

**BENEFICIAL HOLDINGS, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AS OF SEPTEMBER 30, 2022  
AND FOR THE NINE MONTHS THEN ENDED  
AND  
AS OF DECEMBER 31, 2021 AND 2020  
AND FOR THE YEARS THEN ENDED**

**(UNAUDITED)**

**BENEFICIAL HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>ASSETS</b>			
Cash	\$ 355	\$ 1,537	\$ 108
Accounts receivable	346,000	346,000	346,000
Notes receivable	559,541	504,075	438,577
Investment in solar projects	232,436	232,436	232,436
<b>Total assets</b>	<b>\$ 1,138,332</b>	<b>\$ 1,084,048</b>	<b>\$ 1,017,120</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 58,484	\$ 48,717	\$ 35,760
Accrued liabilities- related party	3,351,179	2,552,302	1,612,363
Accrued liabilities- employees	7,070,970	6,604,470	5,532,470
Series A Notes payable	175,000	175,000	175,000
Note payable- related party	5,907,905	5,913,140	5,911,880
Other notes payable	200,000	200,000	200,000
<b>Total liabilities</b>	<b>16,763,538</b>	<b>15,493,629</b>	<b>13,467,473</b>
Minority Interest	87,218	87,218	87,218
<b>Stockholders' deficit:</b>			
Series B preferred stock, par value \$0.000001; 2,000,000 shares authorized; 2,000,000 shares issued and outstanding	20	20	20
Common stock, par value \$0.000001; 200,000,000 shares authorized; 10,941,069 shares issued and outstanding at September 30, 2022 and December 31, 2021; 941,069 shares issued and outstanding at December 31, 2020;	11	11	1
Additional paid in capital	5,211,926	5,211,926	4,911,936
Accumulated deficit	(20,924,381)	(19,708,757)	(17,449,528)
<b>Total stockholders' deficit</b>	<b>(15,712,424)</b>	<b>(14,496,799)</b>	<b>(12,537,571)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 1,138,332</b>	<b>\$ 1,084,048</b>	<b>\$ 1,017,120</b>

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

**BENEFICIAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<u>NINE MONTHS ENDED</u> <u>SEPTEMBER 30, 2022</u>	<u>YEAR ENDED</u> <u>DECEMBER 31, 2021</u>	<u>YEAR ENDED</u> <u>DECEMBER 31, 2020</u>
Fee Income	\$ 5,000	\$ -	\$ 320,000
Interest income	55,466	65,498	57,865
Total Revenue	<u>60,466</u>	<u>65,498</u>	<u>377,865</u>
Operating expense:			
General and administrative expense	469,713	1,374,788	1,374,659
Interest expense	806,377	949,939	860,920
Total expenses	<u>1,276,091</u>	<u>2,324,727</u>	<u>2,235,579</u>
<b>Net loss</b>	<b><u>\$ (1,215,624)</u></b>	<b><u>\$ (2,259,229)</u></b>	<b><u>\$ (1,857,714)</u></b>
Net loss per common share - basic and diluted	<u>\$ (0.11)</u>	<u>\$ (0.21)</u>	<u>\$ (1.97)</u>
Weighted average common shares outstanding - basic and diluted	<u>10,941,069</u>	<u>10,941,069</u>	<u>941,069</u>

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

**BENEFICIAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**(UNAUDITED)**

	Series B Preferred Stock		Common Stock		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Paid -In Capital	Deficit	
Balance at December 31, 2020	2,000,000	20	941,069	1	4,911,936	(17,449,528)	(12,537,571)
Exercise of stock option			10,000,000	10	299,990	-	300,000
Net loss	-	-	-	-	-	(2,259,229)	(2,259,229)
Balance at December 31, 2021	2,000,000	20	10,941,069	11	5,211,926	(19,708,757)	(14,496,799)
Net loss	-	-	-	-	-	(1,215,624)	(1,215,624)
Balance at September 30, 2022	2,000,000	\$ 20	10,941,069	\$ 11	\$ 5,211,926	\$ (20,924,381)	\$ (15,712,424)

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

**BENEFICIAL HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<u>NINE MONTHS ENDED</u> <u>SEPTEMBER 30, 2022</u>	<u>YEAR ENDED</u> <u>DECEMBER 31, 2021</u>	<u>YEAR ENDED</u> <u>DECEMBER 31, 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,215,624)	\$ (2,259,229)	\$ (1,857,714)
Adjustments to reconcile net loss to net cash used in operating activities:			
Changes in operating assets and liabilities:			
Increase in accounts receivable	-	-	(320,000)
Increase in notes receivable	(55,466)	(65,498)	(57,865)
Accounts payable and accrued liabilities	9,767	12,957	12,760
Accounts payable and accrued liabilities – related party	798,877	939,939	850,920
Accrued liabilities - employees	466,500	1,072,000	1,372,000
Net cash generated by/ (used in) operating activities	<u>4,054</u>	<u>(299,831)</u>	<u>101</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from note payable, related party	(5,235)	1,260	-
Implied proceeds from exercise of stock option	-	300,000	-
Net cash provided by financing activities	<u>(5,235)</u>	<u>301,260</u>	<u>-</u>
Net change in cash	(1,181)	1,429	101
Cash, beginning of year	1,537	108	7
<b>Cash, end of period</b>	<u><b>\$ 355</b></u>	<u><b>\$ 1,537</b></u>	<u><b>\$ 108</b></u>

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

**BENEFICIAL HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**NOTE 1 – ORGANIZATION AND BUSINESS**

Beneficial Holdings, Inc., a Nevada Corporation, (the "Company") was incorporated on December 20, 1990. Since its formation, the Company has been engaged in several lines of business.

The Company operates businesses which provide solutions and technology to the built environment. As such it competes in the real estate services sector, the infrastructure sector and the clean energy sector.

The Company's common stock is quoted on the OTC Expert Market under the symbol "BFHJ."

*Basis of Presentation*

The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and its controlled joint ventures. All intercompany balances have been eliminated.

The accompanying financial statements have been prepared in conformity with General Accepted Accounting Principles in the United States ("GAAP"), which contemplates continuation of the Company as a going concern, dependent upon the Company's ability, among other matters, to establish itself as a profitable business. As of September 30, 2022, the Company had an accumulated deficit of \$20,924,381. For the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, the Company incurred losses of \$1,215,624, \$2,259,229 and \$1,857,714, respectively.

*Going Concern Uncertainty*

The Company has suffered recurring losses from operations and has a working capital deficit that raise substantial doubt about its ability to continue as a going concern. The Company plans to raise cash from public or private debt or equity financing, on an as needed basis and in the longer term, revenues from operations. The Company's ability to continue as a going concern is dependent upon obtaining sufficient financing and attaining profitable operations. However, there can be no assurance that management will be successful in obtaining additional funding or in attaining profitable operations, and therefore, these matters raise substantial doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties, nor do they include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES**

*Cash and Cash Equivalents*

The Company considers amounts held by financial institutions and short-term investments with an original maturity of 90 days or less to be cash and cash equivalents. The Company had no interest-bearing amounts on deposit in excess of federally insured limits at September 30, 2022 and December 31, 2021 and 2020.

*Fair value measurements*

ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and requires certain disclosures about fair value measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs,

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observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Any such valuation adjustments are applied consistently over time. Management has determined that it will not, at this time, adopt fair value accounting for nonfinancial assets or liabilities currently recorded in the financial statements. The estimated fair value of the Company's current assets and current liabilities approximates their carrying amount due to their readily available nature and short maturity.

*Revenue*

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable, and collectability is probable.

*Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the related temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized when the rate change is enacted. Valuation allowances are recorded to reduce deferred tax assets to the amount that will more likely than not be realized. The Company recognizes the effect of uncertain income tax positions only if the positions are more likely than not of being sustained in an audit, based on the technical merits of the position. Recognized uncertain income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which those changes in judgment occur. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision.

*Earnings per Common Share ("EPS")*

Basic EPS is computed based on the weighted average number of shares of common stock outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares outstanding plus all potentially dilutive common shares outstanding during the period. As at September 30, 2022 and December 31, 2021, and 2020, potentially dilutive common shares consist of options to purchase 21,275,000, 21,275,000 and 32,960,181 shares of the Company's common shares, respectively. Potentially dilutive common shares also include 2,000,000 shares of Series B Preferred Stock convertible to 2,000,000 of common stock at September 30, 2022 and December 31, 2021 and 979,480 shares of common stock at December 31, 2020. The options and preferred stock were excluded from the calculation of the diluted EPS as their inclusion would have been anti-dilutive.

*Stock-Based Compensation*

The Company recognizes compensation expense for all share-based payments granted based on the grant date fair value estimated. Compensation expense is generally recognized on a straight-line basis over the employee's requisite service period based on the award's estimated lives for fixed awards with ratable vesting provisions.

*Use of Estimates*

The Company's financial statements have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities.

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Management evaluates estimates, including those related to contingencies, on an ongoing basis. Estimates are based upon historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

*Discontinued Operations*

The results of operations of a component of the Company that can be clearly distinguished, operationally and for financial reporting purposes, that either has been disposed of or is classified as held for sale is reported in discontinued operations, if the disposal represents a strategic shift that has, or will have, a major effect on the Company's operations and financial results. General corporate overhead is not allocated to discontinued operations for all periods presented. Interest expense on debt required to be repaid as a result of disposal transactions is allocated to discontinued operations.

*Subsequent events*

The Company's management reviewed all material events from December 31, 2021 through the issuance date of this report for disclosure consideration.

**Note 3 – BUSINESS ACTIVITIES**

The company has been engaged in the business of providing services to the Built Environment since March, 2012.

From March, 2012 to March, 2020 the Company, through its wholly owned subsidiary, BFHJ Project Solutions, LLC ("Project Solutions") was engaged in managing a small portfolio of multifamily and retail properties in the southeast for a private owner. The multifamily properties were sold in 2014, the retail projects were sold in 2020 and the engagement was terminated upon the final sale.

In 2013 the Company invested \$125,000 in a LED lighting manufacturer and installation company (the "LED Company"). The investment was a secured note receivable guaranteed by the principal and secured by all hard assets and intellectual property. The principal pledged his voting control of the LED Company to the Company as part of the transaction. Additionally the principal agreed to merge the LED Company into the Company upon the Company completing a 5,000:1 reverse stock split (the 2013 Reverse Split). The 2013 Reverse Split was completed, however, the principal of the LED Company defaulted on the merger agreement, the Note and several other agreements associated with the transaction. The Company has been successful in obtaining a judgement against LED Company, its subsidiaries and affiliates, as well as the principal of the LED Company. The balance of the Note, along with accrued interest and penalties is \$470,187 at June 30, 2021, \$438,576 at December 31, 2020 and \$380,711 at December 31, 2019. The Company, through its wholly owned subsidiary, Genco International Technologies, LLC ("Genco") is vigorously pursuing collection.

Green Econometrics, LLC ("Green Econ") acted as an advisor to LED Company in the prospective transaction. In conjunction with the default by LED Company as noted above, the Company terminated its agreement to acquire Green Econ for common shares of the Company in December, 2015 and terminated all contractual relationships with Green Econ and the principal of Green Econ.



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In January, 2014 the Company through a wholly owned subsidiary, BFHJ Energy Solutions, LLC (“BES”), began development of a solar powered LED streetlight with a Malaysian technology company. Several working prototypes were produced. BES retains rights to the technology.

In January, 2015 the Company, through BES, entered into an agreement with a Taiwanese technology company to jointly develop a sensor based building monitoring system “the Virtual Property Manager<sup>SM</sup>” for application in the United States commercial property market. Working prototypes of the sensors were produced as well as monitoring protocols. BES retains rights to the technology and the service mark.

In May, 2015 the Company, through BES, acquired certain assets of a privately held energy conservation measures and solar photovoltaic (“solar pv”) project contractor (the “EPC Company”) for \$1,000,000 cash. BES completed all work in process of EPC Company during 2015 and 2016 and terminated the contractor activities of BES.

In July, 2016 the Company formed a wholly-owned clean energy development company (BFHJ Clean Energy, LLC, “Clean Energy”) to pursue opportunities to develop, own and operate solar pv, energy storage, waste to energy and combined heat and power projects.

In August, 2016 the Company, through Clean Energy, entered into a joint venture with a solar development company in Tennessee (the “TVA JV”) to develop six projects, totaling 6 MW, under the Tennessee Valley Authority Solar Solutions Initiative.

In December, 2016 the Company, through Clean Energy, acquired development rights to 8 MW of solar pv projects in New Hampshire for \$20,000.

In December, 2017 the Company, through Clean Energy, entered into a series of agreements with a Taiwanese solar panel manufacturer (“Taiwan Solar Company”) to assist Taiwan Solar Company with two solar pv projects in New Hampshire. Additionally, Clean Energy retains the right to acquire the solar pv projects for \$3.2M.

In February, 2018 the TVA JV entered into an agreement with a solar project owner (the “CA Solar Company”) to sell three of the projects controlled by the TVA JV to CA Solar Company upon completion. Only one project was completed and sold as the CA Solar Company defaulted on the balance of its agreements. The TVA JV retains all development rights to the remaining 5 projects.

In February, 2018 the Company, through Clean Energy, entered into a contract to sell upwards of 10MW of solar projects in New Hampshire upon completion to CA Solar Company. CA Solar Company defaulted on this agreement in July, 2018. Clean Energy retains all rights to the New Hampshire projects.

In October, 2018 the Company, through Project Solutions, entered into a joint venture with a landowner to develop a 250 unit multifamily rental property in northern New Jersey (the “Bergen JV”). The Bergen JV has entered into various agreements to acquire the land and development rights necessary to develop the project. Project Solutions is currently completing the land assemblage in order to commence the development.

During 2019 the Company, through Clean Energy, entered into an agreement with a consortium of Korean engineering and construction companies (“Korean EPC Consortium”), as well as a Korean electric utility company (the “Korean Utility”) to pursue the acquisition of operating solar projects and develop new solar and battery projects in the United States (the “BFHJ-Korean JV”). Through the date of this report, the BFHJ-Korean JV has entered into several joint ventures with solar project developers in Nevada and Puerto Rico to develop in excess of

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300 MW of solar pv projects and 600MWH of battery storage. The Korean EPC Consortium is providing engineering support for these projects.

In November, 2021, the Company, through its Beneficial Power, LLC affiliate (“BP”) entered into an agreement with a domestic clean energy investor that will provide the capital to acquire existing older operating solar projects, repower them and add battery storage. The agreement provides that BP will earn fees on the acquisition and subsequent development of these prospective projects.

In January, 2022, the Company, through its JV with a local solar developer, entered into an agreement to sell one of Nevada the projects to a large domestic utility, upon final development approvals. As of the date of this report, our initial solar and battery project in Nevada is progressing through the approval process. As a result of governmental review an local citizenry input, we expect approval of this first project in the second quarter of 2023. The Company has contract for the sale of this project upon approval.

As of the date of this report, the Puerto Rican solar and battery projects have seen a setback due to higher material prices and the occurrence of Hurricane Fiona, which has severely affected the electric grid and the operations of PREPA, the Puerto Rican utility. These issues have placed all activity in Puerto Rico solar development on hold for the foreseeable future. Management strongly believes in the future of solar development in Puerto Rico. Through our relationship with the Korean consortium companies, we are aligned with a global power production operator, financial partners and contractors.

Through the date of this report, the Company’s joint venture with local developers in Virginia to construct a 27MW solar project with 22MWH of battery storage progressed through the local and utility approval process. The Company expects that the project will be sold to the local operating utility or will provide that utility with power under a long-term power purchase agreement. The project is expected to receive final approvals in Q2 2023 and be completed within 18 months thereafter.

**NOTE 4 – NOTE PAYABLE, RELATED PARTY**

The Company maintains a line of credit arrangement with an affiliate of Management (the “Credit Agreement”). The Credit Agreement, as amended, allows the Company to borrow up to \$6,500,000 through December 31, 2025 when the Credit Agreement matures and is due and payable. The Credit Agreement bears interest at a rate of 12% per annum, compounded monthly. Substantially all of the Company’s assets are pledged to secure borrowings under the Credit Agreement. A total of \$5,907,905 was advanced under the Credit Agreement at September 30, 2022. The amounts advanced were \$5,913,140 and \$5,911,880 at December 31, 2021 and 2020, respectively. As at September 30, 2022 and December 31, 2021 and 2020, accrued interest related to the Credit Agreement was \$3,351,179, \$2,552,302 and \$1,612,363, respectively.

**NOTE 5 – SERIES A NOTES PAYABLE**

In 2013 the Company issued Series A Notes to third parties for a total of \$175,000 in cash. These notes bear interest at a rate of 9% per annum with warrants to purchase 1,400,000 shares of the Company’s common stock at \$0.01 per share through December 31, 2033.

**BENEFICIAL HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 – EQUITY**

*Preferred Stock*

The Company is authorized to issue up to 2,000,000 shares of \$0.000001 par value Preferred Stock with designations, rights and preferences determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting, or other rights which could adversely affect the voting power or other rights of the holders of the Common Stock.

On February 22, 2021 the Company's board of directors approved a modification to the conversion and voting rights of the Series B Preferred Stock. With this re-designation, the Series B Preferred Stock is convertible into 2,000,000 shares of common stock and pays a dividend of \$0.001 per share in arrears, cumulative, commencing August 10, 2021. The Series B Preferred Shares have no voting rights, unless converted into common shares under the provisions of the amended designation.

The Company's board of directors did not declare a dividend in 2021.

*Common Stock*

On February 22, 2021 the Company granted certain holders of options and warrants to acquire the Company's common stock the ability to offset the exercise price under such agreements against amounts owed to them by the Company, in effect making those agreements a cashless exercise. In November, 2021 one such holder, though an affiliate, exercised an option to acquire 10,000,000 shares under the provisions of the aforementioned grant. Other warrant holders included in the grant hold warrants on a total of 5,000,000 shares of the Company's common stock.

*Options/Warrants*

A summary of activities in employee and non-employee options/warrants and the related information is as follows:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Remaining Contractual Term (years)</u>
Outstanding balance, December 31, 2018	27,246,181	\$0.07	9.0
Expired without exercise	<u>1,786,000</u>	<u>\$0.24</u>	<u>    </u>
Outstanding balance, December 31, 2019	25,460,181	\$0.05	9.0
Granted	<u>7,500,000</u>	<u>\$0.01</u>	<u>4.2</u>
Outstanding balance, December 31, 2020	32,960,181	\$0.04	7.6
Granted	-0-	NA	NA
Expired without exercise	1,685,181	\$0.25	NA
Exercised	<u>10,000,000</u>	<u>\$0.03</u>	<u>NA</u>
Outstanding balance, September 30, 2022	<u>21,275,000</u>	<u>\$0.04</u>	<u>7.6</u>
Exercisable	<u>21,275,000</u>	<u>\$0.04</u>	<u>7.6</u>

**BENEFICIAL HOLDINGS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 – INCOME TAXES**

The Company had federal net operating tax loss carry-forwards (“NOL”) of approximately \$8,129,000 as of September 30, 2022. The NOL is available to offset future taxable income and begins to expire in 2030. Under Section 382 of the Internal Revenue Code, the NOL will be limited as a result of a change in control.

The Company periodically assesses the likelihood that it will be able to recover its deferred tax assets. The Company considers all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible profits. As at December 31, 2021 and 2020, the Company established valuation allowances equal to the full amount of the net deferred tax assets due to the uncertainty of the utilization of the operating losses in future periods.

For the nine months ended September 30, 2022 and the years ended December 31, 2021 and 2020, no amounts have been recognized for uncertain tax positions and no amounts have been recognized related to interest or penalties related to uncertain tax positions. The Company has determined that it is not reasonably likely for the amounts of unrecognized tax benefits to significantly increase or decrease within the next twelve months. The Company is currently subject to a three-year statute of limitations by major tax jurisdictions.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

Management of the Company has agreed to defer all compensation payable to them until the Company achieves sustainable operations. Management has deferred compensation in the amount of \$466,500 for the nine months ended September 30, 2022 and in the amount of \$1,372,000 for each of the years ended December 31, 2021 and 2020. At September 30, 2022 Management has deferred an aggregate of \$12,795,275 of compensation under amendments to employment contracts approved by the Company.

As described in Note 4 herein, an affiliate of a member of Management has provided substantial funding to the Company under the terms of a Credit Agreement which is secured by all the assets of the Company.

As described in Notes 6 herein, in November 2021, a member of Management, through an affiliate, exercised an option to acquire 10,000,000 common shares of the Company by offsetting the exercise price of such option in the amount of \$300,000 against amounts owed by the Company.

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent to September 30, 2022, the Company was able to advance several of its solar pv and battery storage projects as more completely described in Note 3.