Corporate Universe, Inc.

AUDITED FINANCIAL STATEMENTS

For the Years Ended

December 31, 2020 and 2019

CORPORATE UNIVERSE, INC.

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Corporate Universe, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Corporate Universe, Inc. (the Company) as of December 31, 2020 and 2019, and the related statements of operations, changes in shareholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3, the Company has incurred net losses and has no revenues. These factors, and the need for additional financing in order for the Company to meet its business plans raises substantial doubt about the Company's ability to continue as a going concern. Our opinion is not modified with respect to that matter.

Accell Audit & Compliance, PA

We have served as the Company's auditor since 2021.

Tampa, Florida

March 8, 2021

CORPORATE UNIVERSE, INC.
BALANCE SHEETS

		December 31, 2020		December 31, 2019
ASSETS				
Cash	$	475	$	-
		475		-
Note receivable		100,000		-
Interest receivable		418		-
Investment in Medicevo Corp		430,800		-
Total assets	$	531,693	$	-
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities				
Accrued interest	$	-	$	1,250
Convertible notes payable		-		2,500
Derivative liability		-		7,876
Total liabilities		-		11,626
Commitments and contingencies (Note 5)				
Stockholder's equity (deficit)				
Preferred stock, $0.0001 par value, 1,000,000 shares authorized;				
Series C: 100,000 authorized; 0 shares issued and outstanding at December 31, 2020 and 2019 respectively		-		-
Series E: 81,100 authorized; 81,032 and 0 shares issued and outstanding at December 31, 2020 and 2019, respectively		8		-
Series F: 500,000 authorized; 100,000 and 0 shares issued and outstanding at December 31, 2020 and 2019, respectively		10		-
Common stock, $0.0001 par value; 2,500,000,000 shares authorized 462,716,330 and 565,716,330 issued and outstanding at December 31, 2020 and 2019, respectively		46,272		56,572
Common stock to be issued, 27,500,000 and 0 outstanding at December 31, 2020 and 2019, respectively		2,750		-
Additional paid in capital		62,821,091		423,628
Accumulated deficit		(62,338,438)		(491,826)
Total stockholders' equity (deficit)		531,693		(11,626)
Total liabilities and stockholders' equity (deficit)	$	531,693	$	-

The accompanying notes are an integral part of these financial statements

CORPORATE UNIVERSE, INC.
STATEMENTS OF OPERATIONS

	For the years ended December 31, 2020	2019
Revenues	$ -	$ -
Operating expenses:		
Personnel expenses	95,403	-
Professional fees	37,960	-
General and administrative	71,160	-
Total operating expenses	204,523	-
Net operating loss	(204,523)	-
Other income (expense):		
Interest expense	(382,957)	(250)
Change in fair value of derivative liabilities	(253,462,191)	(1,880)
Interest Income	418	-
Gain on extinguishment of debt	192,201,098	-
Gain on forgiveness of interest	1,543	-
Total other income (expense)	(61,642,089)	(2,130)
Net loss	$ (61,846,612)	$ (2,130)
Basic and diluted loss per share	$ (0.00)	$ (0.00)
Weighted average number of shares outstanding, basic and diluted	521,771,125	565,716,330

The accompanying notes are an integral part of these financial statements

CORPORATE UNIVERSE, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Preferred Stock		Common Stock		Common Stock to be Issued		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance, December 31, 2018	-	$ -	565,716,330	$ 56,572	-	$ -	$ 423,628	$ (489,696)	$ (9,496)
Net loss	-	-	-	-	-	-	-	(2,130)	(2,130)
Balance, December 31, 2019	-	-	565,716,330	56,572	-	-	423,628	(491,826)	(11,626)
Sale of common stock	-	-	5,000,000	500	4,400,000	440	64,060	-	65,000
Repurchase and cancellation of common stock	-	-	(108,000,000)	(10,800)	-	-	8,300	-	(2,500)
Shares issued as part of investment in Medicevo Corp	-	-	-	-	15,600,000	1,560	279,240	-	280,800
Conversion of note principal into common stock	-	-	-	-	7,500,000	750	2,468,250	-	2,469,000
Conversion of notes and accrued interest into Series E convertible preferred stock	81,032	8	-	-	-	-	26,667,623	-	26,667,631

Conversion of notes and accrued interest into Series F preferred stock	100,000	10	-	-	-	-	32,909,990	-	32,910,000
Net loss	-	-	-	-	-	-	-	(61,846,612)	(61,846,612)
Balance, December 31, 2020	181,032	$ 18	462,716,330	$ 46,272	27,500,000	$ 2,750	$ 62,821,091	$ (62,338,438)	$ 531,693

The accompanying notes are an integral part of these financial statements

CORPORATE UNIVERSE, INC.
STATEMENTS OF CASH FLOWS

	For the years ended December 31,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (61,846,612)	$ (2,130)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liabilities	253,462,191	1,880
Amortization of debt discount	375,000	-
Gain on forgiveness of accrued interest	(1,543)	-
Gain on extinguishment of debt	(192,201,098)	-
Changes in operating assets & liabilities:		
Interest receivable	(418)	-
Accrued interest	7,955	250
Net cash used in operating activities	(204,525)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash issued for note receivable	(100,000)	-
Cash paid for investment	(150,000)	-
Net cash used in investing activities	(250,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of common stock	65,000	-
Proceeds from the issuance of convertible notes	390,000	-
Net cash provided by financing activities	455,500	-
NET INCREASE IN CASH	475	-
CASH, BEGINNING OF PERIOD	-	-
CASH, END OF PERIOD	$ 475	$ -
Supplemental disclosure of cash flow information		
Cash paid for interest expense	$ -	$ -
Cash paid for income taxes	$ -	$ -
Non-cash operating and financing activities:		
Conversion of notes and accrued interest to common stock	$ 62,046,631	$ -
Issuance of common stock for investment	$ 280,800	$ -

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Corporate Universe, Inc ("COUV" or the "Company") was incorporated in Delaware on May 28, 1986 as Cross Atlantic Capital Inc. On January 5, 1998, the Company changed its name to Elgin e2 Inc. On June 16, 1999 the Company changed its name to Elgin Technologies Inc. On September 30, 2008, the Company changed its name to Inicia Incorporated ("Inicia"). On August 9, 2010, the Company filed a Certificate of Amendment to the Certificate of Incorporation of the Company with the Secretary of State of the State of Delaware. The filing with the Secretary of State changed the name from Inicia to Corporate Universe, Inc.

On June 29, 2011, the Company changed its name to Carrier Alliance Group Inc. On July 17, 2020, the Company changed its name back to Corporate Universe, Inc.

On December 10, 2020, the Company signed at letter of intent to acquire 100% of the equity interest of Carbon Ion Energy Storage, Ltd. The consideration is 100,000,000 shares of new issued common stock and a newly created series of preferred stock convertible into 60% of the issued and outstanding shares of COUV. Upon signing of the letter, COUV loaned $100,000 (See Note 7) to be forgiven at closing. Upon closing COUV is required to invest an additional $400,000, of which $270,000 will be an immediate payment of an administrator fee.

The Company has a focus on emerging business development to create value for our shareholders and provide the environment for business growth and stability.

2. Summary of significant accounting policies

<u>Basis of Presentation</u>

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

<u>Use of Estimates</u>

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant assumptions and estimates relate to the valuation of equity issued for services, valuation of equity associated with convertible debt, the valuation of derivative liabilities, and the valuation of deferred tax assets. Actual results could differ from these estimates.

<u>Revenue Recognition</u>

The Company recognizes revenue in accordance with Accounting Standards Update ("ASU") 2014-09, "*Revenue from contracts with customers,"* (Topic 606). Revenue is recognized when a customer obtains control of promised goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 at contract inception, the Company reviews the contract to determine which performance obligations the Company must deliver and which of these performance obligations are distinct. The Company expects to recognize revenues as the amount of the transaction price that is allocated to the respective performance obligation when the performance obligation is satisfied or as it is satisfied.

Fair Value Measurements and Fair Value of Financial Instruments

The Company adopted Accounting Standard Codification ("ASC") Topic 820, *Fair Value Measurements*. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

> Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
>
> Level 2: Inputs are unadjusted 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, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
>
> Level 3: Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The estimated fair value of certain financial instruments, including all current liabilities are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. The estimated fair value of derivatives are calculated using a Monte Carlo Simulation ("MCS") model.

Fair Value of Financial Instruments

ASC subtopic 825-10, *Financial Instruments* ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Company follows ASC subtopic 820-10, *Fair Value Measurements and Disclosures* ("ASC 820-10") and ASC 825-10, which permits entities to choose to measure many financial instruments and certain other items at fair value.

Derivative Liability

The Company evaluates convertible instruments, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for under ASC Topic 815, "*Derivatives and Hedging*". The result of this accounting treatment is that the fair value of the derivative is marked-to-market each balance sheet date and recorded as a liability. In the event that the fair value is recorded as a liability, the change in fair value is recorded in the statement of operations as other income (expense). Upon conversion or exercise of a derivative instrument, the instrument is marked to fair value at the conversion date and then that fair value is reclassified to equity. Equity instruments that are initially classified as equity that become subject to reclassification under ASC Topic 815 are reclassified to liabilities at the fair value of the instrument on the reclassification date.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Stock Based Compensation Expense

The Company records stock-based compensation in accordance with the provisions of Financial Accounting Standards Board ("FASB") ASC Topic 718, "*Accounting for Stock Compensation*," which establishes accounting standards for transactions in which an entity exchanges its equity instruments for goods or services. In accordance with guidance provided under ASC Topic 718, the Company recognizes an expense for the fair value of its stock awards at the time of grant and the fair value of its outstanding stock options as they vest, whether held by employees or others. As of December 31, 2020 and 2019, there were no options outstanding.

Convertible Debentures

If the conversion features of conventional convertible debt provide for a rate of conversion that is below market value at issuance, this feature is characterized as a beneficial conversion feature ("BCF"). A BCF is recorded by the Company as a debt discount pursuant to ASC Topic 470-20 "*Debt with Conversion and Other Options*". In those circumstances, the convertible debt is recorded net of the discount related to the BCF, and the Company amortizes the discount to interest expense, over the life of the debt.

Advertising, Marketing and Public Relations

The Company follows the policy of charging the costs of advertising, marketing, and public relations to expense as incurred.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss, capital loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized 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 the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits as a component of general and administrative expenses. Our federal tax return and any state tax returns are not currently under examination.

The Company has adopted FASB ASC 740-10, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually from differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Net Income (Loss) Per Common Share

The Company computes loss per common share, in accordance with FASB ASC Topic 260, *Earnings Per Share,* which requires dual presentation of basic and diluted earnings per share. Basic income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding during the period. Diluted income or loss per common share is computed by dividing net income or loss by the weighted average number of common shares outstanding, plus the issuance of common shares, if dilutive, that could result from the exercise of outstanding stock options and warrants.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model, but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company has adopted this guidance effective January 1, 2019. The Company currently has no leases.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, issued as a new Topic, ASC Topic 606. The new revenue recognition standard supersedes all existing revenue recognition guidance. Under this ASU, an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2015-14, issued in August 2015, deferred the effective date of ASU 2014-09 to the first quarter of 2018, with early adoption permitted in the first quarter of 2017. The Company has adopted this guidance effective January 1, 2018. The adoption of this standard did not have a material impact on the financial statements.

On June 20, 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation* (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting. ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees (for example, service providers, external legal counsel, suppliers, etc.). Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. This means that companies will value all equity classified awards at their grant-date under ASC 718 and forgo revaluing the award after this date. The Company adopted ASU 2018-07 on January 1, 2019. The adoption of this standard did not have a material impact on the financial statements.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

3. Going concern

The accompanying financial statements have been prepared on a going concern basis. For the year ended December 31, 2020, the Company had a net loss of $61,846,612, had net cash used in operating activities of $204,525, had working capital of $475, accumulated deficit of $62,338,438 and stockholders' equity of 531,693. These matters raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the date of this filing. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due, to fund possible future acquisitions, and to generate profitable operations in the future. Management plans to provide for the Company's capital requirements by continuing to issue additional equity and debt securities. The outcome of these matters cannot be predicted at this time and there are no assurances that, if achieved, the Company will have sufficient funds to execute its business plan or generate positive operating results. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

4. Concentration of credit risks

The Company maintains accounts with financial institutions. All cash in checking accounts is non-interest bearing and is fully insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash balances may exceed the maximum coverage provided by the FDIC on insured depositor accounts. The Company believes it mitigates its risk by depositing its cash and cash equivalents with major financial institutions. There were no cash deposits in excess of FDIC insurance at December 31, 2020 and 2019.

5. Commitments and contingencies

During the normal course of business, the Company may be exposed to litigation. When the Company becomes aware of potential litigation, it evaluates the merits of the case in accordance with FASB ASC 450-20-50, *Contingencies*. The Company evaluates its exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. If the Company determines that an unfavorable outcome is probable and can be reasonably estimated, it establishes the necessary accruals. As of December 31, 2020 and 2019, the Company is not aware of any contingent liabilities that should be reflected in the financial statements.

6. Investment in Medicevo

On November 2, 2020 and subsequently amended on December 1, 2020, the Company entered into an Share Exchange agreement to acquire 1,000,000 Shares of Medicevo Corporation ("Medicevo"), a Delaware Corporation, from its shareholder, for $150,000 in cash invested in Medicevo and 15,600,000 shares of the Company's common stock valued at $280,800 to Medicevo's shareholder. The Company has recorded the Investment in Medicevo in the amount of $430,800 as a non-current asset on the balance sheet and accounts for the investment under the cost method, which requires a periodic assessment for impairment. Management does not believe there is any impairment and no impairment has been recorded as of December 31, 2020. Medicevo's majority shareholder is beneficially controlled by Isaac H. Sutton, the Company's CEO.

7. Note receivable

On December 11, 2020, the Company loaned Start-Up Ventures Limited, an affiliate of Carbon-Ion Energy Inc. ("Carbon-Ion") $100,000. The loan was documented by a Promissory Note with an interest rate of 8% and maturity date of December 31, 2021. During the year ended December 31, 2020, the Company recorded $418 in interest income. This note was part of the consideration agreed to, per a letter of intent to merge Carbon-Ion. See Note 1.

8. Convertible notes payable

Between October 30, 2014 and December 14, 2020, the Company issued convertible notes to multiple investors with an aggregate face value of $372,500.

The outstanding balance of the convertible notes payable as of December 31, 2020 and 2019 was $0 and $2,500, respectively.

The following table is the inception day allocation of the convertible notes:

Note	Inception Date	Maturity	Coupon	Face Value	Day One Derivative Liability	Day One Derivative Loss
Note 1	10/30/2014	10/30/2015	10%	$ 2,500	$ (5,790)	$ 3,290
Note 2	5/12/2020	5/31/2021	12%	100,000	(1,963,827)	1,863,827
Note 3	8/24/2020	8/24/2021	12%	7,500	(39,353)	31,853
Note 4	9/30/2020	9/30/2021	12%	10,000	(47,915)	37,915
Note 5	10/13/2020	10/13/2021	12%	25,000	(586,993)	561,993
Note 6	10/19/2020	10/19/2021	12%	25,000	(1,032,651)	1,007,651
Note 7	11/12/2020	11/12/2021	12%	27,500	(602,688)	575,188
Note 8	11/23/2020	11/23/2021	12%	50,000	(1,219,629)	1,169,629
Note 9	12/11/2020	12/11/2021	12%	62,500	(2,656,435)	2,593,935
Note 10	12/14/2020	12/14/2021	12%	62,500	(2,918,254)	2,855,754
				$ 372,500	$ (11,073,535)	$ 10,701,035

Note 1 is convertible at the holder's option at the lesser of $0.0001 or 50% of the lowest closing bid price for the 15 days preceding the conversion date. Notes 2 through 10 are convertible at the holder's option at the lesser of $0.0005 or 50% of the lowest closing bid price for the 30 days preceding the conversion date.

The Company has accounted for these Notes as financing transactions, wherein the net proceeds that were received were allocated to the financial instrument issued. Prior to making the accounting allocation, the Company evaluated the notes under ASC 815 *Derivatives and Hedging* ("ASC 815"). ASC 815 generally requires the analysis embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. The material embedded derivative features consisted of the embedded conversion option and a buy-in put. The conversion option bears risks of equity which were not clearly and closely related to the host debt agreement and required bifurcation. Current accounting principles that are also provided in ASC 815 do not permit an issuer to account separately for individual derivative terms and features that require bifurcation and liability classification. Rather, such terms and features must be and were bundled together and fair valued as a single, compound embedded derivative.

For the years ended December 31, 2020 and 2019, the Company recorded $7,955 and $250 in interest expense related to the notes.

For the years ended December 31, 2020 and 2019, the Company recorded $372,500 and $0 in amortization of debt discount related to the notes, which is recorded in interest expense in the statements of operations.

The balance of accrued interest as of December 31, 2020 and 2019 was $0 and $1,250.

On December 31, 2020, holders agreed to convert $372,500 in convertible notes principal and $7,218 in accrued interest into 75,443 shares of Series E Convertible Preferred Stock and 100,000 shares of Series F Convertible Preferred Stock. Additionally, holders of $2,500 agreed to convert $2,500 of principal into 7,500,000 shares of common stock and agreed to forgive $1,543 in accrued interest.

In addition, during 2020, the Company entered into a note payable for $27,500. At December 31, 2020, the Company and the holders of the note agreed to convert $27,500 in principal and $443 in accrued interest into 5,589 shares of Series E Convertible Preferred Stock.

9. Derivative financial instruments

The following tables summarize the components of the Company's derivative liabilities and linked common shares as of December 31, 2020 and 2019 and the amounts that were reflected in income related to derivatives for the year then ended:

	December 31, 2020	
The financings giving rise to derivative financial instruments	Indexed Shares	Fair Values
Compound embedded derivative	-	$ -

	December 31, 2019	
The financings giving rise to derivative financial instruments	Indexed Shares	Fair Values
Compound embedded derivative	37,931,507	$ (7,876)

The following table summarizes the effects on the Company's gain (loss) associated with changes in the fair values of the derivative financial instruments by type of financing for the years ended December 31, 2020 and 2019:

The financings giving rise to derivative financial instruments and the income effects:

	Years Ended	
	December 31, 2020	December 31, 2019
Changes in fair value	$ (242,764,446)	$ (1,880)
Day one derivative loss	(10,697,745)	-
Total gain (loss)	$ (253,462,191)	$ (1,880)

The Company's Convertible Notes issued gave rise to derivative financial instruments. The Notes embodied certain terms and conditions that were not clearly and closely related to the host debt agreement in terms of economic risks and characteristics. These terms and features consist of the embedded conversion option.

Current accounting principles that are provided in ASC 815 - *Derivatives and Hedging* require derivative financial instruments to be classified in liabilities and carried at fair value with changes recorded in income. In addition, the standards do not permit an issuer to account separately for individual derivative terms and features embedded in hybrid financial instruments that require bifurcation and liability classification as derivative financial instruments. Rather, such terms and features must be bundled together and fair valued as a single, compound embedded derivative. The Company has selected the Monte Carlo Simulations valuation technique to fair value the compound embedded derivative because it believes that this technique is reflective of all significant assumption types, and ranges of assumption inputs, that market participants would likely consider in transactions involving compound embedded derivatives. Such assumptions include, among other inputs, interest risk assumptions, credit risk assumptions and redemption behaviors in addition to traditional inputs for option models such as market trading volatility and risk-free rates. The Monte Carlo Simulations technique is a level three valuation technique because it requires the development of significant internal assumptions in addition to observable market indicators.

Significant inputs and results arising from the Monte Carlo Simulations process are as follows for the compound embedded derivative that has been bifurcated from the Convertible Notes and classified in liabilities:

	December 31, 2020	December 31, 2019
Quoted market price on valuation date	NA	$0.0004
Contractual conversion rate	NA	$0.0001
Range of effective contractual conversion rates	--	--
Contractual term to maturity	NA	NA
Market volatility:		
Volatility	NA	203.54% - 262.43%
Contractual interest rate	NA	10.0%

The following table reflects the issuances of compound embedded derivatives and changes in fair value inputs and assumptions related to the compound embedded derivatives during the years ended December 31, 2020 and 2019.

	December 31, 2020	December 31, 2019
Balances at January 1	$ 7,876	$ 5,996
Issuances:		
Convertible Note Financing	11,067,745	-
Conversions	(61,268,969)	-
Gain on extinguishment of debt	(192,201,098)	-
Changes in fair value inputs and assumptions reflected in income	242,394,446	1,880
Balances at December 31	$ -	$ 7,876

The fair value of the compound embedded derivative is significantly influenced by the Company's trading market price, the price volatility in trading and the interest components of the Monte Carlo Simulation technique. Our trading market price went from $0.0004 on December 31, 2019 to $0.3291 on December 31, 2020. This increase in our trading market price caused the significant charge of $242,394,446 to our statement of operations related to the changes in fair value of the derivatives.

10. Equity

Preferred Stock

The Company has 1,000,000 Shares of Preferred Stock authorized with a par value of $0.0001. The Company has allocated 100,000 Shares for Series C Preferred, 81,100 Shares for Series E Preferred and 500,000 for Series F Preferred.

Series C — The Series C Preferred has the following designations:

- Convertible into common upon the Company completing a reverse stock split upon which the amount converted will equal 20% of the issued and outstanding common shares per the reverse split.
- The holders are entitled to receive dividends on par with common on an as converted basis.
- In the event of reorganization this Class of Preferred will not be affected by any such capital reorganization.
- Voting: The holder of this Series of Preferred shall be entitled to vote representing 20% of the votes eligible to be cast in the matter.

Series E — The Series E Preferred has the following designations:

- Convertible at option of holder; 1 preferred share is convertible into 1,000 common shares
- The holders are entitled to receive dividends if and when declared.
- The Series E holders are entitled to receive liquidation in preference to the common holders or any other class or series of preferred stock.
- Voting: The Series E holders are entitled to vote together with the common holders as a single class representing 100 votes.

Series F —As of December 31, 2020 and 2019 there were 100,000 and 0 shares issued and outstanding:

- Convertible at option of holder; 1 preferred share is convertible into $0.25 per share (4,000,000 common shares)
- The holders are entitled to receive dividends if and when declared.
- The Series F holders are entitled to receive liquidation in preference to the common holders but not above the Series E preferred stock.
- Voting: The Series F holders are entitled to vote together with the common holders as a single class representing 100 votes.

The Company has evaluated each series of the Preferred Stock for proper classification under ASC 480 - *Distinguishing Liabilities from Equity* and ASC 815 - *Derivatives and Hedging*.

ASC 480 generally requires liability classification for financial instruments that are certain to be redeemed, represent obligations to purchase shares of stock or represent obligations to issue a variable number of common shares. The Company concluded that each series of Preferred Stock was not within the scope of ASC 480 because none of the three conditions for liability classification was present.

ASC 815 generally requires an analysis of embedded terms and features that have characteristics of derivatives to be evaluated for bifurcation and separate accounting in instances where their economic risks and characteristics are not clearly and closely related to the risks of the host contract. However, in order to perform this analysis, the Company was first required to evaluate the economic risks and characteristics of each series of the Preferred Stock in its entirety as being either akin to equity or akin to debt. The Company's evaluation concluded that each series of Preferred Stock was more akin to an equity-like contract largely due to the fact the financial instrument is not mandatorily redeemable for cash and the holders are not entitled to any dividends. Other features of the Preferred Stock that operate like equity, such as the conversion option and voting feature, afforded more evidence, in the Company's view, that the instrument is more akin to equity. As 0a result, the embedded conversion features are clearly and closely related to their equity host instruments. Therefore, the embedded conversion features do not require bifurcation and classification as derivative liabilities.

11. Income taxes

The Company adopted the provisions of uncertain tax positions as addressed in ASC 740-10-65-1. As a result of the implementation of ASC 740-10-65-1, the Company recognized no increase in the liability for unrecognized tax benefits. As of December 31, 2020 the Company had net operating loss carry forwards of approximately $226,243 that may be available to reduce future years' taxable income in varying amounts through 2030. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

The valuation allowance at December 31, 2020 was approximately $226,243. The net change in valuation allowance during the year ended December 31, 2020 was $(123,355). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized.

The components of the net deferred tax asset (liability) at December 31, 2020 and, 2019 and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are indicated below:

	December 31, 2020	December 31, 2019
Net operating loss	$ 13,091,072	$ 103,283
Non-deductible derivative expense	(53,227,060)	(395)
Non-allowable gain on extinguishment of debt	40,362,231	-
Deferred tax asset	226,243	102,888
Less: valuation allowance	(226,243)	(102,888)
Net Deferred Tax Asset (Liability)	$ -	$ -

Income tax benefit resulting from applying statutory rates in jurisdictions in which we are taxed (Federal and State of Florida) differs from the income tax provision (benefit) in our financial statements. The following table reflects the reconciliation for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	2019
Benefit at federal and statutory rate	(21)%	(21)%
Change in valuation allowance	21%	21%
Effective tax rate	0%	0%

The Company periodically evaluates the likelihood of the realization of deferred tax assets, and adjusts the carrying amount of the deferred tax assets by the valuation allowance to the extent the future realization of the deferred tax assets is not judged to be more likely than not. The Company considers many factors when assessing the likelihood of future realization of its deferred tax assets, including its recent cumulative earnings experience by taxing jurisdiction, expectations of future taxable income or loss, the carryforward periods available to the Company for tax reporting purposes, and other relevant factors.

Future changes in the unrecognized tax benefit will have no impact on the effective tax rate due to the existence of the valuation allowance. The Company estimates that the unrecognized tax benefit will not change significantly within the next twelve months. The Company will continue to classify income tax penalties and interest as part of general and administrative expense in its consolidated statements of operations. There were no interest or penalties accrued as of December 31, 2020.

12. Subsequent events

Preferred Stock

Series G — The Series G Preferred has the following designations:

- 25 shares designated
- Each share is convertible at option of holder into 4,000,000 common shares
- The holders are entitled to receive dividends if and when declared.
- The Series G holders are entitled to receive liquidation in preference to the common holders and any subsequent issuances of preferred stock.
- Voting: Each share of the Series G holders is entitled to 4,000,000 votes on all matters before the common stock shareholders.

Between January 5, 2021 and February 9, 2021, the Company sold 13.4 shares of Series G Preferred Stock to multiple investors for an aggregate $1,340,000 or $100,000 per share.

Acquisition

On January 25, 2021, the Company loaned $400,000 and received a promissory note from Start-Up Ventures Limited. The note has an interest rate of 8% and a maturity date of January 31, 2022. This note and the $100,000 note of December 11, 2020, total $500,000, are part of the consideration agreed to, per the letter of intent to merge with Carbon-Ion. As of December 31, 2020, the merger is still pending.