

**NOFIRE TECHNOLOGIES, INC.**  
**Balance Sheet**  
**UNAUDITED**

**August 31,**  
**2024**

**Assets**

Current Assets		
Cash	\$	23,743
Accounts receivable, net		30,201
Prepaid expenses and due from related parties		105,211
Inventory, net		14,100
<b>Total Current Assets</b>		<b><u>173,255</u></b>
Equipment, furnishings and leasehold improvements, net		-
<b>Other Assets</b>		
Security deposits		8,137
<b>Total Assets</b>	<b>\$</b>	<b><u>181,392</u></b>

**Liabilities and Stockholders' Deficit**

Current Liabilities		
Accounts payable	\$	1,065,963
Accrued liabilities, payroll taxes and other		617,010
Deferred salaries and related accrued interest		1,086,673
Convertible notes payable, other debt and accrued interest net of discount ( all in default )		3,562,249
Total Current Liabilities		<b><u>6,331,895</u></b>
<b>Total Liabilities</b>		<b><u>6,331,895</u></b>
<b>Stockholders' Deficit</b>		
Common stock, \$0.01 par value; 250,000,000 shares authorized, 119,181,673 shares issued and outstanding		1,191,817
Preferred stock, \$.001 par value: 5,000,000 shares authorized		
Series CORE Redeemable Preferred Stock, authorized 500,000 and 209,227 issued and outstanding		2,092,274
Additional paid-in capital		34,381,977
Stock subscription receivable		(15,250)
Accumulated deficit		(43,801,321)
<b>Total Stockholders' Deficit</b>		<b><u>(6,150,503)</u></b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b>\$</b>	<b><u>181,392</u></b>

See notes to financial statements

**NOFIRE TECHNOLOGIES, INC.**  
**Statement of Operations**  
**Unaudited**

	<u><b>Year Ended August 31,</b></u>
	<u><b>2023</b></u>
Net Revenues	\$ 638,823
Cost of Goods Sold	411,201
<b>Gross Profit</b>	<u><b>227,622</b></u>
General and Administrative	126,914
Research and Development	44,146
<b>Total Expense</b>	<u><b>171,060</b></u>
<b>Income from Operations</b>	<u><b>56,562</b></u>
<b>Other income ( expense ):</b>	
Interest Expense	(166,487)
<b>Loss before Provision for Income Taxes</b>	<u><b>(109,925)</b></u>
Provision for Income Taxes	-
<b>Net loss to common stockholders</b>	<u><u><b>\$ (109,925)</b></u></u>
<b>Net Loss Per Share - Basic and Diluted</b>	<b>\$ (0.00)</b>
<b>Weighted Average Number of Shares Outstanding - Basic and Diluted</b>	<b>118,781,673</b>

See notes to financial statements

**NOFIRE TECHNOLOGIES, INC.**  
**Statement of Stockholders' Deficit**  
**Year Ended August 31, 2024**  
**Unaudited**

	Common Stock Shares	Common Stock Amount	Series CORE Redeemable Preferred Stock	Additional Paid-in Capital	Common Stock Subscription	Accumulated Deficit	Total Stockholders' Deficit
<b>Balance, August 31, 2023</b>	118,381,673	\$ 1,183,817	\$ 2,092,274	\$ 34,366,422	\$ (15,250)	\$ (43,691,396)	(6,064,133)
Equity sold for cash	800,000	8,000		12,000	-	-	20,000
Warrants issued for services				3,555			3,555
Net loss for year ended August 31, 2024						(109,925)	(109,925)
<b>Balance, August 31, 2024</b>	<b>119,181,673</b>	<b>\$ 1,191,817</b>	<b>\$ 2,092,274</b>	<b>\$ 34,381,977</b>	<b>\$ (15,250)</b>	<b>\$ (43,801,321)</b>	<b>\$ (6,150,503)</b>

See notes to financial statements

**NOFIRE TECHNOLOGIES, INC.**  
**Statement of Cash Flows**  
**Unaudited**

**Year Ended August 31,**  
**2024**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss for the year	\$	(109,925)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity issued for services		3,555

**Changes in Assets and Liabilities**

Accounts receivable		141,743
Inventory		9,420
Accrued interest		165,257
Accounts payable and other accruals		(151,307)
<b>Cash Provided By Operating Activities</b>		<b><u>58,743</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

**-**

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from the sale of common stock and warrants		20,000
Repayment of debt		(55,000)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b><u>(35,000)</u></b>

NET INCREASE IN CASH		23,743
CASH AT BEGINNING OF YEAR		-
<b>CASH AT YEAR END</b>	<b>\$</b>	<b><u>23,743</u></b>

**SUPPLEMENTAL CASH FLOW INFORMATION:**

Cash paid for interest	\$	5,615
Cash paid for taxes	\$	-

See notes to financial statements

**NOFIRE TECHNOLOGIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED AUGUST 31, 2024**

**UNAUDITED**

**NOTE 1: BUSINESS DESCRIPTION**

The Company was incorporated in Delaware on July 13, 1987 for the purpose of engaging in the development, manufacture, and sale of intumescent fire retardant products, which are sold world-wide.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Going Concern** - The Company's financial statements have been prepared assuming the Company will continue as a going concern, which assumes the realization of assets and the satisfaction of liabilities in the normal course of business. For the year ended August 31, 2024 ("Fiscal 2024"), the Company had a net loss of \$109,925 and net cash provided by operating activities of \$58,743. In addition the Company had a stockholder's deficit of \$43,801,321 as of August 31, 2024.

The Company's history of operating cash flow deficits, its current cash position and lack of access to capital raise substantial doubt about its ability to continue as a going concern and its continued existence is dependent upon several factors, including its ability to raise revenue levels and reduce costs to generate positive cash flows, to sell additional shares of the Company's common stock to fund operations and obtain additional credit facilities. Selling additional shares of the Company's common stock and obtaining additional credit facilities may be more difficult as a result of limited access to equity markets and the tightening of credit markets. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount of or classification of liabilities that might be necessary as a result of this uncertainty

**Cash and Cash Equivalents** - Cash and cash equivalents consist of money market mutual funds, short term commercial paper and short-term certificates of deposit with original maturities of 90 days or less.

**Inventories** - Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method for raw materials, subassemblies and work-in-progress and the specific identification method for finished goods.

**Allowance for doubtful accounts** - The Company records a bad debt expense/allowance based on management's estimate of uncollectible accounts. All outstanding accounts receivable accounts are reviewed for collectability on an individual basis.

**Equipment, Furnishings and Leasehold Improvements** - Equipment, furnishings and leasehold improvements are stated at cost. Depreciation of equipment and furnishings is computed by use of the straight-line method based on the estimated useful lives of the assets, which range from

three to five years.

**Research and Product Development Expenses** - Research and product development expenses represent engineering and other expenditures incurred for developing new products, for refining the Company's existing products and for developing systems to meet unique customer specifications for potential orders or for new industry applications and are expensed as incurred.

**Income Taxes** - The Company accounts for income taxes under the asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

**Loss Per Share** - Basic loss per share ("EPS") is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Potential common shares equivalents outstanding consisting of warrants and stock options as of August 31, 2024 was 51,935,951, have been excluded from the EPS as their effect was anti-dilutive. Such amounts exclude debts that have conversion features into common stock as of each period noted. See the related convertible debt footnote for the terms of any convertible debt instrument.

**Shipping and Handling Costs** – Shipping and handling costs are included in cost of sales in the accompanying consolidated statements of operations.

**Advertising Expenses** - The Company expenses the cost of advertising in the period in which the advertising takes place. Advertising expense for the years ended August 31, 2024 was nil.

**Long-Lived Assets** - The Company periodically evaluates the carrying value of long-lived assets, including intangible assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

**Recognition of Revenue** – In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The amendments in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, the Company has applied the following steps;

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Sales are recorded at the time title passes to the customer, which, based on shipping terms, generally occurs when the product is shipped to the customer. Based on prior experience, the Company reasonably estimates its sales returns and warranty reserves. Sales are presented net of discounts and allowances. Discounts and allowances are determined when a sale is negotiated. The Company does not grant its customers or independent representatives the ability to return equipment nor does it grant price adjustments after a sale is complete.

**Concentration of Credit Risk** - The Company does not believe that it is subject to any unusual or significant risks, in the normal course of business. The Company had 2 customers, which accounted for 81% and 18% of sales for the year ended August 31, 2024, respectively.

**Fair Value of Financial Instruments** - The Company follows the guidance in the “Fair Value Measurements and Disclosure Topic” of the Accounting Standards Codification for assets and liabilities measured at fair value on a recurring basis. This guidance establishes a common definition for fair value to be applied to existing generally accepted accounting principles that require the use of fair value measurements, establishes a framework for measuring fair value and expands disclosure about such fair value measurements. The guidance defines fair value as 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. Additionally, the guidance requires the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized below:

Level 1: Quoted prices in active markets.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs for which there is little or no market data, which require the use of the reporting entity’s own assumptions.

As of August 31, 2023 the Company had no financial instruments subject to fair value measurements.

**Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, equity based consideration issued for compensation, consulting and finance charges and debt in default during the reporting period. Actual results could differ from those estimates.

### *New Accounting Pronouncements-*

All newly issued but not yet effective accounting pronouncements have been deemed to be not applicable or immaterial to the Company.

### **NOTE 3: STOCK-BASED COMPENSATION**

The Company adopted ASC 718, “Share Based Payments.” which requires companies to expense the value of employee stock options and similar awards.

The weighted-average fair value of options has been estimated on the date of grant using the Black-Scholes options-pricing model. The weighted-average Black-Scholes assumptions are as follows:

	<b>2024</b>
Expected life	4 years
Risk free interest rate	4.5%
Expected volatility	275%
Expected dividend yield	0%

In computing the impact, the fair value of each option is estimated on the date of grant based on the Black-Scholes options-pricing model utilizing certain assumptions for a risk free interest rate, volatility and expected remaining lives of the awards. The assumptions used in calculating the fair value of share-based payment awards represent management’s best estimates, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, the Company’s stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those shares expected to vest. In estimating the Company’s forfeiture rate, the Company analyzed its historical forfeiture rate, the remaining lives of unvested options, and the number of vested options as a percentage of total options outstanding. If the Company’s actual forfeiture rate is materially different from its estimate, or if the Company reevaluates the forfeiture rate in the future, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

The Company had nil equity compensation and interest expense for the year then ended August 31, 2024. If there was such amount would have been included in general and administrative and interest expenses on the statement of operations. The expense for stock-based compensation would have been a non-cash expense item.



#### **4: INVENTORIES**

Inventories consist of the following, as of August 31, 2024:

Raw Materials	\$	14,100
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#### **NOTE 5: EQUIPMENT, FURNISHINGS AND LEASEHOLD IMPROVEMENTS**

Equipment, furnishings and leasehold improvements consist of the following as of August 31, 2024:

Equipment, furnishings and leasehold improvements	<u>41,675</u>
Less: accumulated depreciation	<u>(41,675)</u>
	<u>\$ 0</u>

Depreciation expense for the year ended August 31, 2024 was nil.

#### **NOTE 6: ACCRUED EXPENSES**

Accrued expenses consists largely of accrued payroll, commissions and payroll liabilities as of August 31, 2024.

#### **NOTE 7: DEFERRED SALARIES AND RELATED ACCRUED INTEREST**

Management over the years has deferred a large portion of their agreed upon salaries due to the limited working capital. In addition interest has been accrued in the past at a rate of 6% per annum on the deferred balance. The accrued deferred salary balance first began to be accrued in 2001 and represents the deferred salaries of three individuals. The accrued interest included in such amount as of August 31, 2024. These deferred salary and accrued interest liabilities are unsecured. Interest has ceased being accrued effective Sept 1, 2014. See stockholders equity note for conversion and forgiveness of a large amount of this debt.

#### **NOTE 8: ADVANCES - RELATED PARTY INDEBTEDNESS**

Management at times has advanced the Company monies on an unsecured, non-interest bearing basis with no defined repayment terms.

#### **NOTE 9: CONVERTIBLE NOTES PAYABLE, OTHER DEBT AND ACCRUED INTEREST – ALL IN DEFAULT**

The financing debt instruments the Company has entered into over the years are all in default and carry interest at rates ranging from 14% to 24%. The Company periodically enters into settlement arrangements as deemed appropriate and is feasible for all parties.

## **NOTE 10: INCOME TAXES**

The annual provision (benefit) for income taxes differs from amounts computed by applying the maximum U.S. Federal income tax rate of 21% to pre-tax income for the year ended August 31, 2024 is fully offset by the operating loss incurred during the year.

At August 31, 2024, the Company had not filed its income tax returns for several years. Since the Company has lost money for all of the known years in the past we would fully expect a full valuation allowance will be recorded on these net operating loss carryforwards, as a result of the Company having no net taxable income of the recent years.

As a result of the issuance of common stock over the years, we expect the Company experienced a greater than 50% change of ownership as defined in Internal Revenue Code Section 382 ("Section 382"). Consequently, the Company's ability to utilize net operating losses generated prior to the effective date of the bankruptcy plan and forward maybe limited during the carry forward periods. The Company has not undertaken a formal study for the Section 382 change in control provisions.

As of August 31, 2024, several years remain open for examination by the federal or state regulatory agencies for purposes of an audit for tax purposes.

## **NOTE 11: STOCKHOLDERS' EQUITY**

### ***a. Common Stock and Preferred Stock -***

The Company had 150,000,000 shares of common stock authorized at a par value of \$.01 per share. In April 2020, the Company amended its Certificate of Incorporation to increase the authorized common shares to be 250,000,000 and 5,000,000 shares of preferred stock with a par value of \$.001.

During 2024, services were rendered to the Company valued in the amount of \$3,555, which 238,400 warrants were issued at an exercise price ranging from of \$.025 to \$.08.

During 2024, the Company had sold common stock of 800,000 for cash proceeds of \$20,000 to related and unrelated individuals.

In February 2021 the Company authorized the designation of 500,000 shares of Series CORE Redeemable Preferred Stock. The general terms and rights of such preferred stock is as follows;

- The Series CORE Redeemable Preferred Stock will not be entitled to receive any mandatory dividends, interest or distributions of cash or other property,
- The Series CORE Redeemable Preferred Stock shall not entitle the holders thereof to vote on any matter submitted for shareholder action, and the consent of the holders thereof shall not be required for the taking of any corporate action,
- The Series CORE Redeemable Preferred Stock shall be subject to redemption in the amount of \$10.00 per preferred shares or as adjusted for varying factors and determined

- by a resolution by the board of directors,
- In the event of any liquidation or dissolution, whether voluntary or involuntary, the Series CORE Redeemable Preferred Stock holders, have certain preferences of the Company's assets over the common stockholders,
  - The shares of Series CORE Redeemable Preferred Stock shall not be convertible into shares of Common Stock or any other security of the Corporation,
  - The sale, pledging, or transfer of any Series CORE Redeemable Preferred Stock is prohibited without the prior written approval of the Company, who shall retain a right of last refusal as purchaser or transferee under terms of any such sale or transfer request; provided that in the event of the death or incapacitation of a holder of Series CORE Redeemable Preferred Stock, transfers to heirs of such holder and transfers pursuant to rights of survivorship shall not require written approval.

b. *Stock Options and Warrants* –

The Company does not have a stock option plan and issues warrants and options based on board of director approvals.

The warrants issued and outstanding as of August 31, 2024 total 51,935,951, all have five to ten year terms with exercise prices than ranged from \$.025 to \$.16 a share.

The aggregate intrinsic value of the Company's outstanding options at August 31, 2024 was nil.

The Company has issued an "key person incentive package" to one individual whereby upon achieving certain predefined measurable objectives, \$100,000 of cash shall be escrowed to fund salaries, the forgiveness of varied debts, an additional \$350,000 of redeemable Preferred Stock Series A stock shall be issued and the award and vesting 3,500,000 shares of common stock. As of August 31, 2024 none of the terms and conditions have been met to earn any of the above incentives.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

The Company has distributor agreements with several individuals and entities, largely related to foreign based sales. These distributor agreements provide for either commissions or for the purchase of the Company's materials at a discount. Typically the Company's materials are mixed at locations abroad. Shipping the ingredients to the Company's product at locations abroad affords for tremendously less shipping costs, since the missing ingredient is merely water.

The Company leases its facilities on a month to month basis.

Rent expense for the year ended August 31, 2024 was \$72,000.

**NOTE 13: SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through November 19, 2024, for disclosure purposes.

The Company continues to borrow funds and sell equity as a means of continuing its operations post year end.