

COMMON STOCK
ALTERNATIVE REPORTING
OTC Pink Disclosure Document

1) **Name of the issuer and its predecessor(s):**

HEMP, INC., AUGUST 2012
MARIJUANA, INC., JULY 2010
PREACHERS COFFEE INC., JANUARY 2008

2) **Address of the issuer's principal executive offices:**

Company Headquarters

Address 1: 8174 S. LAS VEGAS BLVD., #109-367
Address 2: LAS VEGAS, NV 89123
Phone: 855-436-7688
Email: INFO@HEMPINC.COM
Website(s): WWW.HEMPINC.COM

IR Contact

Name: EVEREST CORPORATE ADVISORS, INC.
Phone: 855-436-7688
Email: IR@HEMPINC.COM

3) **Security Information:**

Trading Symbol: HEMP

Exact title and class of securities outstanding: COMMON
CUSIP: 423 703 206
Par or Stated Value: \$0.00001
Total shares authorized: 10,500,000,000 as of 12.31.18
Total shares outstanding: 4,551,373,511 as of: 12.31.18

Preferred share information:

Exact title and class of securities outstanding: PREFERRED COLLECTIBLE
CUSIP: N/A
Par or Stated Value: \$0.00001
Total shares authorized: 500,000,000 as of: 12.31.18
Total shares outstanding: 8,400,000 as of: 12.31.18

Exact title and class of securities outstanding: PREFERRED
CUSIP: N/A
Par or Stated Value: \$0.00001
Total shares authorized: 31,835,578 as of: 12.31.18
Total shares outstanding: 31,835,578 as of: 12.31.18

Exact title and class of securities outstanding: NEW PREFERRED
CUSIP: N/A
Par or Stated Value: \$0.00001
Total shares authorized: 468,164,422 as of: 12.31.18
Total shares outstanding: 19,800,690 as of: 12.31.18

Exact title and class of securities outstanding: PREFERRED K
CUSIP: N/A
Par or Stated Value: \$0.00001

Total shares authorized: 58,262,154 as of: 12.31.18
Total shares outstanding: 58,262,154 as of: 12.31.18

Exact title and class of securities outstanding: PREFERRED K(P)
CUSIP: N/A
Par or Stated Value: \$0.00001
Total shares authorized: 169,499,468 as of: 12.31.18
Total shares outstanding: 140,338,755 as of: 12.31.18

Exact title and class of securities outstanding: PREFERRED Q
CUSIP: N/A
Par or Stated Value: \$0.00001
Total shares authorized: 100,000,000 as of: 12.31.18
Total shares outstanding: 10,000,000 as of: 12.31.18

Transfer Agent

Name: MADISON STOCK TRANSFER INC.
Address 1: 2715 CONEY ISLAND AVE., 2ND FLOOR
Address 2: BROOKLYN, NY 11235
Phone: 718-627-4453

Is the Transfer Agent registered under the Exchange Act?* Yes: [X] No:

List any restrictions on the transfer of security:

RULE 144

Describe any trading suspension orders issued by the SEC in the past 12 months.

NONE

Within the past year please list any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization:

NONE

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

ISSUANCES FOR SERVICES, DEBT, AND CASH
17,900,000 PREFERRED K(P) CONVERTED TO 179,000,000 COMMON DURING QE 3.31.17
5,479,592 PREFERRED K CONVERTED TO 5,479,592 COMMON DURING QE 3.31.17
12,753,333 PREFERRED CONVERTED TO 3,188,333 COMMON DURING QE 3.31.17
3,584,948 NEW PREFEFFFED CONVERTED TO 8,962,370 COMMON DURING QE 3.31.17

20,611,040 COMMON ISSUED FOR SERVICES DURING QE 3.31.17
299,442,751 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 3.31.17
7,200,000 PREFERRED K(P) ISSUED FOR SERVICES DURING QE 3.31.17
4,840,000 PREFERRED K(P) CONVERTED TO 48,400,000 COMMON
DURING QE 6.30.17
50,000 PREFERRED K CONVERTED TO 50,000 COMMON DURING QE
6.30.17
29,000,000 COMMON ISSUED FOR SERVICES DURING QE 6.30.17
210,205,561 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 6.30.17
200,000 PREFERRED K(P) CONVERTED TO 2,000,000 COMMON DURING
QE 9.30.17
40,750,000 COMMON ISSUED FOR SERVICES DURING QE 9.30.17
400,666,209 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 9.30.17
39,200,000 COMMON ISSUED FOR SERVICES DURING QE 12.31.17
130,626,041 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 12.31.17
431,049,078 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 3.31.18
22,061,877 PREFERRED K(P) CONVERTED TO 220,618,770 COMMON
DURING QE 6.30.18
120,955,304 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 6.30.18
14,000,000 COMMON ISSUED FOR SERVICES DURING QE 6.30.18
225,857,777 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 9.30.18
3,860,000 PREFERRED K(P) CONVERTED TO 38,600,000 COMMON
DURING QE 9.30.18
23,487,778 PREFERRED P(NEW) CONVERTED INTO 58,719,445
COMMON DURING QE 9.30.18
164,700,000 COMMON ISSUED FOR SERVICES DURING QE 9.30.18
307,227,069 COMMON ISSUED FOR INTEREST AND DEBT SERVICE
DURING QE 12.31.18
25,300,713 PREFERRED K(P) CONVERTED TO 253,007,130 COMMON
DURING QE 12.31.18
40,000,000 COMMON ISSUED FOR SERVICES DURING QE 12.31.18

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

RESTRICTED

- G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

YES

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than ten percent (10%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier

- A. Balance sheet;
- B. Statement of income;
- C. Statement of Stockholders' Equity (Deficit)
- D. Statement of cash flows;
- E. Financial statement notes;

FINANCIAL STATEMENTS AND FOOTNOTES ARE APPENDED TO THIS DOCUMENT

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

- A. A description of the issuer's business operations

HEMP, INC.'S PRIMARY FOCUS IS ON INDUSTRIAL HEMP AND MYRIAD OF CLEAN, GREEN SUSTAINABLE PRODUCTS THAT INDUSTRIAL HEMP OFFERS TO THE WORLD

With a deep-rooted social and environmental mission at its core, Hemp, Inc. seeks to build a business constituency for the American small farmer, the American veteran, and other groups experiencing the ever-increasing disparity between tapering income and soaring expenses. As a leader in the industrial hemp industry with ownership of the largest commercial multi-purpose industrial hemp processing facility in North America, Hemp, Inc. believes there can be tangible benefits reaped from adhering to a corporate social responsibility plan.

Now LEGALIZED, North Carolina is home to the largest commercial industrial hemp decortication facility in the United States, owned and operated by Hemp, Inc. On October 31, 2015, North Carolina's governor, Pat McCrory, passed Senate Bill 313 (by not vetoing it) as "an act to recognize the importance and legitimacy of Industrial Hemp research, to provide for compliance with portions of the Federal Agricultural Act of 2014, and to promote increased agricultural employment."

More states are recognizing the benefits of industrial hemp which is why we are seeing more and more states pass an industrial hemp bill in favor of industrial hemp. With the largest, commercial, multi-purpose, industrial hemp decortication facility in the United States, every advancement in the industrial hemp industry reinforces Hemp, Inc.'s advantage in the marketplace because the company is years ahead of the curve. Hemp, Inc.'s subsidiary, Industrial Hemp Manufacturing, LLC (IHM), is also becoming known throughout the industry as a leader in this sector.

Farmers in North Carolina now have the option to cultivate hemp crops with easy access to Hemp, Inc.'s (OTC PINK: HEMP) industrial hemp processing facility in Spring Hope, North Carolina. With that being said, the company has implemented five key infrastructure divisions as it continues to expand in the industrial hemp sector. According to Perlowin, the five key infrastructure divisions, through which steps have been taken, thus far, are:

- (1) Industrial Hemp Manufacturing and Processing Infrastructure – Division One
- (2) Hemp Oil Extraction Infrastructure – Division Two
- (3) Hemp Farming Infrastructure – Division Three
- (4) Hemp Education Infrastructure – Division Four
- (5) Marketing Infrastructure – Division Five

"We want to drive home to our shareholders that we have very lucid infrastructure divisions in action that have created a strong platform for growth, now and into the future. While always adhering to our discipline on transparency with our shareholders and the public, we are resolutely committed to these infrastructure divisions," said Perlowin. "We believe our first core infrastructure divisions outline Hemp, Inc.'s operations, and allow us to allocate time and capital, strategically, to drive long-term shareholder value."

(1) Industrial Hemp Manufacturing and Processing Infrastructure - Division One

Spearheaded by David Schmitt, COO of Hemp, Inc.'s, wholly owned subsidiary, Industrial Hemp Manufacturing, LLC, the Industrial Hemp Manufacturing and Processing Infrastructure division consists of the largest multi-purpose industrial hemp processing facility and milling operation in the western hemisphere that has grown to become the pre-eminent center of the industrial hemp industry. The 85,000-square foot facility sits on a 9-acre campus in Spring Hope, North Carolina. With the patent pending manufacturing process, it is operating full time to process kenaf into all green, natural Lost Circulation Material (LCM) that will be sold to the oil and gas drilling industry. Hemp, Inc. is currently stockpiling tons of LCMs to be prepared for the projected demand. (See Bruce Perlowin's Facebook post December 10, 2017.) Hemp, Inc. has been negotiating sales with oil companies on 5 continents with one company in America stating they are interested in purchasing our entire productive capacity of the plant. On December 22nd, Industrial Hemp Manufacturing, LLC received its first purchase order for a truck load of Drillwall LCM. This material will ship in January of 2018. Hemp, Inc. will release press releases as additional sales are closed (To see a one-minute video of the millions of pounds of kenaf on hand, go to Bruce Perlowin's personal Facebook page, September 7th, 11th, 13th, 20th and 22nd.)

(2) Hemp Oil Extraction Infrastructure - Division Two

Spearheaded by an array of talented professionals such as extractors, chemical engineers and formulators, the Hemp Oil Extraction Infrastructure currently consists of its NuAxon Tech Industrial CO2 Supercritical Extractor from NuAxon BioScience, manufacturer and the producer of the world class, large capacity CO2 Supercritical Extraction equipment. Hemp, Inc. currently has a growing inventory of raw CBD oil. The company has been processing CBD since the extractor became fully operational on August 15, 2017. The company's post processing equipment is scheduled to be installed on January 8, 2018, giving Hemp, Inc. the ability to further purify the product. Hemp, Inc. is currently in negotiations with several other extraction companies to house other extractors at its campus. According to Perlowin, Hemp, Inc. is currently in more negotiations that are expected to dramatically increase the company's extraction capability in order to keep up with the thousands of acres of hemp that the company will grow in the upcoming new year. (To see Hemp, Inc.'s NuAxon Tech CO2 Supercritical Extractor in operation, visit Perlowin's Facebook page, Sept. 27th and Aug. 16th.)

(3) Hemp Farming Infrastructure - Division Three

Spearheaded by 3rd, 4th and 5th generational farmers and "master growers", the Hemp Farming Infrastructure division consists of hundreds of acres of hemp and kenaf growing in multiple locations, farm equipment, cloning rooms, clones and seeds, grow rooms, greenhouses, hemp drying facilities and a huge amount of peripheral farming tools and equipment. Thus far, the state of North Carolina has planted 2,134 acres of hemp and issued 133 licenses. The company's greenhouse is currently being erected and is scheduled to be operational by the end of the month. According to executives, cloning is also in process and will expand from the cloning barn into the greenhouse once the greenhouse is operational. (Some of this farming infrastructure can be seen on Bruce Perlowin's Facebook page, Sept. 8th, Aug. 30th, 19th, 15th - 11th, 9th and 4th, July 31st, 29th, 21st - 16th.) Hemp, Inc. also has a model family farm situated on 5 acres that consists of a cloning room, a greenhouse, and 5,000 hemp plants. (This model farm can be seen on Bruce Perlowin's Facebook page, Aug. 22nd - 26th.) Hemp is showing farmers how to grow high CBD hemp plants, operate a greenhouse and turn a barn into a cloning room to earn up to \$500,000 or more per year. By demonstrating this model, the small family farm can now reappear on the American landscape. After all, the original small family farms in America were able to survive economically by growing hemp as their main cash crop and the first 5 presidents of the United States were all hemp farmers.

(4) Hemp Education Infrastructure - Division Four

Spearheaded by Rick Rainbolt, Dr. Brock (double Ph.D.) and many other talented educators and trainers of various disciplines, the Hemp Education Infrastructure division includes Hemp, Inc.'s Hemp University; attending various events (see Bruce Perlowin's personal Facebook page, Oct. 7th and 8th); and, attending, speaking and displaying at industry expos (see Bruce Perlowin's personal Facebook page, Sept. 14th through 16th) to, in turn, educate the public on hemp in the industry. The educational seminars, through The Hemp University, are held approximately every 6 – 7 weeks and teach farmers and landowners how to create a profitable income stream by maximizing their per-acre crop revenue. The Hemp University is also one

way the company is contributing to making America great again by making America hemp again. (To see the Hemp University, visit Bruce Perlowin's personal Facebook page, Oct. 30th, 24th - 29th and Jul. 1st - 10th.)

"Since our launch with the first educational symposium, the number of attendees has grown consistently and it has been a great success, each time. Our interactive, hands-on learning approach is invaluable. By learning in an interactive cohort format, students gain the necessary skills they need to immediately implement them on their farm or in their organization. We've achieved the powerful mix of quality instruction, relevant educational content and a high level of commitment, to ensure the educational success of each attendee," said Rick Rainbolt, President of Hemp, Inc.'s wholly owned subsidiary, Hemp University, LLC.

(5) Marketing Infrastructure - Division Five

Spearheaded by Bruce Perlowin and a talented team of master marketers and distributors, the company is reaching the point soon where it will implement its fifth infrastructure division: Marketing Infrastructure - Division Five. "Once we have enough inventory (a condition rapidly approaching) we will begin to market aggressively," said Perlowin. "Our focus on operational expansion and education-focused outreach allow us to grow sustainably while helping shape America's newest industry as it continues to evolve."

In terms of generating revenue, the industrial hemp processing facility is expected to substantially outweigh revenues from the company's product line, which is why the primary focus has been on the plant. Hemp, Inc.'s commercial decortication and hemp milling facility will be able to process raw hemp or kenaf on a large scale. The company is also producing LCM for the oil and drilling industries. That's very lucrative partly because LCMs are currently hard to source.

Hemp, Inc.'s long-term strategy is to build the world's largest hemp oil extraction infrastructure by creating joint ventures with multiple companies to house and operate their CBD extraction equipment in its 85,000-square foot facility in Spring Hope, North Carolina. The hemp industry is projected to grow 700% and hit \$1.8 billion by 2020, according to Hemp Business Journal.

Hemp, Inc. is also very excited that it has planted the 55 acres next to its multi-purpose decortication facility in Spring Hope, NC during the 2017 growing season. That particular crop is producing mostly seeds and buds to extract CBD. Hemp, Inc. is also partnering with land owners and farmers across North Carolina to grow additional hemp and kenaf on hundreds of acres. The total acreage this year is approximately 550 acres which is significantly less than anticipated (due to the DEA's 6-month delay in issuing the state of North Carolina its license to grow industrial hemp, making it too late in the year to plant). This was still one of the largest, if not the largest industrial hemp growing operating in the U.S. Hemp, Inc. plans to continue that status in the 2018 growing year with up to 25,000 acres.

Hemp, Inc.'s wholly owned subsidiary, Industrial Hemp Manufacturing, LLC (IHM) had a signed agreement to purchase 1,500 acres of hemp from BioRegen Innovation Cooperative (a cooperative enterprise of farmers, industry experts and seed breeders) however, because of the delay of the DEA issuing the state of North Carolina its hemp growing license, the BioRegen group could not wait. Most of them

planted traditional crops. Very few acres were actually planted compared to the 1,500 acres that Hemp, Inc. anticipated purchasing from BioRegen. This had absolutely no effect on Hemp, Inc.'s core business since there is still approximately 18,000,000 pounds of kenaf in inventory and approximately 2,000,000 pounds of kenaf being grown this year.

"Now that the infrastructure of our industrial hemp processing facility is in place and the mill portion of it is online, we are continuing our focus on our farming infrastructure for industrial hemp and building greenhouses in both North Carolina and Arizona," said Bruce Perlowin, CEO of Hemp, Inc.

Perlowin is also exploring the possibilities of developing "Hemp Growing Veteran Village Kins Communities" in North Carolina and looking for more land in other states such as Florida and Kentucky to duplicate the 500-acre demonstration community now being built in Arizona. He currently has 2,500 acres (and counting) of land in Kingman, Arizona where he's building a veteran village on 500 of those acres that would consist of 160 lots of 2 1/2 acre parcels for Kins Domains (eco-villages). Each parcel would grow 1 acre of hemp as well as having organic gardens, natural beehives, a pond, a living fence and other elements that make up a Kins Domain.

An additional 100 acres of hemp will be grown in each one of these 500-acre communities. The revenue from fifty of those acres is used to support that community. The revenue from the other fifty acres of hemp will be used to purchase 2 additional 500-acre parcels of land, thus keeping up with the needs of a large number of veterans that exist now and in the future.

Hemp, Inc. has also been providing monthly, one-day educational seminars. Hemp, Inc.'s "Hemp, Inc. University" (HIU) began on January 10th 2017 with a mission to help landowners and farmers add a new viable and profitable income stream by maximizing their per-acre crop revenue and to create American jobs. This is accomplished by providing students and clients with the most current and best practice information the industry has to offer. The four main divisions of HIU are: Educational Symposiums; Grow Facility Consulting; Vendor Product Partnerships; and, Clones/Plant & CBD Product Sales.

HIU held a total of five major educational symposiums in 2017, as shown below, with a combined total attendance of 801 students, covering (A-Z) topics on growing for fiber, seed and CBD Industrial Hemp. The symposiums featured industry leaders from around the nation teaching how to successfully grow industrial hemp for profit.

The 2017 educational symposium held were:

1st. March 18th, 2017 – Farming Hemp for Profit

- *100 in Attendance*

2nd. April 29th, 2017 – Farming Hemp for Profit

- *165 in Attendance*

3rd. June 24th, 2017 – The Art and Science of Greenhouse Growing

- *170 in Attendance*

4th. September 29th, 2017 – The OIL Event – The Art and Science of CBD Oil

- 160 in Attendance

5th. December 2nd, 2017 – Hemp MONEY Event – Economics, Lessons & Planning for 2018

- 206 in Attendance

Symposiums helped farmers, growers and entrepreneurs from start-up costs and return on investment to different growing methodologies, materials and how to handle pests and diseases providing certified hours toward getting their Master Grower Certification. These symposiums allow organic business relationships to flourish proving a breeding ground for new growth within the industry. These events also give industry vendors the opportunity to plug into this powerful network to sell and market their products.

For more info or to buy tickets for a Hemp University symposium, click [here](#). The Hemp University is also on [Facebook](#). Click [here](#) to visit The [Hemp University on Facebook](#).

B. Date and State (or Jurisdiction) of Incorporation:

JANUARY 16, 2008; COLORADO

C. The issuer's primary and secondary SIC Codes;

7380

D. The issuer's fiscal year end date;

DECEMBER 31

E. Principal products or services, and their markets;

HEMP, INC.'S PRIMARY FOCUS IS ON INDUSTRIAL HEMP AND THE MYRIAD OF CLEAN, GREEN SUSTAINABLE PRODUCTS THAT INDUSTRIAL HEMP OFFERS TO THE WORLD.

7) Describe the Issuer's Facilities

THE ISSUER LEASES AN EXECUTIVE OFFICE SPACE ON A MONTH TO MONTH BASIS WHICH IS ADEQUATE FOR ITS CURRENT NEEDS

8) Officers, Directors, and Control Persons

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN

CRAIG PERLOWIN RESIGNED ON SEPTEMBER 29, 2016

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five 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

4. 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

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

BRUCE PERLOWIN, CEO/CFO/CHAIRMAN (31%)

9) **Third Party Providers**

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel

Name: N/A

Accountant or Auditor

Name: N/A

Investor Relations Consultant

Name: N/A

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

Name: N/A

11) Subsequent Events

N/A

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer.

I, BRUCE PERLOWIN, CEO/CFO/CHAIRMAN certify that:

1. I have reviewed this ANNUAL REPORT of HEMP, 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.

APRIL 15, 2019

/S/ BRUCE PERLOWIN [CEO/CFO's Signature]

CEO/CFO [Title]

Hemp, Inc. and Subsidiaries

Balance Sheets

(Unaudited)

	December 31, 2018	December 31, 2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 396,203	\$ 386,421
Securities held for sale	86,105	86,105
Receivables	450,830	58,255
Inventory	1,252,571	578,412
Notes receivable	37,500	37,500
Prepaid interest	5,455,142	2,797,418
Prepaid rent	20,000	20,000
Total Current Assets	7,698,351	3,964,111
OTHER ASSETS		
LPO software	1,810,775	1,810,775
Tax tracking software	156,250	156,250
Property, Plant, and Equipment-net	11,048,641	7,221,337
Total Other Assets	13,015,666	9,188,362
TOTAL ASSETS	\$ 20,714,017	\$ 13,152,473
<u>LIABILITIES AND STOCKHOLDERS' EQUITY/(DEFICIT)</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 152,840	\$ 177,502
Due to B. Perlowin	302,663	35,803
Due to D. Tobias	50	16,310
Payroll taxes payable	57	57
TOTAL CURRENT LIABILITIES	455,610	229,672
NON-CURRENT LIABILITIES		
Contingent disputed liability - JS	12,105	12,105
Note payable and accrued interest	14,270,473	11,262,202
TOTAL NON-CURRENT LIABILITIES	14,282,578	11,274,307
TOTAL LIABILITIES	14,738,188	11,503,979
STOCKHOLDERS' DEFICIT		
Preferred Collectible stock:		
500,000,000 shares authorized, \$0.00001 par value		
8,400,000 and 8,400,000 shares issued	84	84
Preferred stock:		
31,835,578 shares authorized, \$0.00001 par value		
31,835,578 and 31,835,578 shares issued	319	319
New Preferred stock:		
468,164,422 shares authorized, \$0.00001 par value		
19,800,690 and 27,288,468 and shares issued	198	273
Preferred K stock:		
58,262,154 shares authorized, \$0.00001 par value		
58,262,154 and 58,262,154 shares issued	583	583
Preferred K(P) stock:		
169,499,468 shares authorized, \$0.00001 par value		
152,477,309 and 104,959,291 shares issued	1,525	1,050
Preferred Q stock:		
100,000,000 shares authorized, \$0.00001 par value		
10,000,000 and -0- shares issued	100	-
Common stock:		
10,500,000,000 common shares, \$0.00001 par value		
3,356,647,470 and 2,676,638,938 shares issued	33,565	24,818
Additional paid-in capital	128,698,099	85,642,594
Subscriptions payable	2,651,601	2,651,601
Other comprehensive income/(expense)	(6,327,539)	(6,327,539)
Retained earnings/(deficit)	(119,082,706)	(80,345,289)
Total Stockholders' Equity/(Deficit)	5,975,829	1,648,494
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 20,714,017	\$ 13,152,473

The accompanying notes are an integral part of these statements

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries
 Statements of Operations
 (Unaudited)

	For the Year Ended December 31,	
	2018	2017
SALES	\$ 1,960,754	\$ 107,002
Cost of sales	101,491	36,039
GROSS MARGIN	1,859,263	70,963
OPERATING EXPENSES		
Compensation - stock based	7,656,690	6,842,797
Professional and consulting fees	1,393,815	1,089,329
Occupancy expenses	1,615,405	509,419
Travel	285,173	190,753
Advertising and promotion	331,320	207,165
General and administrative	4,739,420	2,684,162
Total Operating Expenses	16,021,823	11,523,625
NET INCOME (LOSS) FROM OPERATIONS	(14,162,560)	(11,452,662)
OTHER INCOME (EXPENSE)		
Interest income	36	145
Other income	-	23,250
Settle lawsuit	(630,000)	-
Interest expense - stock based	(23,944,893)	(25,900,523)
Interest expense	-	(2,013,920)
Total other income (expense)	(24,574,857)	(27,891,048)
NET INCOME (LOSS) BEFORE TAXES	(38,737,417)	(39,343,710)
Provision for income taxes	-	-
NET INCOME (LOSS)	\$ (38,737,417)	\$ (39,343,710)
PER SHARE DATA:		
Basic and diluted income (loss) per common share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	3,565,587,117	20,978,936,444

The accompanying notes are an integral part of these statements

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries
Statements of Cash Flows
(Unaudited)

	For the Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (38,737,417)	\$ (39,343,710)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Issuance of stock for services	7,656,690	6,842,797
Issuance of stock for interest	23,944,893	25,900,523
Issuance of stock to settle lawsuit	630,000	-
Changes in Operating Assets and Liabilities:		
Inventory	(674,159)	(147,726)
Prepaid interest	(2,657,724)	1,134,056
Receivables	(392,575)	7,526
Accounts payable and accrued liabilities	(24,662)	40,107
Net cash from operating activities	(10,254,954)	(5,566,427)
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities held for sale	-	383,461
Property, plant, and equipment	(3,827,304)	(1,485,373)
Net cash from investing activities	(3,827,304)	(1,101,912)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from related parties	250,600	(33,800)
Notes payable	3,008,271	6,748,314
Stock for debt service	10,833,169	-
Subscriptions payable	-	-
Net cash from financing activities	14,092,040	6,714,514
NET CHANGE IN CASH	9,782	79,975
CASH AT BEGINNING OF PERIOD	386,421	306,446
CASH AT END OF PERIOD	\$ 396,203	\$ 386,421
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for interest	\$ -	\$ 2,013,920
Cash paid for income taxes	\$ -	\$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Common stock issued for debt service	\$ 34,778,062	\$ 25,900,523
Warrants issued for prepaid interest	\$ -	\$ -

The accompanying notes are an integral part of these statements

Hemp, Inc. and Subsidiaries
Statement of Stockholders' Equity (Deficit)
(Unaudited)

	Preferred A Artistic Shares		Preferred Stock		New Preferred Stock		Preferred K Stock		Preferred K(P) Stock		Preferred Q Stock		Common Stock		Additional Paid-in Capital	Subscriptions Payable	Other Comprehensive Income/(Expense)	Retained Earnings/(Deficit)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
Balance - December 31, 2016	8,400,000	84	44,588,911	446	30,873,416	309	63,791,746	638	120,699,291	1,207			1,232,057,041	12,321	48,172,169	2,651,601	(5,944,078)	(57,961,493)	3,893,121
January 5, 2017 - New Preferred converted to Common					(3,584,948)	(36)							8,962,370	90	(54)				
January 5, 2017 - Preferred K(P) converted to Common									(5,000,000)	(50)			50,000,000	500	(450)				
January 5, 2017 - Preferred K(P) converted to Common									(5,000,000)	(50)			50,000,000	500	(450)				
January 5, 2017 - Common stock issued for interest													21,592,920	216	723,147				723,363
January 10, 2017 - Preferred K(P) converted to Common									(250,000)	(3)			2,500,000	25	(23)				
January 10, 2017 - Preferred K(P) converted to Common									(300,000)	(3)			3,000,000	30	(27)				
January 10, 2017 - Preferred K(P) converted to Common									(50,000)	(1)			500,000	5	(5)				
January 10, 2017 - Preferred converted to Common			(12,753,333)	(128)									3,188,333	32	96				-
January 10, 2017 - Common stock issued for interest													35,500,000	355	1,277,645				1,278,000
January 12, 2017 - Preferred K(P) converted to Common									(100,000)	(1)			1,000,000	10	(9)				
January 12, 2017 - Preferred K(P) converted to Common									(100,000)	(1)			1,000,000	10	(9)				
January 12, 2017 - Preferred K(P) converted to Common									(50,000)	(1)			500,000	5	(5)				
January 17, 2017 - Common stock issued for interest													22,700,000	227	1,000,843				1,001,070
January 20, 2017 - Common stock issued for services													4,000,000	40	183,160				183,200
January 20, 2017 - Common stock issued for services													4,000,000	40	183,160				183,200
January 24, 2017 - Common stock issued for interest													34,900,000	349	1,587,601				1,587,950
January 25, 2017 - Common stock issued for interest													14,159,292	142	693,664				693,805
January 27, 2017 - Preferred K(P) converted to Common									(2,400,000)	(24)			24,000,000	240	(216)				
January 27, 2017 - Preferred K(P) converted to Common									(100,000)	(1)			1,000,000	10	(9)				
January 27, 2017 - Preferred K(P) stock issued for services									7,200,000	72					3,549,528				3,549,600
January 30, 2017 - Preferred K converted to Common							(4,979,592)	(50)					4,979,592	50					
January 30, 2017 - Common stock issued for interest													36,600,000	366	1,719,834				1,720,200
February 8, 2017 - Common stock issued for interest													19,469,027	195	788,301				788,496
February 8, 2017 - Common stock issued for interest													18,750,000	188	759,188				759,375
February 14, 2017 - Preferred K(P) converted to Common									(2,500,000)	(25)			25,000,000	250	(225)				
February 21, 2017 - Common stock issued for interest													16,991,150	170	701,565				701,735
February 27, 2017 - Preferred K(P) converted to Common									(1,000,000)	(10)			10,000,000	100	(90)				
February 27, 2017 - Common stock issued for interest													20,000,000	200	779,800				780,000
March 1, 2017 - Common stock issued for services													4,000,000	40	153,960				154,000
March 3, 2017 - Common stock issued for interest													22,000,000	220	846,780				847,000
March 6, 2017 - Common stock issued for services													4,000,000	40	156,360				156,400
March 8, 2017 - Common stock issued for interest													21,238,938	212	785,628				785,841
March 13, 2017 - Preferred K(P) converted to Common									(150,000)	(2)			1,500,000	15	(14)				
March 21, 2017 - Common stock issued for interest													15,541,424	155	506,495				506,650

The accompanying notes are an integral part of these statements

March 22, 2017 - Common stock issued for services					1,300,000	13	42,237	42,250
March 22, 2017 - Common stock issued for services					1,300,000	13	42,237	42,250
March 28, 2017 - Common stock issued for services					702,576	7	21,773	21,780
March 28, 2017 - Common stock issued for services					429,111	4	13,298	13,302
March 28, 2017 - Preferred K(P) converted to Common		(500,000)	(5)		5,000,000	50	(45)	27,215
March 28, 2017 - Preferred K converted to Common	(500,000)	(5)			500,000	5		
March 29, 2017 - Preferred K(P) converted to Common		(400,000)	(4)		4,000,000	40	(36)	
April 4, 2017 - Preferred K(P) converted to Common		(440,000)	(4)		4,400,000	44	(40)	
April 4, 2017 - Preferred K converted to Common	(50,000)	(1)			50,000	1		
April 5, 2017 - Common stock issued for interest					19,115,044	191	655,455	655,646
April 19, 2017 - Common stock issued for interest					25,000,000	250	762,250	762,500
April 26, 2017 - Common stock issued for interest					17,699,115	177	493,628	493,805
May 8, 2017 - Common stock issued for interest					30,000,000	300	707,700	708,000
May 19, 2017 - Common stock issued for interest					22,391,402	224	510,300	510,524
May 19, 2017 - Common stock issued for services					9,000,000	90	205,110	205,200
May 19, 2017 - Preferred K(P) converted to Common		(300,000)	(3)		3,000,000	30	(27)	
May 19, 2017 - Preferred K(P) converted to Common		(4,100,000)	(41)		41,000,000	410	(369)	
May 23, 2017 - Common stock issued for interest					35,000,000	350	892,150	892,500
June 7, 2017 - Common stock issued for interest					36,000,000	360	791,640	792,000
June 21, 2017 - Common stock issued for interest					25,000,000	250	519,750	520,000
June 29, 2017 - Common stock issued for services					5,000,000	50	102,450	102,500
June 29, 2017 - Common stock issued for services					15,000,000	150	307,350	307,500
July 10, 2017 - Common stock issued for interest					30,000,000	300	590,700	591,000
July 17, 2017 - Common stock issued for interest					23,369,946	234	383,033	383,267
August 3, 2017 - Common stock issued for interest					38,921,323	389	1,007,673	1,008,062
August 3, 2017 - Common stock issued for interest					60,000,000	600	1,553,400	1,554,000
August 7, 2017 - Common stock issued for services					2,500,000	25	79,475	79,500
August 7, 2017 - Common stock issued for interest					61,158,679	612	1,944,234	1,944,846
August 7, 2017 - Common stock issued for interest					41,699,099	417	1,325,614	1,326,031
August 14, 2017 - Common stock issued for services					3,000,000	30	79,470	79,500
August 21, 2017 - Preferred K(P) converted to Common		(200,000)	(2)		2,000,000	20	(18)	
August 24, 2017 - Common stock issued for services					11,000,000	110	333,190	333,300
August 24, 2017 - Common stock issued for interest					42,218,721	422	1,278,805	1,279,227
August 28, 2017 - Common stock issued for services					6,000,000	60	164,340	164,400
August 30, 2017 - Common stock issued for interest					30,000,000	300	767,700	768,000
August 31, 2017 - Common stock issued for services					3,000,000	30	80,070	80,100
August 31, 2017 - Common								

The accompanying notes are an integral part of these statements

stock issued for services												5,750,000	58	153,468			153,525		
September 11, 2017 - Common												7,500,000	75	183,675			183,750		
stock issued for services												42,719,102	427	922,305			922,733		
September 19, 2017 - Common												2,000,000	20	42,780			42,800		
stock issued for interest												30,579,339	306	699,961			700,267		
September 20, 2017 - Common																			
stock issued for services																			
September 29, 2017 - Common																			
stock issued for interest																			
Other comprehensive																			
income/(expense)																			
Income (Loss) for the year ended																			
Balance - December 31, 2017	8,400,000	84	31,835,578	319	27,288,468	273	58,262,154	583	104,959,291	1,050		2,481,812,897	24,818	85,642,594	2,651,601	(6,327,539)	(80,345,289)	1,648,494	
QE March 31, 2018 - Preferred																			
K(P) issued for settlement									2,100,000	21				629,979			630,000		
QE March 31, 2018 - Preferred									640,608	6				192,176			192,182		
K(P) issued for lumber																			
QE March 31, 2018 - Preferred									100,000,000	1,000				2,089,000					
K(P) issued for P,P,&E																			
QE March 31, 2018 - Common																			
issued for debt service												431,049,078	4,310	11,772,494			11,776,805		
QE March 31, 2018 - New Preferred																			
issued for Preferred K(P)				16,000,000	160				(4,000,000)	(40)				(120)					
QE March 31, 2018 - Preferred																			
Q issued for Common										10,000,000	100	(1,000,000,000)	(10,000)	9,900					
QE June 30, 2018 - Preferred K(P)																			
converted to Common									(22,061,877)	(221)		220,618,770	2,206	(1,986)					
QE June 30, 2018 - Common																			
issued for debt service												120,955,304	1,210	3,642,360			3,643,570		
QE June 30, 2018 - Common																			
stock issued for services												14,000,000	140	425,380			425,520		
QE September 30, 2018 - Preferred K(P)																			
converted to Common									(3,860,000)	(39)		38,600,000	386	(347)					
QE September 30, 2018 - Preferred																			
converted to Common				(23,487,778)	(235)							58,719,445	587	(587)					
QE September 30, 2018 - Common																			
issued for debt service												225,857,777	2,259	7,303,210			7,305,469		
QE September 30, 2018 - Common																			
stock issued for services												164,700,000	1,647	5,599,223			5,600,870		
QE December 31, 2018 - Common																			
issued for debt service												307,227,069	3,072	9,767,199			9,770,271		
QE December 31, 2018 - Preferred K(P)																			
converted to Common									(25,300,713)	(253)		253,007,130	2,530	(2,277)					
QE December 31, 2018 - Common																			
stock issued for services												40,000,000	400	1,629,900			1,630,300		
Income(Loss) for the Year Ended																			
Balance - December 31, 2018	8,400,000	\$ 84	31,835,578	\$ 319	19,800,690	\$ 198	58,262,154	\$ 583	152,477,309	\$ 1,525	10,000,000	\$ 100	3,356,547,470	\$ 33,565	\$ 128,698,098.62	\$ 2,651,601	\$ (6,327,539)	\$ (119,082,706)	\$ 5,975,829

The accompanying notes are an integral part of these statements

The accompanying notes are an integral part of these statements

What is Hemp, Inc.?

Year 2019 will be the breakout year for Hemp, Inc. a breakout year is when we hit the market and hit it hard with massive revenues generated from massive sales. It has been our plan all along to constantly invest in building a hemp infrastructure since none existed previously. In following the Amazon.com model where today the richest man in the world plowed all their profits back into building the infrastructure. We instinctively have been following that same path. This is a business strategy that obviously works very well.

All the years leading up to, and including, 2018 and the first half of 2019 were/are building and finishing the largest hemp infrastructure in America. That infrastructure is briefly described in the beginning of our press releases.

“A global leader in the industrial hemp industry with bi-coastal processing centers including the 85,000 square-foot multipurpose industrial hemp processing facility in Spring Hope, North Carolina, a state of the art processing center in Medford, Oregon, and a 500-acre hemp growing Eco-Village in Golden Valley, Arizona”

In the second half of 2019, Hemp, Inc. will focus most of its resources and personnel on marketing as oppose to building a massive infrastructure. While there may be a few more infrastructure footprints created, we will be a full-blown marketing company as we complete the transition from a developmental stage company to an operating company.

Hemp, Inc.'s 9 divisions are clearly defined in our press releases, as well as below:

- Division One* – The Industrial Hemp Infrastructure
- Division Two* – The Hemp Farming Infrastructure
- Division Three* – The Hemp Extraction Infrastructure
- Division Four* – The Hemp Educational Infrastructure
- Division Five* – The Hemp Marketing Infrastructure
- Division Six* – Accessories, Products and Services
- Division Seven* – Research and Development
- Division Eight* – Industrial Hemp Investments and Joint Ventures
- Division Nine* – Industrial Hemp Consulting

Division One – The Industrial Hemp Infrastructure

The Industrial Hemp Infrastructure (*Division One*) currently consists of two hemp processing facilities across the country, with two more under development, which will include an in-house third party testing laboratory. The largest of the two is its multi-purpose industrial hemp processing facility and milling operation in Spring Hope, North Carolina. It's the largest "industrial hemp processing center" in the western hemisphere and has grown to become one of the pre-eminent centers of the industrial hemp industry. The 85,000 square foot facility sits on a 9-acre campus. It is environmentally sustainable and was built from the ground up in hopes of "Making America Hemp Again." With a patent pending manufacturing process, the North Carolina facility is operating full time to process millions of pounds of our unique kenaf, hemp blend, to manufacture an all green natural loss circulation materials (LCMs) that are to be sold to the oil and gas drilling industry, along with an all green natural oil spill absorbent, a second industrial hemp/kenaf product called Spill-Be-Gone.

(To see a one-minute video of the millions of pounds of kenaf, go to Bruce Perlowin's personal Facebook page, September 7th, 11th, 13th, 20th and 22nd, 2018.)

In addition to the company's industrial hemp processing facility in Spring Hope, North Carolina, Hemp, Inc. also has one of the most sophisticated local processing centers (LPC) in Medford, Oregon which focuses on hemp harvesting, drying, curing, trimming, bagging, storing, and in some cases selling high CBD hemp for the local farmers and for our own hemp grows in that area, and post processing for the CBD industry.

Hemp, Inc. also has 4,500 acres of land in Golden Valley, Arizona. Out of the 4,500 acres of land, 500 acres have currently been designated for the Veteran Village Kins Community (VVKC). Hemp, Inc. is preparing 300 of those 500 acres for hemp cultivation. The company aims to boost the economies of these towns by offering affordable hemp processing services, which incentivizes local growers to add hemp to their crop rotation. The company is continuing to scout new locations for local processing centers in Florida, Puerto Rico, West Virginia, Kentucky, Pennsylvania, New Hampshire and several other states.

Thus far, Hemp, Inc.'s Local Processing Center (LPC) in Oregon has created over 200 seasonal jobs as well as many year-round jobs.

Division Two – The Hemp Farming Infrastructure

The Hemp Farming Infrastructure (*Division Two*) consists of hundreds of acres of hemp and kenaf growing in multiple locations, farm equipment, cloning rooms, clones and seeds, grow rooms,

greenhouses, hemp drying facilities and a huge amount of peripheral farming tools and equipment. *(Some of this farming infrastructure can be seen on Bruce Perlowin's personal Facebook page in some of his older posts from Sept. 8th, Aug. 30th, 19th, 15th - 11th, 9th and 4th, July 31st, 29th, 21st - 16th, 2018.)*

Hemp, Inc. also has a model “Small Family Farm” in North Carolina situated on 12 acres that consists of a cloning room, a greenhouse, and enough land to grow 2,000-3,000 high CBD hemp plants. *(This model farm can be seen on Bruce Perlowin's Facebook page, in the Aug. 22nd - 26th, 2018 posts.)* By showing farmers how to grow high CBD hemp plants, operate a greenhouse and turn a barn into a cloning room to earn \$500,000 a year, the “Small Family Farm” can reappear on the American landscape. After all, the original small family farms in America were able to survive economically by growing hemp as their main cash crop and the first 5 presidents of the United States were all hemp farmers.

According to Perlowin, the company is preparing to grow on up to 500 acres of land in Oregon, 300 acres in Arizona (maybe more), hundreds of acres in NC (combination of hemp and kenaf), and an undetermined amount in Puerto Rico. He says collective sales from all these grows will be extremely significant in terms of pre-rolls, high CBD buds, distillate, isolate and biomass. “By 2020, we anticipate the main function of the company will be sales and marketing as we will have completed the infrastructure to support that sales and marketing. Right now, I believe we have the largest footprint with vertical integration in the hemp industry in America today. We are always looking for joint ventures where we have or can expand our footprint,” commented Perlowin.

Moreover, “A to Z” services for the farmers are available - from harvesting to drying, bagging, curing, storing, nitrogen sparging, machine trimming, hand trimming, and selling, creating a “one stop shop” for the small to large family farms. And with the soon-to-be addition of our third party, on-site testing labs from Digipath Labs, local farmers can do their testing, processing and selling in the same place. Digipath brings their proprietary ISO-17025:2017 accredited standard operating procedures and testing protocols, to establish, maintain, and operate each lab.

Digipath will bring state-of-the-art equipment, lab expertise, proprietary operating procedures and management to Hemp, Inc.'s rapidly growing locations to ensure the highest quality of goods before entering the marketplace. They will provide all necessary laboratory-expertise and related management services to develop and operate each Lab, including purchasing and maintenance of the laboratory instrumentation, as well as hiring and comprehensive training of lab personnel.

Without an in-house, third-party testing laboratory, products in need of testing would need to be transported off site, which could mean waiting days or even weeks for results. The addition of [Digipath](#) at Hemp, Inc.'s production centers will expedite testing processes and further support new business developments.

Part of Division Two is the Great American Hemp Grow-Off on the Veteran Village Kins Community in Golden Valley, Arizona. The description of the grow off can be found below:

Division Three – The Hemp Extraction Infrastructure

The Hemp CBD Oil Extraction Infrastructure (*Division Three*) originally consisted of a Supercritical CO2 Extractor. After operating for over a year it has been determined that Hemp, Inc. will be upgrading to a much larger and advanced alcohol extraction process. These large-scale extractors are expected to be placed in all additional hemp processing arenas, thus completing this part of building the industrial hemp infrastructure. The CBD oil that we extracted from our 2018 hemp grows in North Carolina has been made into pure crystalline CBD isolate which we will add to our King of Hemp branded line of pre-rolls to bring to the marketplace and a pre-roll fortified with pure crystalline CBD isolate.

Division Four – The Hemp Educational Infrastructure

The Hemp Educational Infrastructure (*Division Four*) includes Hemp, Inc.'s [Hemp University](#) which focuses on educating and empowering Hemp farmers and entrepreneurs with knowledge, processing, infrastructure and support. The [educational seminars](#), through the Hemp University, are held periodically and teach farmers and landowners how to create a profitable income stream by maximizing the per-acre crop revenue. Through this division, Hemp, Inc. has trained well over 500 farmers in its first two years by doing six Hemp University seminars in North Carolina.

In March, 2019, Hemp, Inc. completed the first west coast [Hemp University](#) in Oregon, which helped educate attendees about the various opportunities that have become available for Southern Oregon residents and farmers. The all-day educational seminar brought like-minded people together to discuss and learn from experts in the trade.

With the exceptional response to the first west coast [Hemp University](#), Hemp, Inc. has announced the second set of educational seminars in Oregon. This event is titled “Pre-Planting Support Workshop”, and is scheduled for May 4, 2019. This educational seminar will be hosted prior to Oregon’s hemp planting season and is designed to educate attendees on planting, feminized

seeds, clones, soil amendments, organic fertilizers and more. Vendors at this workshop will have most of these items on sale (*if suppliers haven't sold out by then*) just in time for the 2019 planting season.

Moreover, the second [Hemp University](#) seminars are intended to educate farmers, entrepreneurs or investors on how to grow a lucrative cash crop. For those interested in attending, presenting or showcasing at [The Hemp University](#) in May, please contact Sophia Blanton at hempu@hempinc.com.

To see short videos of [The Hemp University](#) educational seminars, go to Bruce Perlowin's [Facebook page](#) starting with the March 23, 2019 post and those following that date.

According to executives, there are also plans in the near future to expand The Hemp University to Puerto Rico through a variety of different formats and to Arizona. The eco-village in Arizona will serve as the venue for upcoming 2-day interactive and hands-on camping events which will focus on building with hemp-crete and other hemp construction materials, as well as growing hemp and the various aspects of organic gardening/farming.

“Since The Hemp University’s initial launch with the educational symposium, the number of attendees has grown tremendously and it has been an overwhelming success, each time. The interactive, hands-on learning approach is invaluable. By learning in [an interactive cohort format](#), students gain the necessary skills they need to immediately implement them on their farm or in their organization. It’s the perfect mix of quality instruction, relevant educational content and a high level of commitment, to ensure the educational success of each attendee,” said Perlowin.

Thus far, The Hemp University has helped transform the livelihoods of North Carolina and Oregon farmers transitioning from tobacco to industrial hemp by providing them with the tools and support needed to gain a foothold in this burgeoning industry.

Division Five – The Hemp Marketing Infrastructure

While marketing is a critical facet of any business operation for increasing revenues, Hemp, Inc. believes there must be a keen focus on the infrastructure first. The demand for CBD and hemp products is massive, some even say the demand is insatiable. In order to supply that type of volume/demand, there has to be a strong foundation or infrastructure in place. While Hemp, Inc. is poised to grow a rock solid Hemp Marketing Infrastructure, CEO Perlowin reminds us that this infrastructure has to be able to support a meteoric industry growth. The hemp-derived CBD market is [expected to hit \\$591 million](#) early this year, and it may grow 40 times this size—to \$22 billion by 2022, according to the Brightfield

Group report. “This is why we focus on infrastructure, at the moment, more so than specific marketing activities,” says Perlowin. “Specific marketing activities isn’t the issue. The ability to grow, process and produce what the marketplace is demanding is the issue and hence the reason we are focusing on creating the infrastructure first.”

The company has also recently joint-ventured with retail store Hemp Healthcare, in Dolan Springs, Arizona, to sell high-end cannabidiol (CBD) and hemp-based products. Hemp Healthcare is home to an array of renowned CBD and hemp products, including Hemp, Inc.’s cosmetic and wellness line that includes shampoos, lotions, candles and more. The retail storefront is conveniently located off Highway 93 in Arizona, in a highly trafficked tourist area. Specifically located on Pierce Ferry Road, Hemp Healthcare is next to Dolan Station – a location that welcomes numerous tour buses daily with visitors from around the world that stop there on trips to the Grand Canyon.

Division Six – Accessories, Products and Services

Division Six focuses on the sale of hemp accessories such as the sale of extractors, harvesters, storage bags, containers, fertilizer, soil amendments, humidifiers, dehumidifiers, balers, greenhouses, and greenhouse equipment; the drying, trimming, curing, storing and brokering for other farmers harvesting hemp; and ultimately anything else a hemp farmer may need to be successful.

“What we found is that people are always looking for hundreds of items. New harvesting equipment and new extraction technologies,” said Perlowin.

Division Seven – Research and Development

While Research and Development has been an integral part of Hemp, Inc. since day one, a more formal research and development project is planned to begin in Puerto Rico in 2019. Hemp, Inc. met with many Puerto Rican officials to get an idea of what the regulations to grow hemp would be and start the process to gain permits to grow as soon as possible. The main focus in Puerto Rico is to first get a contract for land with an agriculture license to grow hemp. Several land opportunities have been identified and are in negotiations. The second focus is to find a building(s) suitable for drying facilities and extraction units. Because of the devastation from the last 2 hurricanes and the economic downfall in Puerto Rico, there are many buildings available. Many of the regions have buildings to offer at very affordable prices. Hemp Inc. has visited many properties and have several that would be suitable for hemp processing purposes.

In December, 2018, Hemp Inc. was invited to participate in a study on hemp by the University of Mayaguez. Hemp, Inc. was chosen as one of the two private growers to participate in the study. The private study will include testing 3 different soil amendments, 4 different cultivars, various spacing scenarios, water usage and numerous other important growing data. The study will give Hemp, Inc. access to the database created by the study, which will contain important data on growing hemp in the Puerto Rican environments.

Many important connections have been made already, including meeting with the Department of Agriculture. Puerto Rico is ready for a game changer like hemp to help their economic struggles. As of February 12, 2019, the Governor of Puerto Rico signed a bill making hemp legal. This could really speed things up for Hemp, Inc. especially considering the fact that Puerto Rico has three growing seasons, as oppose to one in almost all the other states.

Division Eight – Industrial Hemp Investments and Joint Ventures

Hemp, Inc. recently established the eighth division (Industrial Hemp Investments and Joint Ventures). Since the passing of the hemp bill, Hemp, Inc. has been flooded with inquiries of people who want to invest in the hemp industry but don't know where to start. As the Avant-guard of the industrial hemp industry, Hemp, Inc. has put together numerous joint venture investment opportunities for the medium to large-scale investor. Those who are interested should email ir@hempinc.com. Multi-million dollar, and in some cases billionaires and billion dollar hedge funds, are aggressively trying to get into the hemp industry since the passing of the 2018 Farm Bill. Our joint venture agreements are that they put up the money and we put up the expertise in a 50/50 revenue share. This will save the large-scale hemp investor two years and dozens of mistakes that they will make without an expert in the hemp industry. This is where Hemp, Inc.'s vast network and resources in the industrial hemp industry come into play because this is something that can easily be provided.

Division Nine – Industrial Hemp Consulting

Hemp, Inc.'s Industrial Hemp and Medical Marijuana Consulting Company (IHMMCC) was recently restructured as its ninth division and is now "Division Nine - Industrial Hemp Consulting". With an influx of public companies wanting to expand into the industrial hemp industry, Hemp, Inc. has been inundated with potential consulting agreements. To keep up, Hemp, Inc. revamped its consulting division to work hands-on with each company to provide its years of expertise. According to Perlowin, there is definitely a sense of a "Community of Companies" whereby a lot of companies are working together to pool their resources, marketing connections and strategies in order to grow simultaneously.

Typically, companies seeking in depth consulting services from Hemp, Inc. pay mostly in stock since cash flow is oftentimes tight during the developmental stage of start-up companies in this industry. Through Hemp, Inc.'s Division Nine – Industrial Hemp Consulting, a wide range of services are forged from the experiences of creating the first publicly trading company in the

cannabis sector (Medical Marijuana, Inc.) and having well over a decade of experience in the cannabis industry's public sector. Perlowin, Hemp, Inc.'s chief executive officer also has over five decades in the industry itself.

VETERAN VILLAGE KINS COMMUNITIES

The company's 500-acre strategic growing partner Veteran Village Kins Community in Golden Valley, Arizona, is also designed to grow hemp and produce CBD products to benefit veterans as well as generate revenue for Hemp, Inc., the Veteran Village and individual veterans living in the community. Hemp, Inc. executives are also continuing to scout new locations nationwide to open additional hemp processing centers in legal markets.

For a more complete description on the Veteran Village Kins Community (as mentioned above), read the following October 24, 2017 press release, "Hemp, Inc. Announces Strategic Hemp Growing Partner 'Veteran Village Kins Community Arizona, Inc.' Completes Final Site Plan Blueprints", below:

Hemp, Inc. has announced that its strategic growing partner, "Veteran Village Kins Community Arizona, Inc.", has completed its final site plan blueprints for its 500-acre site in Golden Valley, Arizona (20 miles north of Kingman, AZ and 90 minutes from Las Vegas, NV). The site plan was submitted to the Mohave County Building Department for final review. The Company is also in the final stages of completing the necessary infrastructure to support an off-grid, renewable, energy system. With the solar equipment in place, the site's solar power operation will be completed in the next days.

As soon as the live streaming video cameras are up and operational, the world can actually see the way the Veteran Village Kins Community is designed and watch it being built. According to Perlowin, the basic framework or overall plan of the Veteran Village Kins Communities is to create a holistic healing and learning center that is designed to educate and heal veterans with PTSD, alcoholism, meth addiction, opioid addiction, and other psychological conditions while at the same time training them on the numerous aspects of being part of the emerging multi-billion dollar hemp industry.

We will also be building hemp-growing communities for other groups such as "Abused" Women & Children Village Kins Communities, the "Orphaned" Children Village Kins Communities, "Homeless" Village Kins Communities, and the "Healers" Village Kins Communities (the healers are professionals who are knowledgeable in the modalities to treat these traumatized groups). These particular communities are all synergistically aligned to work simultaneously supporting each other.

For example, the "Healers" heal the traumatized veterans and women & children; the women support orphan children, and orphan children want to see people living in homes and not homeless. Thus, a portion of the hemp grown in each community goes to create and support another community, giving everybody a sense of giving back and helping others as they help themselves. This circles back to the healers who also work to heal the veterans and the other traumatized groups. This is the economic foundation on how the sale of the hemp products

operates as a “quantum economic matrix” or an example of “symbiotic economics” which is more complex than this brief description allows.

Dwight Jory, the Project Manager for the “Veteran Village Kins Community Arizona, Inc.”, said, “We are very happy with the progress. Our Kins Community is really beginning to come together.” In anticipation of planting to begin during the spring, 300 acres have been fenced, 16 overnight trailer park sites are under construction, and six 40×40-ft organic vegetable gardens have been planted and are currently producing food and kenaf, according to Jory. These organic gardens double as experimental growing modules using an entire array of different growing technologies to see which modalities grow the best in a desert environment. As for the 6 geodesic domes mentioned in an earlier press release, 1 is structurally complete with only the electrical and plumbing to be completed. The rest are on site awaiting final site plan approval.

“We are now accepting volunteers who have expressed an interest in helping to build the first Kins Community for our veterans,” said Jory. Those interested in making the first hemp growing CBD-producing “Veteran Village Kins Community” become a reality should contact Ms. Sandra Williams via email (swilliams@hempinc.com).

One thousand trees, on 36 of the 500-acres, have also been planted, with an additional 1,000 trees on order. The “Veteran Village Kins Community” will include a 100,000-square foot GMP compliant, central processing plant, a state-of-the-art testing laboratory, and various health and wellness centers to support veterans who may have psychological, emotional or health issues.

“As Hemp, Inc. positions itself on the forefront of America’s industrial hemp revolution, we see our partnership with ‘Veteran Village Kins Community Arizona, Inc.’ being paramount in supporting the small family farm movement that we are confident will reshape the American landscape,” said Perlowin. “As we work toward getting our eco-village up and running in Arizona, we are also aggressively scouting strategic locations in other states including North Carolina, South Carolina, Florida, Georgia, Kentucky, Tennessee and West Virginia. Giving veterans and other Americans a place to learn new skills and take part in this multi-billion-dollar hemp CBD market is very exciting. It’s a big part of our mission to give back. Recently we have expanded our Kins Community concept internationally focusing, but not limited to, Israel, New Zealand, Canada, Africa, and Uruguay.”

THE GREAT AMERICAN HEMP GROW-OFF

According to Perlowin, we hope to have 50 “master hemp growers” working on their first Veteran Village Kins Community in Arizona. To date, we have growers from Oregon, Colorado, California, Kentucky, North Carolina, Nevada, Florida, and Arizona who have expressed an interest in pursuing a joint venture with Hemp, Inc. to each grow industrial hemp on 5 of the 300 fenced acres in Arizona. Perlowin says he’ll call this “The Great American Hemp Grow-Off.” Any grower having an interest in pursuing a joint venture on 5 of the 300 fenced in acres in Arizona should contact Project Manager Dwight Jory. Or, anyone interested in attending the 2-7-day hands-on hempcrete house building should contact Dwight Jory (ecogold22@gmail.com) as well. The Grow-Off starts June 1, 2019 (the first day hemp will be legal to grow in Arizona) and also includes

a Hemp University, up to every weekend, for the entire growing season. The Hemp University (in Arizona) will be held in a 60-foot geodesic dome that can seat up to 225 people.

At the Great American Hemp Grow-Off, 2 *Manifest Studios* will be filming and interviewing all of the master growers and their grows on the Docuseries on the Modern Day History of Industrial Hemp. “No wonder most of the growers I talk to want to come and be a part of this. They want to be a part of the Docuseries on the Modern Day History of Industrial Hemp because if they’re not there, history will pass them by,” said Perlowin. The weekend [Hemp University](#) course, that will be taking place in the 60-ft geodesic dome, will now also include field trips out to the all the 5-acre hemp grows that are growing just 100 yards away. This hands on interactive educational experience is the chance of a lifetime for anyone to really learn about this new emerging multi-billion dollar hemp industry from hemp industry experts all over America. A 44-ft geodesic dome will be set up as a vendor area selling a wide variety of products needed to grow industrial hemp. A 36-ft geodesic dome will be set up as a movie room to show movies, documentaries and courses on everything from bio-dynamic farming, permaculture, organic farming practices to bees, predator pest control, soil amendments, cloning, grafting and other peripheral agricultural course materials.

Lastly, the entire operation will have live streaming video capabilities so the whole world can tap in and see The Great American Hemp Grow-Off in real time. The winners of the Great American Hemp Grow-Off will share in the \$100,000 prize money, in a variety of categories.

Perlowin stated, “I run into literally dozens of people who are planning to grow between 50 and 10,000 acres of hemp this year. However, the majority of them do not have the experience to do this successfully. So rather than jump into the industrial hemp industry with potentially millions to be made, the best thing you could possibly do would be to grow 5 acres initially. (It costs \$50,000 to participate in the Grow-Off and based on our experiences in Oregon, 5 acres can produce up to a million dollars or more of net profit.) It costs about \$100,000 for 5 acres to plant, grow, harvest, and process, based on our experiences with our growers from Oregon last year. The joint venture arrangement would be a 50/50 revenue split with Hemp, Inc. creating the probability that the grower could generate half a million dollars and Hemp, Inc. would also receive that same amount. This will not only generate a substantial revenue stream for Hemp, Inc. and its shareholders, it will also generate a nice return on investment (ROI) for the grow-off participants while they learn from industry experts all over America, over a four to six month period.”

“A lot of participants are planning to bring their motor homes and camp out on location while others are electing to stay in a hotel in Las Vegas and take the 90-minute drive out to the land to The Hemp University seminars (in Kingman, Arizona just 25 miles away). Parking your motorhome out on the land and/or camping out is free of charge. We are thinking of having small concerts at night, sing-a-longs, and campfires, as well as other entertainment and speakers to give an enhanced value to the Great American Hemp Grow-Off. There is no better way to learn about industrial hemp than to participate in the hemp grow-off, even if you’re just an investor. Investors can hire a master grower to grow for them. There’s literally no better way to break into the hemp industry and receive such a wealth of information and an invaluable hands-on experience than participating in our Great American Hemp Grow Off. After participating in the

grow-off, then you can go back and grow your 50 to 10,000 acres with a much better chance of success and possibly with new joint venture partners since the networking will be off the charts. This is something you want to be very cognizant about.

While there have been Cannabis Cups over the past 5 decades, this is the first time there has been a 5-acre grow-off thus creating the ultimate interactive event for anyone who wants to become an expert in industrial hemp. The battle cry is not to start with 50, 500, or 5,000 acres but to start with just 5 acres and be a part of the most comprehensive hemp growing training event of the century," Perlowin continued.

HEMP, INC.
NOTES TO UNAUDITED FINANCIAL STATEMENTS
December 31, 2018

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

The "Company" was incorporated on January 16, 2008 in Colorado as Preachers Coffee, Inc. and was given the trading symbol PCIO. On November 11, 2009 the Company changed its name to Marijuana, Inc. On October 10, 2011 the trading symbol was changed to HEMP. Subsequently the name was changed to Hemp, Inc.

Initially, the Company launched a comprehensive network of information, services and products focused on the rapidly emerging medical and recreational marijuana industries and movements. The Company has assembled the components of all encompassing educational, social networking, affinity programs, and distribution networks through internal development, mergers and acquisitions, and joint ventures. These components are being seamlessly integrated into a process designed to take the consumer from curious, to knowledgeable, to a satisfied and loyal community member with a lasting relationship with the Company through education, information, social networking, and product purchases.

After the name change, from Marijuana, Inc. to Hemp, Inc., the company's primary focus shifted to industrial hemp and the myriad of clean, green sustainable products that industrial hemp offers to the world.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company's wholly owned subsidiaries. All significant intercompany transactions have been eliminated.

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.

Securities Held for Sale

The Company owns a portfolio of marketable securities held for sale acquired directly from the issues in payment for providing consulting services and or direct purchase from the issuer. The portfolio is

evaluated from time to time and the carrying value is adjusted in accordance with the "Mark to Market" procedure.

Deposits

Deposits are the balances outstanding that have not been redeemed as of the date of the Financial Statements.

Accounts Receivable/Other Receivable

Accounts Receivable are amounts due to the company from sales or services rendered.

Notes Receivable

Notes Receivable are executed contractual obligations to the Company reflecting amounts due for sales or services rendered by the Company.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight line method over their useful lives.

Inventory

Inventory has been recorded at the lower of cost or fair market value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with SEC Staff Accounting Bulletin ("SAB") 104.

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, "ShareBased Payment, an Amendment of FASB Statement no. 123." The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees.

Income Taxes

The Company utilizes the SFAS No. 109, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in the future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period and based on enacted tax laws and statutory tax 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.

Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the SFAS No. 128 ("SFAS No. 128"), "Earnings per Share." Net earnings per share for all periods presented have been restated to reflect the adoption of

SFAS No. 128. Basic earnings per share is based upon the weighted average number of common shares outstanding. Diluted earnings per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. There are convertible shares as discussed in Note 8. There are no options or warrants. 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. At this time there are no stock options granted.

Note 3 - Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America, which contemplates continuation of the Company as a going concern.

Note 4 - Accounts Payable

Accounts payable represent amounts owed to vendors for products and/or services rendered but not yet paid for in full.

Note 5 - Notes Payable

Notes payable was incurred for plant, property, equipment and inventory financing. The president of the Company pledged 23,500,000 shares of the Company's Preferred K stock to further secure this financing. The Company recorded \$951,150 in additional interest expense related to this collateral pledge.

On May 25, 2015 the lender exercised its right to foreclose on a 4,000,000 share Preferred K certificate pledged by the president which triggered debt assumption by the president.

Subsequently issued working capital notes payable were issued pursuant to a continuing financing agreement and are classified as non-current due to repayment characteristics.

The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in "technical default" and as such the Lender immediately forecloses on the President's pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.

The Company has continued to use borrowings to fund its business activities through a series of loans with differing terms. The funds advanced against the notes are discounted and the notes bear interest at a stated rate of 12%.

Note 6 - Loans To/From Officers

Loans are stated at par and a represented in aggregate. Such sum represents the loan of funds and/or withdrawal of funds by officers and is not considered revenue to the company, not income to individual officers.

The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in "technical default" and as such the Lender immediately forecloses on the President's pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.

Note 7 - Stock Options and Warrants

Pursuant to the financing agreement(s) for the purchase of the decortication plant, land, and equipment the Company issued 10,000,000 Warrants.

Note 8 - Preferred Shares

The company has several types of preferred shares; Preferred A, Preferred, New Preferred, Preferred K, Preferred K(P), and Preferred Q.

Note 9 – Potential Conflicts of Interest

From time to time members of management and or stakeholders may enter into financial arrangements that must be examined to determine if such arrangements pose a conflict of interest that would precipitate the Company intervention.

Note 10 – Dividends

The Company has not declared or distributed any cash dividends.

Note 11 – Decortication Plant

On May 12, 2014, the Company purchased decortication equipment for processing kenaf, a fibrous plant used in industrial, commercial, and consumer applications, and for the anticipated future processing of hemp. On August 7, 2014 the Company acquired a 70,000 square-foot North Carolina factory building on 8 acres to house the decortication equipment along rolling stock and forklifts. The Company's CEO advanced the \$17,000 to open escrow on the purchase. The Company borrowed \$1,600,000 to finance the purchase of the land, building, equipment and to provide working capital on a long term convertible note payable. The land, building, equipment, and 8,000,000 Preferred K shares are pledged as collateral against the Note. The CEO supplied the 8,000,000 Preferred K shares from his own personal portfolio. The Note further required the Company to issued 5,000,000 Common shares, 10,000,000 five year \$0.10 Common stock warrants, and six amortizing payments of \$296,667 for a total of \$1,760,000 beginning on May 12, 2015. The Note is convertible to Common stock at the election of the Company. The 5,000,000 Common shares issued pursuant to the terms of the Note were recorded as prepaid interest at \$286,000, the closing price of the shares. The Company used the Black Scholes method to calculate the derivative cost of the 10,000,000 Common stock warrants at \$565,771 and was also recorded as prepaid interest.

The President and major shareholder has entered into a series of personal loans and has advanced the loan proceeds to the Company. He has personally guaranteed these loans and has pledged personal assets to collateralize these loans. Loan proceeds have been used by the Company to purchase the property, plant, and equipment located in North Carolina and to fund the ongoing operations of the Company. The terms of the loans are so draconian the President is continuing to be in "technical default" and as such the Lender immediately forecloses on the President's pledged assets. The advances to the Company classified as Subscriptions Payable as directed by the President.

NOTE 12 - SUBSEQUENT EVENTS

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report and there are no additional subsequent events to report.