company also issued 400,000 shares of common stock as a result of a warrant exercise and 500,000 shares in the private sale of restricted stock to an accredited investor for gross proceeds of \$40,000.

Warrants

The table below presents the warrants outstanding and exercisable with summary data as to the exercise price per share and the average exercise price.

Range of Exercise Prices	Warrants Outstanding			Warrants Exercisable	
	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
As of June 30, 2022					
\$0.003 - \$0.1475	59,688,859	3.92	\$ 0.008	59,663,859	\$ 0.008
As of September 30, 2021					
\$0.003 - \$0.1475	60,225,000	4.74	\$ 0.004	60,175,000	\$ 0.004
		Number of Shares	Exercise Price Per Share	Average Exercise Price	
Warrants outstanding September 30, 2019		46,000,000	\$0.003 - \$0.005	\$ 0.004	
Issued during year ended September 30, 2020		23,150,000	\$0.003 - \$0.016	\$ 0.004	
Canceled during year ended September 30, 2020		(6,096,835)	\$0.003	\$ 0.003	
Warrants outstanding September 30, 2020		63,053,165	\$0.003 - \$0.016	\$ 0.004	
Issued during the year ended September 30, 2021		975,000	\$0.005 - \$0.1475	\$ 0.090	
Exercised/canceled during the year ended September 30, 2021		(3,803,165)	\$0.003 - \$0.01	\$ 0.006	
Warrants outstanding September 30, 2021		60,225,000	\$0.003 - \$0.1475	\$ 0.005	
Issued during the nine months ended June 30, 2022		4,040,475	\$0.035 - \$0.069	\$ 0.050	
Exercised/canceled during the nine months ended June 30, 2022		(4,576,616)	\$0.005	\$ 0.005	
Warrants outstanding June 30, 2022		59,688,859	\$0.003 - \$0.1475	\$ 0.008	
Warrants exercisable, June 30, 2022		59,663,859	\$0.003 - \$0.1475	\$ 0.008	

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company accrues for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists, and the amount of loss can be reasonably estimated. Costs for professional services associated with litigation claims are expensed as incurred. As of June 30, 2022 and September 30, 2021, the Company has not accrued or incurred any amounts for litigation matters.

Leases

Our office is located at 800 Westchester Avenue Rye Brook, NY 10573. Rent payment can be cancelled with one month's notice.

Contingencies

A novel strain of coronavirus, or COVID-19, has spread throughout Asia, Europe and the United States, and has been declared to be a pandemic by the World Health Organization. Our business has encountered delays, but our long-term business goals have not been significantly impacted by the COVID-19 outbreak. However, we cannot at this

time predict the specific extent, duration, or full impact that the COVID-19 outbreak will have on our financial condition, operations, and business plans for 2022. Our operations have adapted social distancing and cleanliness standards and we may experience delays in anticipated timelines and milestones.

NOTE 7 – INCOME TAXES

As of the end of the Company's tax year, September 30, 2021, the Company had federal net operating loss carryforwards of approximately \$3,330,000 expiring in the years 2022 through 2041.

No income tax expense was recorded for the nine- and three-month periods ended June 30, 2022 and 2021 due to the availability of the tax loss carryforwards.

The Company did not have any material unrecognized tax benefits as of June 30, 2022 and September 30, 2021. The Company does not expect the unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the nine- and three-month periods ended June 30, 2022 and 2021. The Company is subject to United States federal income tax, as well as taxes by various state jurisdictions. The Company is currently open to audit under the statute of limitations by the federal and state jurisdictions for the tax years ending September 30, 2019 through 2021.

At the end of each interim reporting period, the Company estimates its effective income tax rate expected to be applicable for the full year. This estimate is used in providing for income taxes on a year-to-date basis and may change in subsequent interim periods. The Company's effective tax rate from operations for the nine- and three-month periods ended June 30, 2022 was 0%, compared to 0% in the same periods of the prior year. The effective rates for fiscal 2022 and fiscal 2021 differed from the combined U.S. federal statutory rate and state statutory rate of 28.1% due to current year tax losses or tax loss carryforwards.

NOTE 8 – NOTES PAYABLE

On July 2, 2020, the Company borrowed \$90,000 (the "SBA Loan") from a U.S. Small Business Administration loan program. The SBA Loan requires installment payments of \$439 monthly, beginning on December 3, 2022, over a term of thirty years. Interest accrues at a rate of 3.75% per annum. The Company agreed to grant a continuing security interest in its assets to secure payment and performance of all debts, liabilities, and obligations to the SBA.

As of June 30, 2022, \$88,886 of the SBA Loan is classified as a long-term liability and \$1,114 is classified as a current liability. As of September 30, 2021, \$89,533 of the SBA Loan is classified as a long-term liability and \$467 is classified as a current liability. Accrued interest payable on the SBA Loan amounted to \$6,732 and \$4,207 as of June 30, 2022 and September 30, 2021, respectively.

NOTE 9 – CONVERTIBLE PREFERRED STOCK

Our Chief Executive Officer is the holder of 100,000 shares of Series C Preferred Stock. Each share may be converted at the option of the holder thereof into fully paid, nonassessable shares of common stock, \$.0001 par value per share, of the Corporation. The number of shares of common stock issuable upon a conversion hereunder shall equal the quotient obtained by dividing (x) the stated value of the shares of Series C Preferred Stock to be converted by (y) the Conversion Price. The "Conversion Price" in effect on any conversion date shall be equal to the lesser of \$0.01 per share or fifty percent (50%) of the lowest closing market price for the common stock on the principal market during the thirty trading days preceding the Conversion Date. The "Conversion Date" shall be the business day on which the Corporation receives the conversion notice. The Series C Preferred Stock has a stated value of \$1.00 per share. Based upon the conversion features and the trading price of the Company's common stock, the 100,000 outstanding shares were convertible into 10,000,000 shares of common stock as of June 30, 2022 and September 30, 2021.

NOTE 10 – FAIR VALUE

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of financial instruments on a recurring basis.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company has the ability to access at the measurement date.
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

Financial assets measured at fair value on a recurring basis are summarized below as of June 30, 2022 and September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2021				
Equity securities at fair value	\$ —	\$ 4,074,250	\$ —	\$ 4,074,250
Related party equity securities at fair value	\$ —	\$ 93,000	\$ —	\$ 93,000
June 30, 2022				
Equity securities at fair value	\$ —	\$ 1,385,700	\$ —	\$ 1,385,700
Related party equity securities at fair value	\$ —	\$ 602,000	\$ —	\$ 602,000

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, we base fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is our policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value where it is practicable to do so for financial instruments not recorded at fair value (disclosures required by the Fair Value Measurements Topic of the FASB Accounting Standards Codification).

Cash and cash equivalents, accounts receivable, and accounts payable

In general, carrying amounts approximate fair value because of the short maturity of these instruments.

Debt

The debt is carried at its face value plus accrued interest. Based on the small size of the Company, it is impracticable for the Company to estimate the fair value of its debt.

The Company has no instruments with significant off balance sheet risk.

NOTE 11 – EARNING PER COMMON SHARE

Earnings per common share data for the nine- and three-month periods ended June 30, 2022 and 2021 was computed as follows:

	Nine Months Ended June 30, 2022	Nine Months Ended June 30, 2021	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021
Net income attributable to common stockholders - basic	\$ (2,527,790)	\$ 5,581,505	\$ (597,183)	\$ 1,386,983
Adjustments to net income	-	-	-	-
Net income attributable to common stockholders - diluted	\$ (2,527,790)	\$ 5,581,505	\$ (597,183)	\$ 1,386,983
Weighted average common shares outstanding - basic	70,964,471	61,312,145	74,741,962	63,772,177
Effect of dilutive securities	-	67,134,914	-	67,084,914
Weighted average common shares outstanding - diluted	70,964,471	128,447,059	74,741,962	130,857,091
Earnings per share - basic	\$ (0.04)	\$ 0.09	\$ (0.01)	\$ 0.02
Earnings per share - diluted	\$ (0.04)	\$ 0.04	\$ (0.01)	\$ 0.01

In the nine- and three-month periods ended June 30, 2022, convertible securities amounting to 62,289,393 shares of common stock were omitted from the earnings per share calculation because their effect was ant-dilutive. The dilutive securities consisted of the assumed exercise of warrants and the conversion of Series C preferred stock.

NOTE 12 – RELATED PARTY TRANSACTIONS

The Company owes its Chief Executive Officer \$18,650 and \$18,780 as of June 30, 2022 and September 30, 2021, respectively, for unreimbursed payments to vendors.

The company owns 30 million shares of Pervasip Corp. (OTC:PVSP), which was originally recorded as a related party transaction because our Chief Executive Officer was a board member of Pervasip Corp. until March 2022. The shares were acquired by providing consulting and accounting services during fiscal 2021 and were initially recorded at their par value. Similar to other investments owned by the company, at the end of each quarter the securities are marked to their fair value. As of June 30, 2022, the investment in Pervasip Corp. is no longer considered a related party investment.

Our Chief Executive Officer arranged for Pervasip Corp. to assign to us three companies, Transcendence Age Corp., TelcoSoftware.com Corp. and AVI Holding Corp. To purchase these wholly owned subsidiaries, we issued 500,000 shares of common stock to our Chief Executive Officer. Due to the related party nature of the transaction, no goodwill was recorded with the purchase. The companies were valued at \$1,122.

A member of our board of directors became a member of the board of directors of KRTL Holding Group, Inc. (“KRTL”) during the three months ended March 31, 2022. We own equity securities of KRTL with a fair value of \$602,000 as of June 30, 2022.

NOTE 13 – CONCENTRATIONS

In the three months ended June 30, 2022, one customer accounted for 98% of revenues. In the nine months ended June 30, 2022, one customer accounted for 67% of revenues and a second customer accounted for 20% of revenues. In the nine-month period ended June 30, 2021, one customer accounted for 51% of revenues, a second customer accounted for 19% of revenues and a third customer accounted for 26% of revenues. For the three months ended June 30, 2021, one customer accounted for 69% of revenues, and a second customer accounted for 21% of revenues.

NOTE 14 – SUBSEQUENT EVENTS

The Company evaluated subsequent events through August 14, 2022. There were no material subsequent events that required recognition or additional disclosure in these financial statements.