Grapefruit USA, Inc

10850 Wilshire Blvd. Ste 710

Los Angeles, CA 90024

310-575-1175
https://grapefruitblvd.com/
SIC Code: 5122

Quarterly Report

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

Outstanding Shares

The number of shares outstanding of our Common Stock was:

1,106,710,282 as of June 30, 2024

1,106,710,282 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 Control[4] of the company has occurred during this reporting period:

Yes: ☐ No: ☒

[4] "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;
(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;
(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or
(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

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

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

Grapefruit USA, Inc.; F/K/A Imaging3, Inc. until 01/22/2020.

Current State and Date of Incorporation or Registration: Delaware - January 23, 2020
Standing in this jurisdiction: (e.g. active, default, inactive): Active

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

Imaging3, Inc. was previously incorporated in California on October 26, 1993, and was succeeded by Imaging3, Inc. incorporated in Delaware on March 5, 2018. On January 23, 2020, the corporate name was changed from Imaging3, Inc. to Grapefruit USA, Inc. Grapefruit USA, Inc. is an active corporation in good standing under the laws of the State of Delaware.

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, dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

Address of the issuer's principal executive office:

10850 Wilshire Blvd. Ste 710
Los Angeles, CA 90024

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

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

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

2) Security Information

Transfer Agent

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

Publicly Quoted or Traded Securities:

Trading symbol:	GPFT	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	3885598104	
Par or stated value:	$0.0001	
Total shares authorized:	2,000,000,000	as of date: June 30, 2024
Total shares outstanding:	1,106,710,282	as of date: June 30, 2024
Total number of shareholders of record:	614	as of date: June 30, 2024

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

Exact title and class of the security:	Series A Preferred	
Par or stated value:	$0.0001	
Total shares authorized:	2,000,000	as of date: June 30, 2024
Total shares outstanding:	500,000	as of date: June 30, 2024
Total number of shareholders of record:	2	as of date: June 30, 2024

Security Description:

1. For common equity, describe any dividend, voting and preemption rights.

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

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

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

Series A Preferred:

The preferred Series A stock carries zero conversion rights and no liquidation preference and expires in seven years, unless renewed by the Board of Directors. The one million (1,000,000) Preferred Series A stock vote with a preference of 67% to the then outstanding common shares.

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

None.

4. Describe any material modifications to the rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None.

3) Issuance History

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 as of Second Most RecentFiscal Year End: Opening Balance Date December 31, 2021 Common: 557,162,744 Preferred: Series A: 0									
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.**
1/3/2022	New Issuance	1,000,000	Common	.0340	No	Maxwell Benitah	Consulting Services	Unrestricted	4(a)(2)
1/3/2022	New Issuance	1,000,000	Common	.0369	No	Maxwell Benitah	Consulting Services	Unrestricted	4(a)(2)
1/3/2022	New Issuance	1,000,000	Common	.0218	Yes	Maxwell Benitah	Consulting Services	Unrestricted	4(a)(2)
1/28/2022	New Issuance	1,000,000	Common	.0190	No	Maxwell Benitah	Consulting Services	Unrestricted	4(a)(2)
1/31/2022	New Issuance	3,000	Common	.0210	No	Fred Rios	Marketing Services	Unrestricted	4(a)(2)
2/28/2022	New Issuance	3,000	Common	.0268	No	Fred Rios	Marketing Services	Unrestricted	4(a)(2)
2/28/2022	New Issuance	1,000,000	Common	.0268	No	Maxwell Benitah	Consulting Services	Unrestricted	4(a)(2)
3/9/2022	New Issuance	2,500,000	Common	.0228	No	Balencic Creative Group LLC/Jordan Balencic	Consulting Services	Unrestricted	4(a)(2)
3/31/2022	New Issuance	3,000	Common	.0265	No	Fred Rios	Marketing Services	Unrestricted	4(a)(2)
6/24/2022	New Issuance	23,277,573	Common	.0750	No	Auctus Funding/ Lou Posner	Note Conversion	Unrestricted	4(a)(2)
7/20/2022	New Issuance	15,000,000	Common	.0200	No	Dutchess Group/Alan Fishman	Consulting Services	Unrestricted	4(a)(2)
7/21/2022	New Issuance	21,000	Common	.0145	No	Fred Rios	Marketing Services	Unrestricted	4(a)(2)
8/19/2022	Cancellation	(1,646)	Common	.0115	No	TM FINANCIAL FORENSICS, LLC/Avram Tucker	Consulting Services	Unrestricted	4(a)(2)

9/12/2022	New Issuance	1,000,000	Common	.0102	No	Kenneth Biehl	Debt Settlement	Unrestricted	4(a)(2)
9/22/2022	New Issuance	3,500,000	Common	.0100	No	Brian McClain	Consulting Services	Unrestricted	4(a)(2)
10/21/2022	New Issuance	250,000	Preferred Series A	N/A	N/A	Bradley Yourist	Consulting Services	Unrestricted	4(a)(2)
10/21/2022	New Issuance	250,000	Preferred Series A	N/A	N/A	Daniel Yourist	Consulting Services	Unrestricted	4(a)(2)
11/8/2022	New Issuance	52,794,818	Common	.0092	No	Bradley Yourist	Debt Settlement	Restricted	4(a)(2)
11/8/2022	New Issuance	52,794,818	Common	.0092	No	Daniel Yourist	Debt Settlement	Restricted	4(a)(2)
11/8/2022	New Issuance	2,000,000	Common	.0092	No	Kenneth Biehl	Debt Settlement	Restricted	4(a)(2)
11/29/2022	New Issuance	5,000,000	Common	.0065	No	Kenneth Biehl	Debt Settlement	Restricted	4(a)(2)
12/12/2022	New Issuance	15,000,000	Common	.0080	Yes	Igala Commonwealth Limited/Ben Steinberg	Consulting Services	Restricted	4(a)(2)
1/6/2023	New Issuance	950,061	Common	.0082	No	Kenneth Biehl	Consulting Services	Restricted	4(a)(2)
1/24/2023	New Issuance	9,000	Common	.0078	No	Fred Rios	Consulting Services	Restricted	4(a)(2)
3/2/2023	New Issuance	5,405,405	Common	.0037	No	1800 Diagonal Lending LLC/Kurt Kramer	Note Conversion	Restricted	4(a)(2)
3/6/2023	New Issuance	4,545,455	Common	.0033	No	1800 Diagonal Lending LLC/Kurt Kramer	Note Conversion	Restricted	4(a)(2)
3/20/2023	New Issuance	10,714,286	Common	.0014	No	1800 Diagonal Lending LLC/Kurt Kramer	Note Conversion	Restricted	4(a)(2)
4/1/2023	New Issuance	50,828,975	Common	.0026	No	Daniel Yourist	Debt Settlement	Restricted	4(a)(2)
4/1/2023	New Issuance	50,828,975	Common	.0026	No	Bradley Yourist	Debt Settlement	Restricted	4(a)(2)
4/10/2023	New Issuance	10,000,000	Common	.001	No	Brian McClain	Consulting Services	Restricted	4(a)(2)
4/13/2023	New Issuance	35,000,000	Common	.0033	No	Kenneth Biehl	Consulting Services	Restricted	4(a)(2)
5/1/2023	New Issuance	4,933,332	Common	.0375	No	Nicholas Coscia	Consulting Services	Restricted	4(a)(2)
5/1/2023	New Issuance	20,000,000	Common	.0025	No	Nicholas Coscia	Debt Settlement	Restricted	4(a)(2)
7/7/2023	New Issuance	21,810,471	Common	.0035	No	Kenneth Biehl	Consulting Services	Restricted	4(a)(2)
7/7/2023	New Issuance	8,448,899	Common	.0035	No	Kenneth Biehl	Consulting Services	Restricted	4(a)(2)
11/14/2023	New Issuance	27,000	Common	.0032	No	Fred Rios	Consulting Services	Restricted	4(a)(2)
12/18/2023	New Issuance	72,903,119	Common	.0017	No	Daniel Yourist	Debt Settlement	Restricted	4(a)(2)
12/18/2023	New Issuance	72,903,119	Common	.0017	No	Bradley Yourist	Debt Settlement	Restricted	4(a)(2)

Shares Outstanding on Date of This Report:	
Ending Balance Date: June 30, 2024 Common: 1,106,710,282 Preferred: Series A: 500,000	

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities:

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

Date of Note Issuance	Outstanding Balance ($)	Principal Amount at Issuance ($)	Interest Accrued ($)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. *You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
Various	$240,798	$240,798	$159,925	Various	Market	Dan Tronson	Loan
12/7/2016	$5,250	$5,250	$1,914	6/7/2017	Market	Dane Tronson	Loan
5/2/2018	$40,000	$40,000	$800	11/2/2018	Market	Gary Werner	Loan
12/23/19	$250,000	$250,000	$188,167	12/23/21	$0.075	Auctus Funding/ Lou Posner	Loan
3/3/2020	$280,000	$280,000	$197,680	3/3/2022	$0.075	Auctus Funding/ Lou Posner	Loan
7/15/2020	$500,000	$500,000	$320,417	7/15/2022	$0.075	Auctus Funding/ Lou Posner	Loan
10/12/2020	$1,000,000	$1,000,000	$564,778	10/12/2022	$0.075	Auctus Funding/ Lou Posner	Loan
2/26/2021	$450,000	$450,000	$251,550	2/26/2022	$0.075	Auctus Funding/ Lou Posner	Loan
9/1/2022	$54,250	$104,250	$13,292	9/1/2023	65% of lowest trading day 10 days prior to conversion	1800 Diagonal Lending LLC/Kurt Kramer	Loan
12/9/2021	$55,000	$55,000	$9,638	10/24/2023	65% of lowest trading day 10 days prior to conversion	1800 Diagonal Lending LLC/Kurt Kramer	Loan
2/15/2022	$45,000	$45,000	$6,339	12/21/2023	65% of lowest trading day 10 days prior to conversion	1800 Diagonal Lending LLC/Kurt Kramer	Loan

4) Issuer's Business, Products and Services

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

Grapefruit has not yet applied for a license to cultivate cannabis flowers and will not until construction of our cultivation facility has been substantially completed. We own two acres of fully entitled cannabis real property located in the Coachillin' Industrial Cultivation and Ancillary Canna-Business Park where we intend to build a 30,000 square foot fully licensed cannabis facility as more fully described below. The location within Coachillin' allows the Company to apply for and hold every cannabis license available under the California Cannabis laws.

Cultivation & Lab Facility

In July 2021, Grapefruit obtained a development permit to build a 30,000 square foot cultivation facility intended to house a state-of-the-art indoor grow as well as a separately licensed distribution hub and laboratory that will produce the patented Hourglass line of topical creams as well as high quality extracts from trim generated by processing the indoor cannabis flowers.

Summit Boys

In August 2021, the Company purchased control of Summit Boys, Inc., a cannabis extraction brand with product lines in retail stores throughout the State of California. The Company is continuing the Summit Boys' business without interruption and is currently selling its branded products in California through Grapefruit.

Summit Boys' premium extracts include sugar, crumble, badder, live resin, diamonds, budder, sauce, caviar and other extracted cannabis products, which are currently placed in licensed dispensaries throughout California and are protected by United States of America Trademark Reg. No. 6406802, July 6, 2021.

Grapefruit's Business Development

In December 2020, we shifted our corporate focus from distribution operations to further development of our patented Hourglass™ Time Release THC+CBD-Infused Topical Cream. Hourglass is the first and only patented Full Spectrum THC+ Cannabinoid Topical delivery Cream that provides its users with a full body, synergistic entourage effect that was previously only available by smoking, vaping or eating cannabis products such as cannabis flowers and gummies. Our Topical Cream is scientifically designed to deliver the full effects of THC combined with a broad range of cannabinoids for a user's overall health, wellness, and well-being. Hourglass products are laboratory tested. Test results published on every package via a designated QR Code. There is no other topical cream product on the market with our patented technology that provides users with the holistic benefits of the entourage effect of THC+CBD, CBN, CBG, Delta8, THCV and CBE. Hourglass™ is currently available in licensed retail and mobile cannabis dispensaries in Central California and Los Angeles County, California, USA. Hourglass™ is not intended for use to cure, mitigate, treat, or prevent disease and we are not making any such claims.

In July 2021, we decided to bring our patented Hourglass™ Time Release THC+CBD-Infused Topical Cream to the federally legalized Canadian cannabis marketplace. In January 2022, the company's licensed Canadian distribution partner Medz Cannabis filed a Notice of New Cannabis Product ("NNCP") with Health Canada on Grapefruit's behalf for its Hourglass THC+CBD Topical cream. Health Canada is the Canadian federal government department that is responsible for national health policy. It approves and oversees the production of all cannabis products and is the licensing authority for all companies involved in the cannabis industry. Health Canada requires that all cannabis products meet federal regulatory requirements before they can be sold in Canada. Under Canada's Federal Cannabis Regulatory scheme, Health Canada must be notified of a company's intent to sell a cannabis product that has not previously been sold in the country.

On March 21, 2022, Health Canada approved the Company's NNCP application authorizing Grapefruit to sell its patented Hourglass™ Time Release THC+CBD-Infused Topical Cream to licensed retail outlets throughout Canada under NNCP ID No. NP-V2EHUWO907.

In March 2022, we expanded our distribution efforts to include retail and wholesale sales of our Summit Boys branded products in California.

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

In August 2021, the Company entered into a Stock Purchase Agreement acquiring the majority ownership and control of Summit Boys, Inc., an established cannabis extraction brand with product lines in retail stores throughout the State of California. The Company plans on continuing the business without interruption and plans on licensing the Summit Boys brand in the State of Oklahoma under that State's newly enacted legalized statutory scheme for cannabis products. This non-significant and non-operating subsidiary has been consolidated with Grapefruit's financial statements. As consideration, the Company issued 4,545,455 shares of common stock for 51% ownership if Summit Boys, Inc.

Summit Boys premium extracts include sugar, crumble, badder, live resin, diamonds, budder, sauce, caviar and other extracted cannabis products, which are currently placed in licensed dispensaries throughout California and are protected by United States of America Trademark Reg. No. 6406802, July 6, 2021.

C. Describe the issuers' principal products or services.

Grapefruit currently has three main product offerings:

Hourglass™ CBD Delivery Cream is made with only the purest form of hemp-derived CBD isolate with a purity rating exceeding 99.00%. Hourglass™ is THC-free and there is no risk of testing positive for THC at your place of employment. Our "Z-Pods™" are infused with CBD which lodge deep into your pores and follicles, and persist there, slowly releasing our CBD over an extended period of time. Laboratory tested with complete results available on every package via a designated QR Code that links directly to the batch Certificate of Analysis. We are exploring the process of manufacturing additional product.

Grapefruit's Certified Organic CBD Tincture – Stimulate your health, wellness and well-being and enjoy a boost of energy with our organic, Keto friendly, MCT Oil. Our MCT Oil has nearly no taste or scent and is quicker and easier for our bodies to process than regular Coconut Oil and contains fewer calories. This product is 100% USDA Certified Organic. Safe, affordable, and easy-to-use, each hemp-derived CBD tincture contains 30 servings and can be taken day or night, sublingually.

Grapefruit's Certified Organic Pet CBD Tincture – Give your pets an extra bounce with our Certified Organic Hemp-derived CBD Oil made with 100% Certified Organic Extra Virgin Olive Oil. This product is 100% USDA Certified Organic and contains 30 servings.

5) Issuer's Facilities

We own approximately two acres of real property located in the Coachillin' Industrial Cultivation and Ancillary Canna-Business Park in Desert Hot Springs, located on the extension of North Canyon Rd., approximately 10 miles north of the center of Palm Springs.

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

Beneficial Ownership

The following table indicates the Beneficial Ownership of our Officers, Directors and Shareholders of 5% or more our common stock based upon 1,106,710,282 shares outstanding as of June 30,2023.

Names	Affiliation	Address	# of Shares	Type	%
Bradley Yourist	CEO/Director/Owner	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	250,000	Series A Preferred	50%
Daniel Yourist	COO/Director/Owner	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	250,000	Series A Preferred	50%
Bradley Yourist	CEO/Director/Owner	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	300,792,623	Common	27.18%
Daniel Yourist	COO/Director/Owner	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	299,796,118	Common	24.09%
James Jordan	Director	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	0	NA	NA
Sharon Boddie	Director	10850 Wilshire Blvd. Ste 710 Los Angeles, CA 90024	250,000	Common	0.023%

Bradley J Yourist - In July 2019, Mr. Yourist was appointed the Chief Executive Officer and Chairman of the Board of Grapefruit USA, Inc., a Delaware corporation ("GPFT"). In August 2017, Mr. Bradley J. Yourist was appointed the Chief Executive Officer and Chairman of the Board of Grapefruit Boulevard Investment, Inc. From June 2007 to the present, Mr. Yourist has been a partner in Yourist Law Corporation which is based in Los Angeles, California.

Mr. Yourist possesses a combined twenty-five years of senior management experience from running his own law firm to Grapefruit's Cannabis Distribution and Manufacturing Divisions. He has gained significant hands-on experience in the daily operations of Grapefruit's licensed cannabis business, and he fully understands the California wholesale cannabis market and its current market trends.

Moreover, Mr. Yourist was instrumental in launching Grapefruit's edible division and has set-up strategic relationships to work with other California licensed companies to produce high quality cannabis infused edibles for the retail market. He and his team are also responsible for planning, licensing, and permitting Grapefruit's 'Type 6' ethanol cannabis extraction laboratory located in the City of Desert Hot Springs. Since 2007, Mr. Yourist advised Prop. 215 'compliant' medical cannabis cultivation operations and learned first-hand of the potential medical benefits of cannabis use for both cancer and terminally ill patients.

In December 1995, Mr. Yourist became a member of the State Bar of California and has remained in good standing ever since. He also has several published appellate opinions to his credit. Mr. Yourist also holds a California Real Estate Broker's License from 1995 to the present date. In June 1995, Mr. Yourist graduated law school with honors as a member of the law review at the University of La Verne School of Law and in 1992, he earned his BA in Political Science from California State University of Northridge.

Daniel J Yourist has been a Director and the Chief Operating Officer of Grapefruit Boulevard Investments, Inc. since the company was formed in August 2017. Mr. Yourist is a licensing expert in the cannabis space. He has extensive compliance and operational experience in all facets of managing a California Cannabis business – from sourcing, purchasing and selling compliant cannabis goods to retailers, manufacturers and distributors to ensuring compliance with all State and Local Cannabis Laws and Regulations. Mr. Yourist is seasoned, precise and brings clarity to the regulatory atmosphere at Grapefruit as well as his comprehensive working knowledge of the operational aspects of distribution and manufacturing. Mr. Yourist was admitted to the State Bar of California in December 1995. He has worked for Yourist Law Corporation as Partner/Shareholder continuously since 2003. He has extensive litigation experience in business and regulatory disputes, employment law/class action litigation, as well as appellate experience in both the State and Federal arenas. Mr. Yourist has held a California Real Estate Broker license since 2000.

James Jordan joined Grapefruit USA, Inc. in January 2020 and he currently serves as a member of the Board of Directors. Mr. Jordan has nearly 20 years of cannabis and marketing leadership. Mr. Jordan is currently, and has been since January 2017, the CEO of C2 Brand Ventures, a Los Angeles, CA based cannabis consulting company that specializes in the development of early and middle stage cannabis companies in California and Nevada. Mr. Jordan has built and advised dozens of start-ups and helped secure multi-million-dollar funds for growth and expansion including cannabis dispensaries in Los Angeles. Mr. Jordan is also the Founder and Executive Director of Southern California Cannabis Business and Investment Group (SCCBIG), a Los Angeles based Cannabis Industry meet-up and networking group founded by him in 2016 which sponsors monthly events with over ten thousand active members, 100's of Cannabis companies and start-ups, dozens of funding sources, new market leading technology launches, and a deep network of attorneys, investors, operators and much more. SCCBIG is currently partners with the Emerald Forge and is developing new platforms for cannabis event solutions online and promoting new products and services with their weekly broadcasts and partner programs.

Sharon Boddie joined the Board of Directors, effective March 29, 2021. Sharon has over 20 years' experience working in global media and digital marketing roles, leading Amazon, Apple, Fox, Farmers Insurance, Hulu and other Fortune 500 media campaigns. She is currently the Head of Media for Amazon Studios and Prime Video in Los Angeles, California. Most recently, she led breakthrough media campaigns in support of feature films including "Borat Subsequent Moviefilm" as well as "Coming 2 America" featuring Eddie Murphy, which have created cultural zeitgeist launches globally. Sharon Boddie is an experienced media executive with a proven, successful track record of releasing new products and IP for the world's leading brands, advertising firms and media agencies, including successfully launching Apple Watch, Apple Music and the iPhone 6 in the role of the global digital media lead for Apple at their partner media agency OMD.

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, <u>in the past 10 years</u>:

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);

<u>None</u>

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;

<u>None</u>

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;

<u>None</u>

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

<u>None</u>

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.

<u>None</u>

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.

<u>None</u>

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

Securities Counsel (must include Counsel preparing Attorney Letters).

Name:	Nicholas F. Coscia
Firm:	Nicholas F. Coscia Esq.
Address 1:	15615 Alton Parkway, Suite 450
Address 2:	Irvine, CA 92618
Phone:	619-993-3361
Email:	nick@cosciasec.com

Accountant or Auditor

Name:	Craig Tarnutzer
Firm:	Sunset Advisory Services, LLC
Address 1:	Feliz Cir
Address 2:	Mesa, AZ 85212
Phone:	801-960-2224
Email:	sunsetadvisoryservices@gmail.com

Investor Relations

None

All other means of Investor Communication:

None

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.

None

9) Disclosure & Financial Information

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

Name: Craig Tarnutzer
Title: Principal Accounting Officer
Relationship to Issuer: Third Party Services

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: Craig Tarnutzer
Title: Principal Accounting Officer
Relationship to Issuer: Third Party Services
Describe the qualifications of the person or persons who prepared the financial statements:[5] Multiple years of creating financials statements and notes for SEC filings for Grapefruit USA, Inc.

[5] 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.

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Grapefruit USA, Inc. and Subsidiary
Consolidated Balance Sheets
(Unaudited)

	June 30, 2024	December 31, 2023
ASSETS:		
Current Assets:		
Cash	$ 57	$ 3,311
Inventory	7,302	7,302
Operating right of use – asset – current portion	9,528	-
Total Current Assets	16,887	10,613
Operating right of use – asset	16,789	-
Property, plant and equipment, net	1,505,012	1,505,637
Other	-	7,459
Total Assets	$ 1,538,688	$ 1,523,709
LIABILITIES AND SHAREHOLDER'S DEFICIT		
Current Liabilities:		
Notes payable	$ 1,156,000	$ 1,156,000
Accrued loan interest	2,302,490	1,937,442
Accrued loan interest – related parties	163,182	125,901
Related party payable	805,251	706,142
Legal settlements – current portion	523,009	523,009
Subscription payable	251,149	251,149
Operating right of use – liability – current portion	9,330	-
Convertible notes – current portion	2,920,298	2,920,298
Accounts payable and accrued expenses	883,980	804,715
Total Current Liabilities	9,014,689	8,424,656
Long-term Liabilities:		
Operating right of use – liability	17,125	-
Total Long-Term Liabilities	17,125	-
Total Liabilities	9,031,814	8,424,656
Shareholder's Equity:		
Series A Preferred Stock 2,000,000 authorized, $0.0001 par value, 500,000 and 500,000 shares issued and outstanding as of June 30, 2024 and December 31, 2023, respectively.	50	50
Common Stock, 2,000,000,000 authorized, $0.0001 par value, 1,106,710,282 and 1,106,710,282 issued and outstanding as of June 30, 2024 and December 31, 2023, respectively.	110,671	110,671

Additional paid in capital	15,448,360	15,448,360
Accumulated deficit	(23,045,073)	(22,452,894)
Total stockholders' deficit	(7,485,992)	(6,893,813)
Noncontrolling interest	(7,134)	(7,134)
Total deficit	(7,493,126)	(6,900,947)
Total Liabilities and Shareholders' Deficit	$ 1,538,688	$ 1,523,709

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

Grapefruit USA, Inc. and Subsidiary
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Revenue	$ -	$ -	$ -	$ 121
Cost of goods sold	353	114,402	4,334	145,698
Gross loss	(353)	(114,402)	(4,334)	(145,577)
Operating expenses:				
Sales	-	299	-	583
General and administrative expenses	54,285	255,713	131,758	578,309
Total operating expenses	54,285	256,012	131,758	578,892
Loss from operations	(54,638)	(370,414)	(136,092)	(724,469)
Other income (expense):				
Interest expense	(231,160)	(294,323)	(460,920)	(592,097)
Change in value of derivative instruments	-	37,955	-	106,635
Gain on extinguishment of debt/settlement	-	17,907	-	17,907
Gain (Loss) on sale of asset	4,833	(73,358)	4,833	(73,358)
Total other expense	(226,327)	(311,819)	(456,087)	(540,913)
Net loss	(280,965)	(682,233)	(592,179)	(1,265,382)
Loss attributable to noncontrolling interest	-	-	-	-
Net loss attributable to Grapefruit USA, Inc.	$ (280,965)	$ (682,233)	(592,179)	(1,265,382)
Per-share data				
Basic and diluted loss per share	$ (0.00)	$ (0.00)	(0.00)	(0.00)
Weighted Average Number of Common Shares Outstanding	1,106,710,282	916,639,897	1,106,710,282	831,243,116

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

Grapefruit USA, Inc. and Subsidiary
Statement of Stockholders' Deficit

	Deficit Attributable to Grapefruit USA, Inc.								
	Preferred Series A		Common Stock						
	Number Of Shares	Amount	Number Of Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Deficit	Non-controlling Interest	Total Deficit
Balance as of December 31, 2022	500,000	$ 50	737,402,185	$ 73,740	$ 14,448,754	$ (20,602,932)	$ (6,080,388)	$ (7,134)	$ (6,087,522)
Shares issued for services	-	-	152,550,343	15,255	569,907	-	585,162	-	585,162
Shares issued for settlement	-	-	20,000,000	2,000	48,000	-	50,000	-	50,000
Shares issued for note conversion			20,665,146	2,067	47,933	-	50,000	-	50,000
Net loss	-	-	-	-	-	(540,840)	(540,840)	-	(540,840)
Balance as of March 31, 2023	500,000	$ 50	930,617,674	$ 93,062	15,114,594	$ (21,868,314)	$ (6,660,608)	$ (7,134)	$ (6,667,742)
Balance as of December 31, 2023	500,000	$ 50	1,106,710,282	$ 110,671	15,448,360	$ (22,452,894)	$ (6,893,813)	$ (7,134)	$ (6,900,947)
Net loss	-	-	-	-	-	(592,179)	(592,179)	-	(592,179)
Balance as of March 31, 2024	500,000	$ 50	1,106,710,282	$ 110,671	$ 15,448,360	$ (23,045,073)	$ (7,485,992)	$ (7,134)	$ (7,493,126)

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

Grapefruit USA, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended June 30, 2024	For the six months ended June 30, 2023
Cash flows (used for)/provided by operating activities:		
Net loss	$ (592,179)	$ (1,265,382)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation expense	625	24,236
Amortization	-	103,025
Change in value of derivative	-	(106,635)
Stock-based compensation for services	-	441,248
Loss on bad debt	-	5,839
Interest expense	460,920	598,330
Loss on inventory valuation	-	95,790
(Gain) loss on sale of assets	(4,833)	78,191
Changes in operating assets and liabilities:		
Inventory	-	32
Prepaid expense and current assets	7,459	11,000
Accrued executive compensation	90,000	50,000
Right-of-use asset	(26,318)	44,704
Right-of-use liability	26,455	(44,704)
Accounts payable	84,097	69,517
Accrued loan interest expense	(58,589)	(188,310)
Net cash (used for)/ provided by operating activities	(12,363)	(83,119)
Cash flows used for investing activities:		
Net cash received from sale of fixed assets	-	91,537
Net cash used for)/provided by for investing activities	-	91,537
Cash flows provided by financing activities:		
Repayment of loan principal	-	(20,330)
Repayment of principal of capital lease liability	-	(13,902)
Repayment of related party note principal	(1,000)	-
Proceeds from related parties, net	10,109	51,499
Net cash provided by financing activities	9,109	17,267
Net change in cash	(3,254)	25,685
Cash - beginning of year	3,311	16,704
Cash - ending of year	$ 57	$ 42,389
Supplemental disclosures of cash flow information:		
Cash paid for interest	-	19,413
Supplemental schedule of non-cash financing activities:		
Shares issued for conversion of notes payable	-	100,000
Shares issued for compensation	-	585,161

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

Note 1 - Description of Business

Overview

Grapefruit Boulevard Investments, Inc. ("we", "our", "us", "Grapefruit", "GBI", or "the Company") was formed as a California corporation on August 28, 2017 and began operation in September 2017. On July 10, 2019, Grapefruit acquired Imaging3, Inc. ("IGNG") in a reverse acquisition (the "Acquisition"). Under the terms of a Share Exchange Agreement by and among IGNG, Grapefruit and Grapefruit's shareholders, IGNG issued to Grapefruit's existing shareholders approximately 81% of the post-Acquisition IGNG common shares and the IGNG shareholders retained 19% of the post-Acquisition IGNG common shares. As a result, our financial statements are prepared using the acquisition method of accounting with Grapefruit as the accounting acquirer and IGNG treated as the legal acquirer and accounting acquiree. On December 16, 2019, Grapefruit filed the necessary paperwork with the Financial Industry Regulatory Authority ("FINRA") and OTC Markets to affect the Company Name and Ticker symbol changes from "IGNG" to "GPFT" formally changing our corporate name from Imgaing3, Inc. to Grapefruit USA, Inc., a Delaware corporation whose stock is trading under the Ticker Symbol "GPFT". On January 23, 2020, the corporate name change was formally accepted by the Delaware Secretary of State.

We own two acres of fully entitled cannabis real property located in the Coachillin' Industrial Cultivation and Ancillary Canna-Business Park where we have plans to build a 30,000 square foot fully licensed cannabis facility as more fully described below. The location within Coachillin' allows the Company to apply for and hold every cannabis license available under the California Cannabis laws.

Cultivation & Lab Facility

In July 2021, Grapefruit obtained a development permit to build a 30,000 square foot cultivation facility intended to house a state-of-the-art indoor grow as well as a separately licensed distribution hub and laboratory that will produce the patented Hourglass line of topical creams as well as high quality extracts from trim generated by processing the indoor cannabis flowers. We intend to obtain CGMP certification for the lab pursuant to the Good Manufacturing Practice regulations enforced by the Federal Drug Administration ("FDA"). We expect that our future facility will meet proper design, monitoring, and manufacturing control processes to assure the strength, quality, and purity of all Hourglass products we manufacture. We anticipate the FDA to mandate all cannabis facilities to be CGMP certified (Current Good Manufacturing Practice regulations enforced by the FDA) to continue in operation if cannabis becomes legalized by the federal government.

Summit Boys

In August 2021, the Company purchased control of Summit Boys, Inc., a cannabis extraction brand with product lines in retail stores throughout the State of California. The Company is continuing the Summit Boys' business without interruption and is currently selling its branded products in California through Grapefruit.

Summit Boys' premium extracts include sugar, crumble, badder, live resin, diamonds, budder, sauce, caviar and other extracted cannabis products, which are currently placed in licensed dispensaries throughout California and are protected by United States of America Trademark Reg. No. 6406802, July 6, 2021.

Grapefruit's Business Development

In December 2020, we shifted our corporate focus from distribution operations to further development of our patented Hourglass™ Time Release THC+CBD-Infused Topical Cream. Hourglass is the first and only patented Full Spectrum THC+ Cannabinoid Topical delivery Cream that provides its users with a full body, synergistic entourage effect that was previously only available by smoking, vaping or eating cannabis products such as cannabis flowers and gummies. Our Topical Cream is scientifically designed to deliver the full effects of THC combined with a broad range of cannabinoids for a user's overall health, wellness, and well-being. Hourglass products are laboratory tested. Test results published on every package via a designated QR Code. There is no other topical cream product on the market with our patented technology that provides users with the holistic benefits of the entourage effect of THC+CBD, CBN, CBG, Delta8, THCV and CBE. Hourglass™ is currently available in licensed retail and mobile cannabis dispensaries in Central California and Los Angeles County, California, USA. Hourglass™ is not intended for use to cure, mitigate, treat, or prevent disease and we are not making any such claims.

In July 2021, we decided to bring our patented Hourglass™ Time Release THC+CBD-Infused Topical Cream to the federally legalized Canadian cannabis marketplace. In January 2022, the company's licensed Canadian distribution partner Medz Cannabis filed a Notice of New Cannabis Product ("NNCP") with Health Canada on Grapefruit's behalf for its Hourglass THC+CBD Topical cream. Health Canada is the Canadian federal government department that is responsible for national health policy. It approves and oversees the production of all cannabis products and is the licensing authority for all companies involved in the cannabis industry. Health Canada requires that all cannabis products meet federal regulatory requirements before they can be sold in Canada. Under Canada's Federal Cannabis Regulatory scheme, Health Canada must be notified of a company's intent to sell a cannabis product that has not previously been sold in the country.

On March 21, 2022, Health Canada approved the Company's NNCP application authorizing Grapefruit to sell its patented Hourglass™ Time Release THC+CBD-Infused Topical Cream to licensed retail outlets throughout Canada under NNCP ID No. NP-V2EHUWO907.

In March 2022, we expanded our distribution efforts to include retail and wholesale sales of our Summit Boys branded products in California.

The Company Terminated the Binding Letter of Intent to Acquire Diagnostic Lab Corporation

On March 22, 2022, the Company entered into a Memorandum of Understanding ("MOU") with Diagnostic Lab Corporation, Inc., a Delaware corporation ("DLC"). On June 30, 2022, the Company entered into a Binding Letter of Intent ("LOI") with DLC. Pursuant to the LOI, the Company intended to acquire the assets of DLC, its IP and all of its affiliated entities for a combination of cash and a to-be-determined number of the Company's $0.0001 par value common stock. The Company and DLC intended to jointly recapitalize the Company by raising $12.5 million (inclusive of a currently committed $5.5 million debt facility) which would have enabled the Company to construct its Good Manufacturing Practices ("cGMP") certified Desert Hot Springs, CA, Coachillin Park. The Company was in the process of finalizing its due diligence on DLC and was in the final stages of negotiating the terms of its anticipated financing and structuring of the transaction documents. However on July 6, 2023, the Company determined it was in the best interests of the Company to terminate the March 20, 2022 MOU and the June 30, 2022 LOI because of DLC's nonperformance, and its inability to raise the requisite debt facility and related capital as promised to effectuate the MOU and LOI.

Note 2 – Forward Looking Statements and Summary of Significant Accounting Policies

Forward Looking Statements

This Disclosure Statement contains financial projections and other "forward-looking statements," as that term is used in federal securities laws, about Grapefruit's financial condition, results of operations and business. These statements include, among others, statements concerning the potential for revenues and expenses and other matters that are not historical facts. These statements may be made expressly in this Disclosure Statement. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," or similar expressions used in this Disclosure Statement. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause our actual results to be materially different from any future results expressed or implied by us in those statements. The most important facts that could prevent us from achieving our stated goals include, but are not limited to, the following:

(a) volatility or decline of our stock price;
(b) potential fluctuation in quarterly results;
(c) our failure to earn revenues or profits;
(d) inadequate capital to continue the business and barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;
(e) failure to make sales;
(f) changes in demand for our products and services;

(g) rapid and significant changes in markets;

(h) litigation with or legal claims and allegations by outside parties, causing us to incur substantial losses and expenses;

(i) insufficient revenues to cover operating costs;

(j) dilution in the ownership of the Company through the issuance by us of additional securities and the conversion of outstanding warrants, notes and other securities;

We cannot assure that we will be profitable. We may not be able to develop, manage or market our products and services successfully. We may not be able to attract or retain qualified executives and technology personnel. We may not be able to obtain customers for our products or services. Our products and services may become obsolete. Government regulation may hinder our business. Additional dilution in outstanding stock ownership will be incurred due to the issuance or exercise of more shares, warrants and other convertible securities.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution you not to place undue reliance on the statements, which speak only as of the date of this Disclosure Statement. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may make. We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events.

The following discussion should be read in conjunction with our financial statements and notes to those statements. In addition to historical information, the following discussion and other parts of this annual report contain forward-looking information that involves risks and uncertainties.

Summary of Significant Accounting Policies

The condensed consolidated interim financial statements of Grapefruit USA, Inc. are unaudited. They have been prepared in accordance with Generally Accepted Accounting Principles in the United States ("U.S. GAAP") for interim financial information and with applicable rules and regulations of the U.S. Securities and Exchange Commission relating to interim financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2024 are not necessarily indicative of the results that may be expected for any other reporting period.

These condensed consolidated interim financial statements should be read in conjunction with the Company's unaudited consolidated financial statements and related notes included in its Annual Report for the year ended December 31, 2023.

Basis of Consolidation – Subsidiaries are entities controlled by the Company. Control exists when the Company either has a controlling voting interest or is the primary beneficiary of a variable interest entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions are eliminated.

In August 2021, the Company entered into a Stock Purchase Agreement acquiring the majority ownership and control of Summit Boys, Inc., a very well-known and established cannabis extraction brand with product lines in retail stores throughout the State of California. The Company plans on continuing the business without interruption and plans on licensing the Summit Boys brand in the State of Oklahoma under that State's newly enacted legalized statutory scheme for cannabis products. This non-significant and non-operating subsidiary has been consolidated with Grapefruit's financial statements. As consideration, the Company issued 4,545,455 shares of common stock for 51% ownership if Summit Boys, Inc. There was no activity for the six months ended June 30, 2024.

Segments – We have two reporting segments: Retail and Wholesale. For the six months ended June 30, 2024, no revenues were generated. For the six months ended June 30, 2023, we generated 100% of our total revenues from our retail segment. No segment reporting necessary for this quarterly report.

Our retail operations generate revenue primarily through the sale of our Summit Boys branded product, THC "Honey Oil" tinctures, and CBD-Infused Hourglass™ Topical Cream products through our online and third-party sales channels. Our wholesale revenues are generated from the sales of our THC-Infused Hourglass™ Topical Cream, RSO syringes, vape cartridges, and flower products through our pre-existing and newly acquired customers.

Financial information about our business segments and geographical areas is provided in Note 14, Segment Information, to our consolidated financial statements in Part I, Item 1, "Notes to Condensed Consolidated Financial Statements (Unaudited)," in this Disclosure Statement.

Use of Estimates – The preparation of our financial statements in conformity with U.S. GAAP requires us to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our financial statements and the reported amounts of revenues and expenses during the periods presented.

We make our estimate of the ultimate outcome for these items based on historical trends and other information available when our financial statements are prepared. We recognize changes in estimates in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available. We believe that our significant estimates, assumptions and judgments are reasonable, based upon information available at the time they were made. Our actual results could differ from these estimates, making it possible that a change in these estimates could occur in the near term. The company's most significant estimates related to useful life for depreciation, the value of long-lived assets and related impairment, and provision for income taxes of property and equipment.

Inventory – Inventory is valued at the lower of cost and net realizable value, determined using weighted average cost. All direct and indirect costs related to inventory are capitalized as they are incurred, and they are subsequently recorded in cost of goods sold on the statements of loss and comprehensive loss at the time inventory is sold. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. At the end of each reporting period, the Company performs an assessment of inventory and records write-downs for excess and obsolete inventories based on the Company's estimated forecast of product demand, production requirements, market conditions, regulatory environment, and spoilage. Actual inventory losses may differ from management's estimates and such differences could be material to the Company's statements of financial position, statements of loss and comprehensive loss and statements of cash flows. During 2023, in line with our efforts to consolidate business practices, an additional $178,947 reduction in inventory was necessary due to the salability of the inventory due to its expiration.

Property, Plant and Equipment, net – Our property and equipment are recorded at cost. Assets held under capital leases are capitalized at the commencement of the lease at the lower of the present value of minimum lease payments at the inception of the lease or fair value. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over estimated useful lives of four to seven years, and amortization is computed using the straight-line method over the life of the applicable lease. At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from our accounts and any resulting gain or loss is reflected in our consolidated statements of operations.

Land Improvements – Our land improvements are recorded at cost provided by our property association and are included in the property, plant and equipment. These costs will continue to be capitalized until construction has been completed. Land improvements will not be depreciated until the construction has been completed by the property association.

Long-Lived Assets Impairment Assessment – Our long-lived assets are subject to an impairment test if there is an indicator of impairment. The carrying value and ultimate realization of these assets is dependent upon our estimates of future earnings and benefits that we expect to generate from their use. If our expectations of future results and cash flows are significantly diminished, other long-lived assets may be impaired and the resulting charge to operations may be material. When we determine that the carrying value of intangibles or other long-lived assets may not be recoverable based upon the existence of one or more indicators of impairment, we use the projected undiscounted cash flow method or realizable value to determine whether an impairment exists, and then measure the impairment using discounted cash flows.

Revenue Recognition – The Company derives revenues from the sale of product in accordance to ASC Topic 606. Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring those goods or services.

Revenue is recognized based on the following five step model:

- Identification of the contract 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
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Performance Obligations – Sales of products are recognized when all the following criteria are satisfied: (i) a contract with an end user exists which has commercial substance; (ii) it is probable the Company will collect the amount charged to the end user; and (iii) the Company has completed its performance obligation whereby the end user has obtained control of the product. A contract with commercial substance exists once the Company receives and accepts a purchase order or once it enters into a contract with an end user. If collectability is not probable, the sale is deferred and not recognized until collection is probable or payment is received. Control of products typically transfers when title and risk of ownership of the product has transferred to the customer. For contracts with multiple performance obligations, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost-plus margin approach when one is not available. Historically the Company's contracts have not had multiple performance obligations. The large majority of the Company's performance obligations are recognized at a point in time related to the sale of products.

Cost of Goods Sold – Our cost of goods sold includes the costs directly attributable to revenue recognized and includes expenses related to the production, packaging and labelling of cannabis products; personnel-related costs, fees for third-party services, such as testing and transportation costs related to our distribution services.

Basic and Diluted Net Income Per Share – Basic net income per share is based upon the weighted average number of common shares outstanding. Diluted net income per share assumes that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

	June 30, 2024	June 30, 2023
Numerator:		
Net loss attributable to common shareholders	$ (592,179)	(1,265,382)
Denominator:		
Weighted-average number of common shares outstanding during the period	1,106,710,282	831,243,116
Dilutive effect of stock options, warrants, and convertible promissory notes	-	-
Common stock and common stock equivalents used for diluted earnings per share	$ (0.00)	$ (0.00)

Derivative Financial Instruments - The Company generally does not use derivative financial instruments to hedge exposures to cash-flow risks or market-risks that may affect the fair values of its financial instruments. The Company utilizes various types of financing to fund its business needs, including convertible notes and warrants and other instruments not indexed to our stock. The Company is required to record its derivative instruments at their fair value. Changes in the fair value of derivatives are recognized in earnings in accordance with ASC 815. The Company's only asset or liability measured at fair value on a recurring basis is its derivative liability associated with warrants to purchase common stock and convertible notes.

Fair Value of Financial Instruments – We value our financial assets and liabilities using fair value measurements. Fair value is based 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. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The carrying amount of our cash and cash equivalents approximates fair value because of the short-term nature of the instruments. The carrying amount of our notes payable at June 30, 2024, approximates their fair values based on comparable borrowing rates available to the company.

The Company's prepaids and other current assets, long lived assets, including property and equipment, and goodwill are measured at fair value when there is an indicator of impairment and are recorded at fair value only when an impairment charge is recognized.

Income Taxes – Income tax assets and liabilities are recorded using the asset and liability method. Under the asset and liability method, tax assets and liabilities are recognized for the tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases as well as net operating loss and tax credit carryovers. Future tax assets and liabilities are measured using the enacted tax rates expected to apply when the asset is realized, or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment occurs. To the extent that we do not consider it more likely than not that a future tax asset will be recovered, we will provide a valuation allowance against the excess.

We follow the provisions of ASC 740, *Income Taxes*. Because of ASC 740, we make a comprehensive review of our portfolio of tax positions in accordance with recognition standards established by ASC 740.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in our consolidated financial statements in the period during which, based on all available evidence, we believe it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

We have created our tax provision leveraging known tax court cases involving various marijuana dispensaries and other cannabis related businesses, including the section of the IRS Tax code of 280E. The U.S. Tax Code Section 280E is the federal statute that states that a business engaging in the trafficking of a Schedule I or II controlled substance, which includes cannabis and cannabis related products, are barred from taking the tax deductions or credits in their federal tax returns which are not considered as part of the business' cost of goods sold. Given the guidance offered by the Tax code 280E we have prepared our tax provision according to this tax code.

Interest and penalties associated with unrecognized tax benefits, if any, are classified as interest expense and penalties and are included in selling, general and administrative expenses in our consolidated statements of operations.

Research and Development Expenses – Research and development (“R&D”) costs are charged to expense as incurred. Our R&D expenses include, but are not limited to, consulting service fees and materials and supplies used in the development of our proprietary products and services.

General and Administrative Expenses – General and administrative expenses consist primarily of personnel-related costs, fees for professional and consulting services, travel costs, rent, bad debt expense, general corporate costs, and other costs of administration such as human resources, finance and administrative roles.

Commitments and Contingencies – Certain conditions may exist as of the date our financial statements are issued, which may result in a loss, but which will only be resolved when one or more future events occur or fail to occur. We assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against us or unasserted claims that may result in such proceedings, we evaluate the perceived merits of the legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

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

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

Net Loss Per Share – We compute net loss per share in accordance with ASC 260, *Earnings per Share*. Under the provisions of ASC 260, basic net loss per share includes no dilution and is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of common stock outstanding during the period. Diluted net loss per share takes into consideration shares of common stock outstanding (computed under basic net loss per share) and potentially dilutive securities that are not anti-dilutive.

Cash and Cash Equivalents – The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. Cash equivalents may be invested in money market funds, certificates of deposit or other interest-bearing accounts.

Concentration of Credit Risk – Financial instruments that potentially subject us to credit risk consist of cash. We maintain our cash with high credit quality financial institutions; at times, such balances with any one financial institution may not be insured by the FDIC.

Accounts Receivable and Revenue – The accounts receivable balance was $0 as of June 30, 2024 and December 31, 2023. There were no sales during the six months ended June 30, 2024. During the six months ended June 30, 2023, 100% came from online sales.

We periodically review the value of our accounts receivable and provide an allowance for doubtful accounts based on our assessment of the age of the receivable and its collectability. During the year ended December 31, 2023, the Company reviewed the accounts receivable and based on the aging and likelihood of collectability, an allowance for doubtful accounts was credited in the amount of $6,623. Any allowance is charged to general and administrative expenses.

Leases – ASC 842 requires long-term operating leases to be recorded as an asset and liability on the balance sheet. The objective of ASC 842 is to increase transparency and comparability among organizations by recognizing a right-of-use (“ROU”) asset and a lease liability on the balance sheet and disclosing key information about leasing arrangements.

Recently Issued Accounting Pronouncements – From time to time, the FASB or other standards setting bodies issue new accounting pronouncements. Updates to the FASB ASCs are communicated through issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our condensed consolidated financial statements upon adoption.

Recently Issued Accounting Pronouncements Not Yet Adopted

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative, which amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification (the "Codification"). The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. If by June 30, 2027, the SEC has not removed the applicable requirement from Regulation S-X or Regulation S-K, the pending content of the related amendment will be removed from the Codification and will not become effective for any entity. The Company is currently evaluating the effect of adopting this ASU.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures, which requires public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. ASU 2023-07 is effective for the Company beginning the year ended May 31, 2025. The Company is currently evaluating the effect of adopting this ASU.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740) Improvements to Income Tax Disclosures, which requires public entities to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold on an annual basis. ASU 2023-09 is effective for the Company beginning the year ended June 01, 2024. The Company is currently evaluating the effect of adopting this ASU.

Recently Issued Accounting Pronouncements Adopted

None.

Note 3 - Going Concern

Our consolidated financial statements have been prepared on a going concern basis which assumes we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future. During the six months ended June 30, 2024, we incurred a net loss of $592,179 and had a working capital deficit of $8,997,802 and had an accumulated deficit of $23,045,073 on June 30, 2024. Our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/or obtaining the necessary financing to meet our obligations and repay our liabilities arising from normal business operations as they come due. There is no assurance that these events will be satisfactorily completed. As a result, there is doubt about our ability to continue as a going concern for one year from the issuance date of these financial statements.

Management's plan regarding this matter is to, amongst other things, seek additional equity financing by selling our equity securities and obtaining funds through the issuance of debt. We cannot be certain that funds from these sources will be available when needed or, if available, will be on terms favorable to us or to our stockholders. If we raise additional funds or settle liabilities by issuing equity securities, the percentage ownership of our stockholders may be reduced, stockholders may experience additional dilution, or such equity securities may provide for rights, preferences and/or privileges senior to those of the holders of our common stock. Our ability to execute our business plan and continue as a going concern may be adversely affected if we are unable to raise additional capital or operate profitably.

Note 4 – Right-of-use Asset and Liability

We leased capital equipment in a suitable, compliant cannabis facility located in the city of Desert Hot Springs. In addition, we renewed this operating land lease agreement with Coachillin' Holdings LLC on October 1, 2021 to rent approximately 2,268 square feet of leasable land area. The operating lease renews annually and has a base rent of $0.50 square foot of leasable area of the designated premise assigned by Coachillin' Holdings LLC. We paid an initial non-refundable prepaid rent of $3,402 which was expensed during the three months following the signed agreement. As of May of 2023, this contract was terminated.

The Company signed a 36-month lease agreement for shared office space in February 2024 at $2,531.75 a month and is responsible for one third of the lease, with an approximate 3% increase annually.

The Company utilizes the incremental borrowing rate in determining the present value of lease payments unless the implicit rate is readily determinable. The Company used the nominal borrowing rate of 4.09% to estimate the present value of the right of use liability.

The Company has right-of-use assets of $26,317 and right-of-use liability of $26,455 as of June 30, 2024. Operating lease expense for the six months ended June 30, 2024 was $11,815, which includes $7,459 rent on the prior property for January 2024.

Maturity of Lease Liabilities		
2024	$	5,228
2025		10,455
2026		10,455
2027		1,743
2028		-
2029 & thereafter		-
Total future undiscounted payments		27,881
Less: Interest		(1,426)
Present value of right-of-use liabilities		26,455

Note 5 – Inventory

At June 30, 2024 and December 31, 2023, our inventory finished good was $7,302.

We periodically review the value of our inventory and provide a write-down of inventory based on our assessment of the market conditions. Any write-down is charged to cost of goods sold. During 2023, in line with our efforts to consolidate business practices, an additional $178,947 reduction in inventory was necessary due to the salability of the product and product expiration.

Note 6 – Property, Plant and Equipment, Net

Property, plant and equipment, net of accumulated depreciation and amortization, at June 30, 2024 and December 31, 2023 was as follows:

		June 30, 2024		**December 31, 2023**
Furniture and equipment	$	-	$	7,494
Land and land improvement/development		1,505,012		1,505,012
Accumulated depreciation and amortization		-		(6,869)
Property, plant, and equipment	$	1,505,012	$	1,505,637

During the second quarter of 2023, the Company made the strategic decision to liquidate the assets related to the warehouse and extraction facilities because the landowner lost its cannabis city licensure which, in turn, required the company to winddown its operations. The related liquidation resulted in a $73,358 loss on sale of assets. The amount of related depreciation expense for the six months ended June 30, 2024 is $624 and for the six months ended June 30, 2023 is $24,236.

Note 7 – Capital Lease Payable

Capital lease payable consists of a capital lease agreement entered into in April 2018 to finance the purchase of various lab and manufacturing equipment. The outstanding balance on the 48-month installment capital lease was $0 on December 31, 2023 and December 31, 2022. The terms of the 48-month capital lease specify monthly payments of $4,575. The interest rate implicit in the lease is about 15% and the maturity date was February 2022. The lease has been paid in full and we now retain ownership of the equipment.

In addition, the Company entered into additional 48-month and 60-month leases in May 2019 for production facilities and storage of product. Monthly payments for the facility and storage totals $1,055 and $880, respectively.

In the second quarter of 2023 upon and as part of the liquidation mentioned in Note 6, the Company sold the production and storage facilities and paid off the remaining lease balance.

Note 8 - Notes Payable

In October 2017, in connection with our purchase of two acres of fully entitled cannabis real property located in the Coachillin' Industrial Cultivation and Ancillary Canna-Business Park, the Company issued a first and second trust deed note in the amounts of $700,000 and $200,000, respectively. The first and second trust deed notes are long-term notes and are interest only notes, at 13.0%, and mature in December 2022, with the full principal payment due at maturity. For the $700,000 loan, the monthly interest payment is approximately $7,500. For the $200,000 loan, the monthly interest payment is approximately $2,200. The 1st and 2nd trust deeds are secured by the land as well as property owned by two officers of the company and three other related parties. Also, each party has personally guaranteed or pledged additional collateral. The notes are past due. The notes include no debt discount as of December 31, 2023.

In April 2018, the Company issued a note due 60 days after funding to an unrelated third party with a principal amount of $250,000 and immediate interest charge totaling $125,000. As of December 31, 2023, the note has not been repaid and was amended to carry an additional 10% interest rate of the total balance due. Accrued interest for this loan totals $340,625. The note is past due. Two officers of the Company have personally guaranteed the loan.

In March and May 2022, the Company issued another note of $40,000 and $10,000, respectively, to an unrelated party with 10% interest, which will mature in 6 months. In October 2021, there was an additional note for $6,000. The unrelated party has notes totaling $56,000, all with similar terms. Each note as it matures will continue to accrue interest at the stated rate until repayment. On May 1, 2023, shares were issued to retire $50,000 of this note.

Note 9 - Convertible Notes Payable

There is no additional amortization of note discounts in 2024, which was included in interest expense; however, during the year ended December 31, 2023, amortization amounted to $160,333.

Grapefruit acquired convertible notes in its acquisition of Imaging3, Inc. on July 10, 2019. (See Note 15.) On May 31, 2019, the Company executed the SPA with Auctus pursuant to the terms of which the Company agreed to sell $4,000,000 of the Notes and issue $6,200,000 of callable warrants (the "Warrants" and, together with the Notes, the "Securities") to Auctus. Auctus is the Selling Security Holder. In addition, on May 31, 2019, we also entered into a registration rights agreement with Auctus (the "Registration Rights Agreement") whereby we are obligated to file a registration statement to register the resale of the shares underlying the Securities. On July 25, 2019 (as amended on January 17, 2020), a registration statement was filed to comply with the Registration Rights Agreement. Pursuant to the SPA, Auctus became obligated to purchase the $4,000,000 of Notes from Grapefruit in four tranches as follows: $600,000 at the SPA closing, which was funded on June 6, 2019; the second tranche of $1,422,750 on the day IGNG filed the registration statement, which was funded on August 16, 2019; the third tranche of $1,030,000 was funded the day the SEC declares the registration statement effective and the fourth tranche of $1,000,00 was funded 90 days after effectiveness. As of December 31, 2020, all tranches of this financing were completed. The Company has received gross proceeds of $4,052,750. The Notes have a two-year term and will bear interest at 10%, with a default interest rate of 24%. As of June 30, 2024, two notes are in default.

On April 15, 2021, the company renegotiated the debt agreement related to these notes modifying the convertible notes conversion price from a variable rate to a fixed rate conversion price of $0.075 per share with an effective date of December 31, 2021.

On February 26, 2021, the company issued a convertible note for $450,000. The note has an interest rate of 10% and matures in 12 months. Note is currently in default with no updated maturity date. The note continues to accrue interest, which has an accrued interest balance of $224,250 as of December 31, 2023. This note was included in the amendment making it convertible at $0.075 per share.

On June 22, 2022, Auctus converted $1,200,000 of convertible notes and $545,818 of accrued interest at the fixed rate of $0.075 for 23,277,573 shares.

On September 1, October 24 and December 21, 2022, the company issued a convertible note for $104,250, $55,000 and $45,000, respectively. The notes have an interest rate of 8% and mature in 12 months. After 180 days, the note holder has the option of converting the note. The conversion price is 65% of the lowest trading price 10 days prior to the date of conversion.

During March 2023, there were three partial conversions of the September 1, 2022 note. On the 2nd, $20,000 of principal was converted at $.0037 per share for 5,405,405 shares. On the 6th, $15,000 of principal was converted at $.0033 per share for 4,545,455 shares. On the 20th, $15,000 of principal was converted at $.0014 per share for 10,714,286 shares.

In addition, the Company has eleven other convertible notes comprising $296,000 outstanding and they are currently in default. The interest on these notes varies from 5-10%.

December 31, 2023 Balance	$2,920,298
Additional notes	-
Note conversions/repayment	-
Note discount	-
June 30, 2024 Balance	$2,920,298

<u>Note 10 – Notes Payable, Related Party Notes Payables and Operating Lease – Related Party</u>

Notes payable to officers and directors as of June 30, 2024 and December 31, 2023 are due on demand and consisted of the following:

	June 30, 2024	December 31, 2023
Payable to an officer and director	$ 240,653	$ 150,653
Payable to an individual affiliate of an officer and director	270,120	270,120
Payable to a company affiliate to an officer and director	294,478	285,369
	$ 805,251	$ 706,142

Notes payables bear interest at 10%.

<u>Note 11 – Derivative Liabilities</u>

Grapefruit recorded derivative instruments in its acquisition of Imaging3, Inc. on July 10, 2019. The Company's only asset or liability measured at fair value on a recurring basis was its derivative liability associated with related warrants to purchase common stock and the conversion features embedded in convertible promissory notes.

On September 1, October 24 and December 21, 2022, with the issuance of the convertible notes mentioned in Note 9 – Convertible Notes Payable, new derivatives were created and will be tracked for the life of the note. Also mentioned in Note – 9, $50,000 of note principal was converted. As of December 31, 2023, all derivatives reached their maturity dates.

Note 12 - Stockholders' Equity

Preferred Stock

The Company has authorized 2,000,000 shares of $0.0001 par value preferred stock. As of June 30, 2024, and December 31, 2023, there are 500,000 of preferred stock outstanding.

Common Stock

The Company is authorized to issue 2,000,000,000 shares of $0.0001 par value common stock.

During the six months ended June 30, 2023 the Company issued a total of 152,550,343 shares for services rendered valued at $585,161; and 40,665,146 shares were issued for the conversion of note principal valued at $100,000.

No stocks were issued during the six months ended June 30, 2024.

As of June 30, 2024, there were approximately 614 record holders of our common stock, not including shares held in "street name" in brokerage accounts the number of which is unknown. As of June 30, 2024, there were 1,106,710,282 shares of our common stock outstanding on record.

Stock Option Plan

During 2014, the Board of Directors adopted, and the shareholders approved, the 2014 Stock Option Plan under which a total of 1,811,401 shares of common stock had been reserved for issuance. The 2014 Stock Option Plan will terminate in September 2024.

Stock Options

As of June 30, 2024, employees of the Company hold options to purchase 250,000 shares of common stock granted in 2016 at an exercise price of $1.00. On March 28, 2021, the Company granted a board member an option to purchase 750,000 shares of common stock at $0.025. There are nine month vesting periods for a block of 250,000 shares starting October 1, 2021.

Transactions in FY 2024	Quantity	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life
Outstanding, December 31, 2023	1,000,000	$ 0.27	2.83
Granted	-	$ -	-
Exercised	-		
Cancelled/Forfeited	-		
Outstanding, June 30, 2024	1,000,000	$ 0.27	2.33
Exercisable, June 30, 2024	1,000,000	$ 0.27	2.33

The weighted average remaining contractual life of options outstanding issued under the agreements was 2.33 years at June 30, 2024.

Note 13 - Warrants

Following is a summary of warrants outstanding at June 30, 2024:

Number of Warrants	Exercise Price	Expiration Date
20,000,000	0.075	Apr-26
2,250,000	0.20	Feb-26

Grapefruit recorded warrants to issue common stock upon exercise in its acquisition of Imaging3, Inc. on July 10, 2019. As part of the SEA, the Company also issued 16,000,000 warrants to purchase 16,000,000 shares of the Company's common stock at an exercise price of $0.125 per share, 15,000,000 warrants to purchase 15,000,000 shares of the Company's common stock at an exercise price of $0.15 per share, 8,000,000 warrants to purchase 8,000,000 shares of the Company's common stock at an exercise price of $0.25 per share for a period of two year from the date of issuance. (See Note 9)

In addition to the Notes in connection with the SPA agreement, GPFT issued to the Investor a warrant to purchase 16,000,000 shares of its common stock at $0.125 per share, a warrant to purchase 15,000,000 shares at $0.15 per share and a warrant to purchase 8,000,000 shares at $0.25 per share (collectively, the "Warrants"). The Warrants are "cash only" and are callable if GPFT stock trades on the OTCQB at 200% or more of the given exercise price for 5 consecutive days.

Note 14 – Segment Information

Segment reporting is prepared on the same basis that the Company's Chief Executive Officer, who is the Company's Chief Operating Decision Maker, manages the business, makes operating decisions and assesses performance.

As of June 30, 2024 the Company's two segments are as follows:

Segment	Description
Retail	The retail segment includes products sold through our online stores and third-party sales teams.
Wholesale	The wholesale segment includes products sold to our preexisting and newly acquired customers.

The majority of costs are run through the wholesale segment, which includes the fixed costs associated with production of inventory. The Company has begun to promote sales of Summit Boys branded product, which is primarily sold direct to consumer, and felt is necessary to differentiate between the two segments. Segment information is summarized below:

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Revenue				
Retail	$ -	$ -	$ -	$ 121
Wholesale	-	-	-	-
	$ -	$ -	$ 121	$ 121

Gross margin				
Retail	$ -	$ (398)	$ -	$ (941)
Wholesale	(353)	(114,004)	(4,334)	(145,218)
	$ (353)	$ (114,402)	$ (4,334)	$ (146,159)

Note 15 - Commitments and Contingencies

Mentor Group, Inc. vs Imaging3, Inc. Settlement

On March 8, 2022, Grapefruit USA, Inc. was contacted by an attorney about outstanding litigation between Mentor Group, Inc. and Imagaing3, Inc. The settlement was for $27,593 of past debt, $8,869 in attorney fees, and $3,644 of interest. Currently no payment plan is in place. This debt is related Imaging3, Inc.'s prior business activities which preceded Grapefruit's acquisition of Imaging3, Inc., and was inherited or assumed by Grapefruit. As of June 30, 2024, the Company has stopped making payments.

Galileo Surgery Center LP/Cypress Ambulatory Surgery Center LP vs Imaging3, Inc. Settlement

The Company came to a settlement with Galileo Surgery Center LP/Cypress Ambulatory Surgery Center LP ("Galileo") for $75,572 with an interest rate of 10%, requiring payments of $7,300 per month beginning in August 2021 until paid in full. This debt is related Imaging3, Inc.'s prior business activities which preceded Grapefruit's acquisition of Imaging3, Inc., and was inherited or assumed by Grapefruit. As of June 30, 2024, the Company has stopped making payments.

Administrative Claim of Greenberg Glusker Fields Claman & Machtinger LLP

The Company came to a settlement agreement with Greenberg Glusker Fields Claman & Machtinger LLP ("Greenberg"). Three $68,000 payments are to be made in relation to the timing of the three latter tranches mentioned in "Auctus Financing" or before November 30, 2019. As of now, $68,000 has been paid; late penalties are currently being assessed. In addition, 7,628,567 shares are to be issued as part of the settlement agreement—7,213,933 of the shares have been issued as of June 30, 2024. In May 2021, the Company issued 3,920,865 shares as part of the make-whole clause in the agreement. On October 26, 2021, the Company issued 600,000 shares as part of the make-whole clause in the agreement. Additional shares may need to be issued in the future. This debt is related Imaging3, Inc.'s prior financing activities which preceded Grapefruit's acquisition of Imaging3, Inc., and was 'inherited' or 'assumed' by Grapefruit.

Note 16 - Subsequent Events

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

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Bradley J. Yourist certify that:

1. I have reviewed this Disclosure Statement for Grapefruit USA, Inc.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 14, 2024

/s/ Bradley J. Yourist, CEO

Principal Financial Officer:

I, Craig Tarnutzer certify that:

1. I have reviewed this Disclosure Statement for Grapefruit USA, Inc;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

August 14, 2024

/s/ Craig Tarnutzer, Principal Accounting Officer