

## **Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines**

### **ALUF HOLDINGS, INC.**

4801 S. University Drive, #227,

Davie, FL 33328

(866) 973-1110

<https://www.aluf.com>

AHIX

551114

### **Quarterly Report For the Period Ending: 09-30-2022 (the "Reporting Period")**

As of September 30, 2022, the issuer's current reporting period, the number of shares outstanding of our Common Stock was: **601,539,162**

As of June 30, 2022, the issuer's most recent reporting period, the number of shares outstanding of our Common Stock was: **571,189,162**

As of December 31, 2021, the Issuer's most recent year end, the number of shares outstanding of our Common Stock was: **162,094,581**

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

Yes: ☐ No: ☒

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

Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "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 any names used by predecessor entities, along with the dates of the name changes.

**ALUF HOLDINGS, INC. – 07/14/2015 to PRESENT,**

**COREWAFER INDUSTRIES, INC. – 06/22/2012 to 07/14/2015**

**ACTION PRODUCTS INTERNATIONAL, INC. – 05/27/1988 to 06/22/2012**

**ACTION PACKETS, INC. – 01/07/1981 to 05/27/1988**

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

**NEVADA – ACTIVE**

**FLORIDA (Foreign Corp) – ACTIVE**

**FLORIDA (Past domicile) – INACTIVE/MERGER**

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

**NONE**

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

**On September 12, 2019, the Company entered into a non-binding LOI to acquire all the stock of a start-up technology company; an end-to-end, multi-factor biometric digital identity authentication and management platform. Closing is subject to the Company acquiring adequate funding.**

**\*\***

The address(es) of the issuer's principal executive office:

**4801 South University Drive, Suite 227, Davie, FL 33328**

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

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

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

Yes: ☐ No: ☒

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

**N/A**

## 2) Security Information

Trading symbol:	<u>AHIX</u>	
Exact title and class of securities outstanding:	<u>Common</u>	
CUSIP:	<u>022167308</u>	
Par or stated value:	<u>\$.001</u>	
Total shares authorized:	<u>900,000,000</u>	as of date: <u>09/30/2022</u>
Total shares outstanding:	<u>601,539,162</u>	as of date: <u>09/30/2022</u>
Number of shares in the Public Float <sup>2</sup> :	<u>10,840,215</u>	as of date: <u>09/30/2022</u>
Total number of shareholders of record:	<u>48</u>	as of date: <u>09/30/2022</u>

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

Trading symbol:		
Exact title and class of securities outstanding:	<u>Preferred Series A,B,D, E</u>	
CUSIP:		
Par or stated value:	<u>\$.001</u>	
Total shares authorized:	<u>100,000,000</u>	as of date: <u>09/30/2022</u>
Total shares outstanding:	<u>80,302,810</u>	as of date: <u>09/30/2022</u>

### Transfer Agent

Name: Broadridge Financial Solutions, Inc.  
Phone: (631) 392-5845  
Email: Mariana.Villada@broadridge.com  
Address: 51 Mercedes Way, Suite 1300  
Philadelphia, PA 11717

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes: ☒ No: ☐

## 3) Issuance History

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

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

### **A. Changes to the Number of Outstanding Shares**

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

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

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

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date <u>12/31/2020</u> Common: <u>139,508,556</u> Preferred: <u>84,481,005</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>03/09/2021</u>	Conversion of Preferred to Common	(3,500,000)	Series B Preferred	N/A	No	Dany M. Bouchédid	N/A	N/A	506(c)
<u>03/09/2021</u>	Conversion to Common	7,000,000	Common	N/A	No	Dany M. Bouchédid	N/A	Restricted	506(c)
<u>03/09/2021</u>	Conversion of Preferred to Common	(500,000)	Series B Preferred	N/A	No	Donald C. Bennett	N/A	N/A	701
<u>03/09/2021</u>	Conversion to Common	1,000,000	Common	N/A	No	Donald C. Bennett	N/A	Restricted	701
<u>09/03/2021</u>	New Issuance	650,000	Common	\$65,000	No	Continuation Capital	Stock purchase	Free Trading	Reg A
<u>09/17/2021</u>	New Issuance	250,000	Common	\$25,000	No	AES Capital	Stock purchase	Free Trading	Reg A
<u>09/24/2021</u>	New Issuance	3,005,380	Common	450,807	No	Teresa McWilliams	Conversion of debt owed for unpaid wages	Restricted	701
<u>09/24/2021</u>	New Issuance	600,000	Common	\$90,000	No	Donald C Bennett	Compensation	Restricted	701
<u>09/24/2021</u>	New Issuance	600,000	Common	\$90,000	No	Teresa McWilliams	Compensation	Restricted	701
<u>09/24/2021</u>	New Issuance	300,000	Common	\$45,000	No	Lisa Marks-Canty	Compensation	Restricted	701
<u>09/24/2021</u>	New Issuance	1,897,024	Common	159,350	No	Kevin Sakser	Debt Settlement	Restricted	
<u>09/24/2021</u>	New Issuance	1,897,024	Common	159,350	No	Stephen Steen	Debt Settlement	Restricted	
<u>09/24/2021</u>	New Issuance	36,587	Common	\$5,488	No	Martin F. Ryan	Compensation	Restricted	701

Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>10/08/2021</u>	New Issuance	1,000,000	Common	150,000	No	Alta Waterford LP (Ben Steinberg)	Compensation	Restricted	701
<u>10/08/2021</u>	New Issuance	100,000	Common	\$10,000	No	Leonite Capital	Stock Purchase	Free Trading	Reg A
<u>12/01/2021</u>	New Issuance	4,000,000	Common	\$40,000	No	Twin Media (Scott & Reggie Sanchez d/b/a Sycamore Capital	Compensation	Restricted	701
<u>12/20/2021</u>	New Issuance	250,000	Common	\$25,000	No	David Fernholz	Stock Purchase	Free Trading	Reg A
<u>05/01/2022</u>	New Issuance	68,000,000	Common	\$68,000	No	Donald C. Bennett	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	55,000,000	Common	\$55,000	No	Teresa McWilliams	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	1,000,000	Common	\$1,000	No	Lisa Canty-Marks	Compensation	Restricted	701
<u>05/01/2022</u>	New Issuance	285,094,581	Common	\$285,095	No	Donald C. Bennett	Compensation	Restricted	701
<u>07/01/2022</u>	New Issuance	30,000,000	Common	\$300,000	No	Belair Mgmt Group	Compensation	Restricted	701
<u>07/08/2022</u>	New Issuance	200,000	Common	\$20,000	No	Belair Mgmt Group	Stock Purchase	Free Trading	Reg A
<u>08/10/2022</u>	New Issuance	100,000	Common	\$10,000	No	Belair Mgmt Group	Stock Purchase	Free Trading	Reg A
<u>09/26/2022</u>	<u>New Issuance</u>	<u>50,000</u>	<u>Common</u>	<u>\$5,000</u>	<u>No</u>	<u>Belair Mgmt Group</u>	<u>Stock Purchase</u>	<u>Free Trading</u>	<u>Reg A</u>
Shares Outstanding on Date of This Report:									
Date <u>09/30/2022</u>									
<u>Ending Balance</u>			Common: <u>601,539,162</u>						
<u>Ending Balance</u>			Preferred: <u>80,302,810</u>						

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended June 30, 2021, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2019, through June 30, 2021 pursuant to the tabular format above.

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

\_\_\_\_\_

## B. Debt Securities, Including Promissory and Convertible Notes

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

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

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g., pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g., Loan, Services, etc.)
9/23/2019	\$ 5,000	\$ 5,000	\$ 0	4/20/2020	Non-convertible; payable in cash only	Marcus Bodet	Loan
3/4/2020	\$ 35,000	\$ 35,000	\$ 0	12/20/2020	Non-convertible; payable in cash only	Robert Marino	Loan
9/12/2019	\$ 289,434	\$ 4,000	\$ 0	6/30/2022	Can convert to common stock or cash every 18 months according to IRS regulations	Teresa McWilliams	Shareholder Loans/advances for working capital
6/14/2020	\$ 47,200	\$ 47,200	\$ 0	6/15/2050	Principal & interest payable monthly beginning 12/31/2022	SBA (EIDL)	Loan

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

### 4) Financial Statements

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

- ☒ U.S. GAAP  
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: **Teresa McWilliams**  
Title: **CFO**  
Relationship to Issuer: **Employee**

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

- C. Balance Sheet;  
D. Statement of Income;  
E. Statement of Cash Flows;  
F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)  
G. Financial notes; and  
H. Audit letter, if audited

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

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

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

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

## **5) Issuer's Business, Products and Services**

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

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

**Aluf Holdings, Inc. (AHIX) is a holding company headquartered in Davie, FL, engaged in acquiring, operating and managing subsidiary companies in the development and sale of proprietary software. Through strategic acquisitions, the Company will develop and manage biometric, blockchain, AI software, technology, and cyber security companies as subsidiaries. To this, the Company has launched a very intensive campaign to target multiple strategic partnerships, business and software asset acquisitions and will rapidly develop a robust portfolio of technology assets over the next several years, allowing us to increase strategic partnerships, market share and profitability. The Company has selected a number of potential candidates in order to enable the success of this software and technology vertical. However, there are currently no products being sold.**

- B. Please list any subsidiaries, parents, or affiliated companies.

Aluf Biometrics, Inc.  
Aluf CBD Partners, LLC.

- C. Describe the issuers' principal products or services.

**The Company's core business and strategy is to build a large portfolio of companies with more diverse enterprise software solutions through strategic acquisitions and managed growth as it acquires profitable businesses with strong growth potential and a solid business plan. Our technology acquisitions stem from a surge in momentum in the tech space; especially in areas of biometrics and cyber security, cloud-based software services (SaaS), medical applications, energy production, IoE (Internet of Everything) services, and global law enforcement and military-based offensive and defensive applications. in the software and technology industries.**

## **6) Issuer's Facilities**

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

**Shared office space is being rented on a month-by-month basis.**

## 7) Company Insiders (Officers, Directors, and Control Persons)

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

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

Name of Officer/Director or Control Person	Affiliation with Company (e.g., Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Sam M. Jakobs	Chief Executive Officer	Bellmore, NY	285,094,581	Common	47%	
Donald C. Bennett	President/Chairman	Naples, FL	112,710,001	Common	19%	
			9,500,000	Series B Pref	12%	
			2	Series E Pref	50%	
Teresa McWilliams	Chief Financial Secretary/Director	Hollywood, FL	112,759,315	Common	19%	
			44,000,000	Series B Pref	55%	
			2	Series E Pref	50%	
Carmel D Smith	5% holder	Seattle, WA	11,000,000	Series B Pref	14%	
Belair Mgmt Group	5% holder	Ft. Lauderdale, FL	30,350,000	Common	5%	

## 8) Legal/Disciplinary History

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

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

NONE

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

NONE

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

NONE



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

NONE

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

NONE

## **9) Third Party Providers**

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

### Securities Counsel

McMurdo Law Group, LLC  
Matthew McMurdo, Esq.  
1185 Avenue of the Americas 3rd Floor  
New York, New York 10036  
(w) 917-318-2865  
(f) 866-606-8914

### Auditor

Assurance Dimensions  
Certified Public Accountants & Associates  
2000 Banks Road, Suite 218  
Margate, FL 33063  
Office: 754.800.3400  
Fax: 754.301.5757

### Investor Relations

Public Yield Capital Partners  
200 South Wacker Drive Downtown, 31st Floor  
Chicago, IL 60606  
Phone: 1-888-41YIELD

### Other Service Providers

NONE

## 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, Donald C. Bennett certify that:

1. I have reviewed this Quarterly Disclosure Statement of Aluf Holdings, 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.

November 10, 2022

/s/ Donald C. Bennett

[CEO's Signature]

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

### *Principal Financial Officer:*

I, Teresa McWilliams certify that:

1. I have reviewed this Quarterly Disclosure Statement of Aluf Holdings, 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.

November 10, 2022

/s/ Teresa McWilliams

[CFO's Signature]

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

## **APPENDIX A**



### **CONDENSED FINANCIAL STATEMENTS For the nine months ended September 30, 2022, and 2021**

## CONDENSED FINANCIAL INFORMATION

	PAGE
Condensed Balance Sheets as of September 30, 2022, and 2021	13
Condensed Statements of Operations as of September 30, 2022, and 2021	14
Condensed Statements of Cash Flows as of September 30, 2022, and 2021	15
Condensed Statements of Changes in Shareholder Equity as of September 30, 2022	16
Notes to the Consolidated Financial Statements	17 - 22

**ALUF HOLDINGS, INC.**  
**CONDENSED BALANCE SHEET**

	Sept 30,	
	2022	2021
<b>Current Assets</b>		
Cash	13,177	17,429
Accounts receivable	25,000	161,288
Prepaid expenses and other current assets	312,405	12,504
Total current assets	350,582	191,221
Deposits	300	300
Investments in Subsidiaries	-	2,700,000
<b>Fixed Assets, net</b>	24,601	651,520
Total assets	<u>\$ 375,483</u>	<u>\$ 3,543,041</u>
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	723,746	506,455
Short-term promissory notes payable	-	213,179
Total current liabilities	723,746	719,634
CONTINGENT LIABILITIES	10,590	10,590
<b>Long Term Notes Payable</b>	403,503	67,933
<b>Total Liabilities</b>	1,137,839	798,157
<b>Shareholders' Deficit</b>		
Preferred stock, \$.001 par value; 100,000,000 shares authorized at September 30, 2022 and 2021, respectively.		
· Series A: 175,000 shares issued and outstanding at September 30, 2022 and 2021, respectively	175	175
· Series B: 80,125,005 and 84,125,000 shares issued and outstanding at September 30, 2022 and 2021, respectively	80,125	80,125
· Series D: 3,001 and .00 shares issued and outstanding at September 30, 2022 and 2021, respectively	3	3
· Series E: 4 shares issued and outstanding at September 30, 2022 and 2021, respectively	0.04	0.04
Common stock \$.001 par value; 900,000,000 shares authorized September 30, 2022 and 2021, respectively; 601,539,162 and 147,509,581 issued and outstanding September 30, 2022 and 2021, respectively	601,539	156,745
Treasury stock, \$.001 par value; 141,000 shares authorized at September 30, 2022 and 2021, respectively	(141)	(141)
Additional paid-in-capital	22,797,492	22,481,292
Unearned compensation costs	-	-
Stock Dividend	(151,931)	(151,931)
Accumulated deficit	(24,089,618)	(19,821,027)
Total shareholders' equity/deficit	<u>(762,356)</u>	<u>2,744,884</u>
Total liabilities and shareholders' equity	<u>\$ 375,483</u>	<u>\$ 3,543,041</u>

*(See accompanying notes to condensed financial statements)*

**ALUF HOLDINGS, INC.**  
**CONDENSED STATEMENT OF OPERATIONS**

	<b>For the Period Ended</b>	
	<b>Sept 30,</b>	
	<b>2022</b>	<b>2021</b>
Gross Sales	24,225	-
Cost of Sales	3,000	-
Net Sales	21,225	-
<b>Operating expenses</b>		
Marketing and advertising	30,857	2,089
General and administrative	699,305	493,929
Total operating expenses	730,162	496,018
Net loss before income taxes	(708,937)	(496,018)
Interest expense	6,570	108,281
Other income (expense)		
Income from Non-taxable PPP Forgiveness	20,833	-
Loss from Impairment of Assets	(3,315,000)	-
Total other income (expense)	(3,287,597)	(108,281)
Net profit (loss )	\$ (4,009,673)	\$ (604,299)
Weighted average number of shares outstanding	201,239,356	8,182,011
Basic and diluted net income/(loss) per share	\$ (0.020)	\$ (0.074)

*(See accompanying notes to condensed financial statements)*

**ALUF HOLDINGS, INC.**  
**CONDENSED STATEMENT OF CASH FLOWS**

	<b>For the period ended</b>	
	<b>September 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flow from operating activities:</b>		
Net income (loss)	\$ (4,009,673)	\$ (604,299)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	83,288	-
Change in prepaid expenses and other assets	(225,000)	-
Change in accounts payable, accrued expenses	183,124	(723,244)
Gain on disposal of property and equipment	-	-
Net cash provided by (used in) operating activities	(3,968,262)	(1,327,543)
<b>Cash flows from investing activities:</b>		
Amortizable Assets	615,000	-
Investment in Subsidiaries	2,700,000	-
Accumulated Amortizaation	10,524	-
Net cash used in investing activities	3,325,524	-
<b>Cash flows from financing activities:</b>		
Loans from Shareholders	103,137	(155,356)
Change in common stock & equity	570,161	1,715,694
Decrease in loans and notes payable	(20,833)	(215,100)
Net cash used by financing activities	652,465	1,345,238
Net increase (decrease) in cash	9,727	17,694
Cash and cash equivalents at beginning of period	3,449	(265)
Cash and cash equivalents at end of period	13,177	17,430
<b>Supplemental disclosure:</b>		
Cash paid for interest	\$ 6,570	\$ 5,081
<b>Non-cash financing activities:</b>		
Accrued Salaries & Benefits	\$ 17,308	\$ 110,914
Common Stock issued for services	\$ 300,000	\$ 318,700
	\$ 317,308	\$ 429,614

*(See accompanying notes to condensed financial statements)*

**ALUF HOLDINGS, INC.**

**CONDENSED STATEMENT OF CHANGES IN EQUITY**

	Preferred Stock		Common Stock		Treasury Stock			Additional		Total
	\$ .001 Par Value		\$ .001 Par Value		\$ .001 Par Value		Stock	Paid-In	Retained	Shareholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Dividend	Capital	Earnings	Equity/Deficit
<b>Balance @ June 30, 2021</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>147,508,566</b>	<b>\$ 147,509</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 21,399,967</b>	<b>\$ (19,384,820)</b>	<b>\$ 2,090,886</b>
Common stock issued in settlement of debt			6,799,428	6,799				\$ 763,273		\$ 770,072
Common stock issued in Reg A financing			900,000	900				\$ 89,100.00		\$ 90,000
Common stock issued to Officers & Directors as compensation			1,500,000	1,500				\$ 223,500.00		\$ 225,000
Common stock issued to consultants as compensation			36,587	37				\$ 5,453		\$ 5,490
<b>Net Loss</b>									\$ (607,866)	\$ (607,866)
<b>Balance @ September 30, 2021</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>156,744,581</b>	<b>\$ 156,745</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 22,481,292</b>	<b>\$ (19,824,594)</b>	<b>\$ 2,741,674</b>
Common stock issued to consultants as compensation			5,000,000	5,000				\$ 185,000.00		\$ 190,000
Common stock issued in Reg A financing			350,000	350				\$ 34,650		\$ 35,000
<b>Net Loss</b>									\$ (751,766)	\$ (751,766)
<b>Balance @ December 31, 2021</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>162,094,581</b>	<b>\$ 162,095</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 22,700,942</b>	<b>\$ (19,968,494)</b>	<b>\$ 2,822,774</b>
<b>Net Loss</b>									\$ (3,535,422)	\$ (3,535,422)
<b>Balance @ March 31, 2022</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>162,094,581</b>	<b>\$ 162,095</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 22,700,942</b>	<b>\$ (23,503,916)</b>	<b>\$ 658,819</b>
Common stock issued to Officers & Directors as compensation			409,094,581	409,095				\$ (208,100)	\$ (111,320)	\$ 89,675
<b>Net Loss</b>									\$ (3,944,814)	\$ (3,944,814)
<b>Balance @ June 30, 2022</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>571,189,162</b>	<b>\$ 571,190</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 22,492,842</b>	<b>\$ (24,024,628)</b>	<b>\$ (1,032,365)</b>
Common stock issued to consultants as compensation			30,000,000	30,000				\$ 270,000.00		\$ 300,000
Common stock issued in Reg A financing			350,000	350				\$ 34,650		\$ 35,000
<b>Net Loss</b>									\$ (4,009,673)	\$ (4,009,673)
<b>Balance @ September 30, 2022</b>	<b>80,302,775</b>	<b>\$ 80,303</b>	<b>601,539,162</b>	<b>\$ 601,540</b>	<b>(140,541)</b>	<b>\$ (141)</b>	<b>\$ (151,931)</b>	<b>\$ 22,797,492</b>	<b>\$ (24,089,618)</b>	<b>\$ (762,356)</b>

*(See accompanying notes to condensed financial statements)*



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### NOTE 1 – GENERAL ORGANIZATION AND BUSINESS

#### *Organization.*

Aluf Holdings, Inc. (AHIX) is a holding company headquartered in Fort Lauderdale, FL, engaged in acquiring, operating, and managing subsidiary companies in the development and sale of proprietary software. The Company's strategy is to build a large portfolio of companies through strategic acquisitions and managed growth. Our technology acquisitions stem from a surge in momentum in the tech space; especially in areas of biometrics and cyber security, cloud-based software services (SaaS), medical applications and more, in the software and technology industries.

#### *Liquidity and Management's Plans*

The Company incurred losses from operations and net losses and used cash in operating activities for the three and six months ended June 30, 2022. The Company's recurring losses, level of cash used in operations, and need for additional capital in the future, including uncertainties surrounding the impact of COVID-19, raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### *COVID-19 Risk and Uncertainties and CARES Act*

The COVID-19 pandemic has severely impacted global economic activity. The full impact of the COVID-19 outbreak continues to evolve and it is uncertain as to the full magnitude that the pandemic will have on the Company's financial condition, liquidity, and future results of operations. Management continues to actively monitor the impact on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce, and has taken actions to mitigate the impact. Given the ongoing evolution of the COVID-19 outbreak, the Company is unable to estimate the long-term effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

On March 27, 2020, President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (the "CARES Act"). The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. As of June 30, 2022, the Company is unable to determine any future impact that the CARES Act will have on our financial condition, results of operations, or liquidity.

#### *Paycheck Protection Program Loan ("PPP Loan")*

On April 1, 2021, Aluf Holdings, Inc., was granted a loan from Customers Bank in the aggregate amount of \$20,833, pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act. See Note 4 for additional information.

The PPP Loan, which was in the form of a Note dated April 1, 2021, issued by the Company, matures on April 1, 2022, and bears interest at a rate of 1.0% per annum, payable monthly commencing on November 1, 2022. The Note may be prepaid by the Company at any time prior to maturity with no prepayment penalties. Funds from the PPP Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. However, there can be no assurance that the PPP loan will be forgiven. As of April 24, 2022, the PPP loan, in the principal amount of \$20,833, was forgiven.

#### *EIDL Loan*

On June 14, 2020, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the United States Small Business Administration (the "SBA") under its Economic Injury Disaster Loan assistance program in light of the impact of the COVID-19 pandemic on the Company's business. The principal amount of the EIDL Loan is \$47,200, with proceeds to be used for working capital purposes. Interest on the EIDL Loan accrues at the rate of 3.75% per annum and installment payments, including principal and interest, are due monthly beginning twelve months from the date of the EIDL Loan in the amount of \$230.00. The balance of principal and interest is payable thirty years from the date of the promissory note. In connection with the EIDL Loan, the Company executed the EIDL Loan documents, which include the SBA Secured Disaster Loan Note, dated June 14, 2020, the Loan Authorization and Agreement, dated June 14, 2020, and the Security Agreement, dated June 14, 2020, each between the SBA and the Company. For further information on the EIDL loan see Note 4 to these unaudited financial statements.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

### *Basis of Presentation*

Our condensed consolidated financial information included in this report has been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the condensed consolidated financial statements and accompanying notes. Actual amounts may differ from these estimated amounts.

### *Principles of Consolidation*

The consolidated financial statements include the accounts of Aluf Holdings, Inc. and its wholly owned subsidiaries, Aluf Biometrics, Inc., Aluf CBD Partners, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

### *Cash and Cash Equivalents*

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

### *Property and Equipment*

Fixed assets are comprised of furniture and fixtures, computer equipment, purchased software, and major categories of property and equipment and are stated at cost and depreciated using the straight-line method, over the estimated useful lives of the various classes of assets, as follows:

Furniture, fixtures, and equipment	3 – 10 years
Computers and purchased software	3 – 5 years

### *Intangible Assets*

The Company adopted Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“SFAS 144” or “ASC 360”), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” and the accounting and reporting provisions of APB Opinion No. 30, “Reporting the Results of Operations for a Disposal of a Segment of a Business.” The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets’ carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal.

### *Fair Value of Financial Instruments*

The Company's financial instruments consist of prepaid expenses, deposits, investments, customer deposits, accounts payable and accrued expenses, accrued interest, loans payable, and loans payable to a related party. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its other financial instruments and that their fair values approximate their carrying values except where separately disclosed.

### *Revenue Recognition*

We recognize revenue in accordance with generally accepted accounting principles as outlined in the Securities and Exchange Commission’s Staff Accounting Bulletin No. 104, *Revenue Recognition* (SAB 104 or ASC 605-10), which requires that four basic criteria be met before revenue can be recognized: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) product delivery has occurred or services have been rendered. Revenue from the sale of products is generally recognized after both the goods are shipped to the customer and acceptance has been received, if required. Our products are custom made for our customers, who primarily consist of original engineer manufacturers (OEMs), and we do not accept returns. Our products are shipped complete and ready to be incorporated into higher level assemblies by our customers. The terms of the customer arrangements generally pass title and risk of ownership to the customer at the time of shipment.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

### *Stock-Based Compensation*

Stock-based compensation is accounted for at fair value in accordance with ASC Topic 718. To date, the Company has not granted any stock options.

### *Income Taxes*

The Company provides for income taxes using an asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect currently. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. No provision for income taxes is included in the statement due to its immaterial amount, net of the allowance account, based on the likelihood of the Company to utilize the loss carry-forward.

Earnings/(Loss) per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128 or ASC 260), "Earnings per share". SFAS No. 128 superseded Accounting Principles Board Opinion No. 15 (APB 15). Net income (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net loss per share is based upon the weighted average number of common shares outstanding. Diluted net loss per share is based on the assumption 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. Basic and diluted income/(loss) per share was (\$0.02) and (\$0.07) for the period ended September 30, 2022, and 2021, respectively.

### *Impairment of Long-lived Assets*

In accordance with ASC 360, "Property, Plant and Equipment", the Company reviews the carrying values of long-lived assets, including property, plant and equipment and other intangible assets, whenever facts and circumstances indicate that the assets may be impaired. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs of disposal. As of September 30, 2022, the company recorded an impairment of \$3,315,000 for its investment in subsidiaries (\$2,700,000) and trademarks (\$615,000).

### *Goodwill*

The Company recognizes goodwill for the excess of the purchase price over the fair value of the identifiable net assets of the business acquired. ASC 350 "Intangible Assets-Goodwill and Other", an impairment test for goodwill is undertaken by the Company at the reporting unit level annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

### *Recent Accounting Pronouncements*

The Company has reviewed the FASB issued ASU accounting pronouncements and interpretations thereof that have effectiveness dates during the periods reported and in future periods. The Company has carefully considered the new pronouncements that alter previous generally accepted accounting principles and do not believe that any new or modified principles will have a material impact on the Company's reported financial position or operations in the near term. The applicability of any standard is subject to the formal review of the Company's financial management.

In August 2020, the FASB issued ASU 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40) – Accounting for Convertible Instruments and Contracts on an Entity's Own Equity. The ASU simplifies accounting for convertible instruments by removing major separation models required under current GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for the exceptions. The ASU also simplifies the diluted net income per share calculation in certain areas. The new guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years, and early adoption is permitted. The Company is currently evaluating the impact of the adoption of the standard on the consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt-Modifications and Extinguishments (Subtopic 470-50), Compensation-Stock Compensation (Topic 718), and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40). The new ASU addresses issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

options. This amendment is effective for all entities, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact this new guidance will have on its financial statements.

In February 2016, FASB issued ASU-2016-02, "Leases (Topic 842)." The guidance requires that a lessee recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right of use asset representing its right to use the underlying asset for the lease term. For finance leases: the right-of-use asset and a lease liability will be initially measured at the present value of the lease payments, in the statement of financial position; interest on the lease liability will be recognized separately from amortization of the right-of-use asset in the statement of comprehensive income; and repayments of the principal portion of the lease liability will be classified within financing activities and payments of interest on the lease liability and variable lease payments within operating activities in the statement of cash flows. For operating leases: the right-of-use asset and a lease liability will be initially measured at the present value of the lease payments, in the statement of financial position; a single lease cost will be recognized, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis; and all cash payments will be classified within operating activities in the statement of cash flows. Under Topic 842 the accounting applied by a lessor is largely unchanged from that applied under previous GAAP. The amendments in Topic 842 are effective for the Company beginning January 1, 2020, including interim periods within that fiscal year. We are currently evaluating the impact of adopting the new guidance of the consolidated financial statements.

## NOTE 3 – PROPERTY AND EQUIPMENT

The company did not have any depreciable fixed assets for the period ending September 30, 2022, and 2021, respectively.

## NOTE 4 – NOTES PAYABLE

On or about June 22, 2015, accrued as compensation payable for a former executive in the amount of \$215,500, under his consulting agreement dated June 22, 2013, was converted into a convertible debenture on July 31, 2015, with interest at 8% per annum, and payable on or before July 31, 2016. On or about April 26, 2021, the note holder sold the note to two unrelated third parties. Under the terms of the new notes, each note is to be converted into 1,897,024 (fixed) shares of common stock on or before June 30, 2021. As of September 30, 2022, the notes were fully converted into restricted stock and there is no remaining balance of principal or interest due.

On September 23, 2020, the Company entered into a demand promissory note, from a related party, in the amount of \$5,000 plus 12% interest. The note is payable, with interest, on or before April 1, 2020. As of September 30, 2022, no payments have been made.

Effective March 4, 2020, the Company entered into a Debt Purchase Settlement and Termination agreement in the amount of \$35,000 with Beaufort Capital Partners for the Debt Purchase Agreement issued on January 12, 2016, for \$157,000. The remaining balance of the debt was \$113,268 and is replaced by a non-interest bearing, non-convertible promissory note in the amount of \$35,000 due in full on or before December 30, 2020. As of September 30, 2022, no payments have been made.

On January 15, 2020, the Company entered into a Termination of Loan and Release Agreement with Beaufort Capital Partners for the \$1,555 remaining balance of the Convertible promissory note issued on November 5, 2015, in the amount of \$25,000, and the balance of a Convertible Debenture issued November 16, 2016, in the amount of \$10,000. The Company has no further obligation to Beaufort for these promissory notes issued on November 5, 2015, and November 16, 2016. As of September 30, 2022, there is no remaining principal or interest due.

On June 14, 2020, the Company received an Emergency Injury Disaster Loan in the amount of \$47,200 from the U.S. Small Business Administration. The loan is amortized over thirty years at 3.75% interest per annum. Principal and interest are payable monthly, beginning December 14, 2022, in the amount of \$230. As of September 30, 2022, no payments have been made.

On April 1, 2021, the Company received a Payroll Protection Plan (PPP) loan from the U.S. Small Business Administration in the amount of \$20,833. Based on the June 5, 2020, Paycheck Protection Program Flexibility Act, the Company submitted its application for 100% loan forgiveness in April 2022.

On April 24, 2022, the PPP loan was 100% forgiven by the SBA. As a result, the Company recorded a gain on the forgiveness of the loan in the amount of \$20,833.

## NOTE 6 – GOING CONCERN

These financial statements have been prepared assuming that the Company will continue as a going concern. The Company has operating and liquidity concerns, current liabilities exceeded current assets by \$373,164 on September 30, 2022, and has reported a net loss of \$4,009,673.

## NOTE 7 – STOCKHOLDERS' EQUITY

### *Authorized*

The Company is authorized to issue 900,000,000 shares of \$0.001 par value common stock and 100,000,000 shares of \$0.001 par value preferred stock. All common stock shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all the directors of the Company. The preferred shares may be issued in series, with the powers, rights, and limitations of the preferred shares to be determined by the Board.

### *Private Placements*

On or about July 25, 2021, the Company launched a private placement to raise up to \$50,000,000 for the sale of up to 200,000,000 shares of its restricted common stock under Rule 506c, at a price of \$0.25 per share to accredited investors. The private placement memorandum can be found at <https://www.investor.aluf.com>.

On or about July 28, 2021, the Company filed an offering under Registration A to raise up to \$20,000,000. The proceeds of both offerings will be used primarily to close on multiple targeted acquisitions and become fully reporting. The Reg A was initially priced at \$0.30 per share. On or about September 23, 2021, a price adjustment to \$0.10 per share was approved by SEC.

### *Advances*

From time to time, the Company has received advances from certain of its officers and related parties to meet short-term working capital needs. For the period ended September 30, 2022, and 2021, approximately \$316,403 and \$178,200 advances from related parties is outstanding, respectively. These advances are unsecured, bear no interest, and do not have formal repayment terms or arrangements.

## NOTE 8 – COMMITMENTS AND CONTINGENCIES

### *Employment agreements*

Effective May 1, 2022, the Company entered into an employment agreement with our chief executive officer for a period of not less than thirty-six two-years with automatic renewals every two years. Under the terms of the agreement, the executive will receive an annual base salary of \$250,000 plus bonuses based on Company performance. Executive will also receive, as a hiring bonus, the equivalent of 50% of the Company's currently issued and outstanding common stock on a non-dilutive basis. The shares are restricted and will remain in book-entry with the transfer agent.

Effective June 1, 2011, the Company entered into an employment agreement with our chief financial officer for period of two-years with automatic renewals every two years, unless advance notice is given to amend or terminate the agreement. Effective August 1, 2017, an annual salary increase to \$225,000, plus additional cash and stock bonus compensation, was granted by the board of directors. The company has not made certain cash payments due under these agreements. On May 22, 2018, approximately \$825,000 of accrued salary and benefits was exchanged for 375,000,000 shares of restricted common stock and 37,500,000 share of Series B preferred stock. As of September 30, 2022, there is an unpaid balance of approximately \$35,946 in accrued benefits payable.

### *Payroll taxes*

As of September 30, 2022, there is an accrued payroll tax liability of approximately \$472,574.

### *Contingent Liabilities*

#### ***Legal Contingencies***

The Company may, from time to time, become involved in various legal proceedings. We establish reserves for specific legal proceedings when we determine that the likelihood of an unfavorable outcome is probable, and the amount of loss can be reasonably estimated. Management has also identified certain other legal matters where we believe an unfavorable outcome is reasonably and/or

## NOTE 8 – COMMITMENTS AND CONTINGENCIES, CONTINUED

for which no estimate of possible losses can be made. Management believes that the total liabilities of the Company that may arise as a result of currently pending legal proceedings (excluding tax audit claims) will not have a material adverse effect on the Company taken as a whole. As of September 30, 2022, the Company has recorded contingent liabilities of \$10,590.

### *Indemnifications*

At the time we acquire or divest an ownership interest in an entity, we sometimes agree to indemnify the seller or buyer for specific contingent liabilities. Management believes that any liability to the Company that may arise as a result of any such indemnification agreements will not have a material adverse effect on the Company taken as a whole.

### *Operating Leases*

The Company neither owns nor leases any real or personal property. A shared office space is being rented on a month-by-month basis.

## NOTE 9 – INCOME TAXES

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in its financial statements or tax returns. Deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of liabilities and assets using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company applies the provisions of FASB, Interpretation No. 48, or FIN 48, “Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement 109.” FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. When applicable, the Company will include interest and penalties related to uncertain tax positions in income tax expense. On December 31, 2021, the Company had federal net operating loss carryforwards totaling approximately \$14,000,000 which expires in various years through 2036.

## NOTE 10 – SUBSEQUENT EVENTS

On October 11, 2022, the Company entered into a non-binding Letter of Intent to acquire tech-based company, BizzUniverse, Inc. A definitive agreement has been reached between parties. As such, the purchase agreement is expected to be signed on or before November 15, 2022, with closing to take place on or about December 31, 2022. Due Diligence is currently underway.

On October 24, 2022, the Company entered into a non-binding Letter of Intent to acquire tech-based company, Bizz Shield Pro, Inc. A definitive agreement has been reached between parties. As such, the purchase agreement is expected to be signed on or before November 30, 2022, with closing to take place on or about December 31, 2022. Due Diligence is currently underway.