TRUCEPT, INC.

Consolidated Financial Statements

As of and for the Year Ended December 31, 2022
With Report of Independent Registered Public Accounting Firm

TRUCEPT, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Shareholders Trucept,
Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Trucept Inc. and subsidiaries (collectively, the Company) as of December 31, 2022, and the related consolidated statements of income, shareholders' deficit, and cashflows for the year ended December 31, 2022, and the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Trucept Inc. as of December 31, 2022, and the results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. In addition, the Company is dependent upon related parties for revenue. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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 Trucept Inc. 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 audits 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 consolidated financial statements are free of material misstatement, whether due to error or fraud. Trucept Inc. 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 audits included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Ramirez Jimenez International CPAs

We have served as Trucept Inc.

auditors since 2023. Irvine,

California
October 11, 2024
PCAOB ID 820

Trucpt, Inc.
Consolidated Balance Sheet
As of December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	$	122,994
Accounts receivable, net of allowance		3,577,535
Due from related party		1,406,399
Prepaid expenses		105,296
Total Current Assets		5,212,224
Equipment, net		28,865
Security deposits		215,000
Goodwill		556,606
Total Assets	$	6,012,695
Liabilities and shareholders' deficit		
Current Liabilities		
Accounts payable	$	1,576,662
Accrued expenses		883,763
Accrued compensation expense, related party		308,882
Income tax payable		422,510
Payroll tax settlement payable		1,172,824
Trust payable		2,228,890
Other liabilities		112,000
Total Current Liabilities		6,705,531
Deferred taxes, long term		6,654
Payroll tax settlement payable, long term		976,236
Total Liabilities	$	7,688,421
Shareholders' deficit		
Preferred stock: $0.001 par value, 5,000,000 shares authorized, zero shares issued and outstanding at December 31, 2022		-
Common stock: $0.001 par value, 500,000,000 shares authorized, 56,098,460 shares issued and outstanding at December 31, 2022		56,098
Additional paid in capital		7,704,675
Accumulated deficit		(9,436,499)
Total shareholders' deficit		(1,675,726)
Total liabilities and shareholders' deficit	$	6,012,695

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

Trucpt, Inc.
Consolidated Statement of Income
For The Year Ended December 31, 2022

Revenue, net	$ 18,314,362
Cost of sales	6,360,118
Gross profit	11,954,244
Selling, general and administrative expenses	3,261,310
Payroll expense	4,850,424
Bad debt expense	530,779
Total operating expenses	8,642,513
Operating income	3,311,731
Other income (expense)	
PPP loan forgiveness	380,010
Penalties and interest	(319,478)
Interest income	18,742
Total other income	79,274
Net income before income tax expense	3,391,005
Income tax expense	429,164
Net Income	$ 2,961,841
Net income per share of common stock, basic and diluted	$ 0.05
Weighted average shares of common stock outstanding, basic and diluted	55,328,137

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

Trucept Inc.
Consolidated Statement of Shareholders' Deficit
For The Year Ended December 31, 2022

	Common stock		Additional paid in capital	Accumulated deficit	Total shareholders' deficit
	Shares	Amount			
Balance - December 31, 2021	52,912,123	$ 52,912	$ 7,277,705	$ (12,398,340)	$ (5,067,723)
Issuance of common stock	3,186,337	3,186	426,970	-	430,156
Net income	-	-	-	2,961,841	2,961,841
Balance - December 31, 2022	56,098,460	$ 56,098	$ 7,704,675	$ (9,436,499)	$ (1,675,726)

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

Trucept, Inc.

Consolidated Statement of Cash Flows

For The Year Ended December 31, 2022

Operating Activities	
Net Income	$ 2,961,841
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	2,787
Allowance for doubtful accounts	(183,669)
Changes in operating assets and liabilities:	
Accounts receivable	5,854,493
Due from related party	(1,014,595)
Prepaid expenses	(91,607)
Security deposits	(19,890)
Accounts payable	(5,535,339)
Accounts payable, related party	(3,790,813)
Accrued payroll	(64,700)
Accrued compensation expense, related party	57,125
Income tax payable	429,164
Payroll tax settlement payable	(91,537)
Trust payable	1,404,297
Other liabilities	112,000
Net cash provided by operating activities	29,557
Investing activities	
Purchase of equipment	(6,296)
Net cash used in investing activities	(6,296)
Net increase in cash	23,261
Cash and cash equivalents, beginning of the period	99,733
Cash and cash equivalents, end of the period	122,994
Supplemental cash flow information	
Interest paid	150,212
Income taxes paid	62,005
Common stock issued for payment of notes and interest, related party	430,156

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

1. Organization and Business

Formation and Business of the Company

Trucept Inc. and its wholly owned subsidiaries Afinida Inc, and Afinida Insurance Inc., (collectively "the Company" or "Trucept") provides professional outsourced business services to its customers, including accounting support, payroll and payroll tax administration, human resource management, employee benefits, marketing, technology assistance, and safety and risk management.

The Company was originally incorporated in the State of Nevada on March 23, 1995, as Royce Biomedical Inc. On September 8, 2005, the Company changed its name from Royce Biomedical Inc. to Smart-Tek Solutions Inc. The Company again changed its name to "Trucept Inc." on January 3, 2013, to better reflect new business activities.

The headquarters office, principal address, and records of the Company are located at 600 La Terraza Blvd., Escondido, CA 92025.

Going Concern and Liquidity

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. At December 31, 2022, the Company reported revenue of approximately $18,300,000, net income of approximately $2,961,000, shareholders' deficit of approximately $1,676,000, and positive cash flows from operations of approximately $30,000. The Company believes it will generate operating cash flows to meet current and future working capital requirements. Most of the Company's revenue is from unconsolidated related parties which the company relies on to maintain profitability. Management believes the continuation of the Company as a going concern is dependent upon the successful financing through equity and/or debt investors, and growing the subsidiaries anticipated to be profitable while reducing investments in areas that are not expected to have long-term benefits. The Company expects to fund any short-term operational deficits primarily through the collection of outstanding accounts receivable.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements include the accounts of Trucept Inc. and its wholly owned subsidiaries Afinida Inc. and Afinida Insurances Services, Inc. All intercompany balances and transactions among the consolidated entities have been eliminated in consolidation. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Use of Estimates

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that impact the reported amounts of assets, liabilities, and expenses and the disclosure in the Company's consolidated financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. By their nature, estimates are subject to an inherent degree of uncertainty and, as such, actual results may differ from management's estimates.

Segment Reporting

The Company currently operates and manages its business as one operating segment, which is the business of providing professional business outsourced services to its clients. The Company's chief executive officer, who is the chief operating decision maker, reviews financial information on an aggregate basis for evaluating financial performance.

2. Summary of Significant Accounting Policies (continued)

Cash and equivalents

Cash and cash equivalents consist of cash on hand and bank deposits. For financial reporting purposes, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Company has not experienced any losses related to this concentration of risk. As of December 31, 2022, the Company did not have any deposits more than federally insured limits.

Accounts Receivable

Accounts receivables are recorded at a net realizable value consisting of the carrying amount less an allowance for uncollectible accounts, as needed. Every month, the Company reviews its receivables on a customer-by-customer basis and evaluates whether an allowance for doubtful accounts is necessary based on any known or perceived collection issues. Any balances eventually deemed uncollectible are written off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Additionally, the Company records an allowance for doubtful accounts totaling 5% of the total accounts receivable balance based on historical data. The allowance for doubtful accounts was $183,669 as of December 31, 2022, which consisted entirely of balances owed by related parties.

Workers compensation insurance collateral

The Company maintains reserves in the form of prepaid cash deposits for known workers' compensation claims which are made up of estimated collateral required to pay claims and estimated expenses to settle the claims. The collateral amounts are determined by the insurance carrier and are not recoverable by the Company until all claims related to a policy period are settled. The cash deposits will not be recoverable in the near term and accordingly, they are classified as a long-term asset and due to the uncertainty of collecting funds from receivers, are fully reserved for as of December 31, 2022. See Note 6.

Concentration of credit risk

Financial instruments that may potentially expose the Company to concentrations of credit risk primarily consist of cash and receivables. The Company places cash with multiple high-credit quality financial institutions. This is guaranteed by the Federal Deposit Insurance Corporation up to certain limits and although deposits are held with multiple financial institutions, deposits at times may exceed the federally insured limits. The Company has not experienced any losses in such accounts. Credit quality is monitored on an ongoing basis, and reserves for estimated credit losses are recorded as needed.

There was one customer that accounted for 92% of total revenue for the year ended December 31, 2022, this customer is a related party. Three customers accounted for 74% of total accounts receivable as of December 31, 2022, of which all were related parties. Related party customers shared common ownership or had a familial relationship with the Chairman of the Board.

Equipment

Equipment is stated at cost, less accumulated depreciation. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. The Company’s equipment is mainly computers and related equipment and has an estimated useful life of 3 years to depreciate.

Goodwill

The Company accounts for goodwill in accordance with Accounting Standards Codification (ASC) 350, Goodwill and

Goodwill (continued)

other intangibles. ASC 350 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis (December 31 for the Company) and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company considers its market capitalization and the carrying value of its assets and liabilities, including goodwill, when performing its goodwill impairment test. When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation of whether it is more likely than not that goodwill is impaired. If it is determined by a qualitative evaluation that it is more likely than not that goodwill is impaired, the Company then applies a quantitative analysis. The second step compares the fair value of the Company's reporting unit to its carrying or book value. As a result of the annual impairment testing, the Company did not record an impairment of goodwill during the year ended December 31, 2022.

Impairment of long-lived assets

Long-lived assets consist primarily of equipment. Long-lived assets are tested for impairment when events and circumstances indicate the assets might be impaired by first comparing the estimated future undiscounted cash flows of the asset or asset group to the carrying value. If the carrying value exceeds the estimated future undiscounted cash flows, an impairment loss is recognized based on the amount that the carrying value exceeds the fair value of the asset or asset group. The Company did not recognize impairment losses during the year ended December 31, 2022.

The company recognizes revenue per ASC 606, Revenue from Contracts with Customers, as follows:

1. Identify contract(s) with a customer
2. Identify the separate performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the separate performance obligations
5. Recognize revenue when or as the entity satisfies each performance obligation. Customers are invoiced at the end of each month, for services rendered during that month, and revenue is recognized.

The Company’s contracts generally have termination-for-convenience provisions and do not have termination penalties. While clients are contractually obligated to pay the Company for all services billed, the Company does not have long-term agreements with its clients for the provision of services and the Company’s clients may terminate engagements at any time. All costs of compensating the Company’s professionals for services provided are the Company's responsibility and are included in the direct cost of services.

Net income per share of common stock

The basic income per common share is computed by dividing the net income by the weighted average shares of common stock outstanding during the periods. Net income per share on a diluted basis is computed by dividing the net income for the periods by the weighted average number of common and dilutive common stock equivalent shares outstanding during the periods.

New Accounting Pronouncements

Recently Adopted Accounting Standards

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes*. The standard simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. The new guidance became effective for the Company as of January 1, 2022, and its adoption has not had a material impact on the Company's consolidated financial position or results of operations.

Leases

The Company adopted ASC 842, *Leases,* effective January 1, 2020, using a modified retrospective approach. Under ASC 842, leases are separated into two classifications: operating leases and finance leases. For a lease to be classified as a finance lease, it must meet one of the five finance lease criteria at inception: (1) transfer of title/ownership to the lessee, (2) purchase option, (3) lease term for the major part of the remaining economic life of the asset, (4) present value represents substantially all of the fair value of the asset, and (5) asset specialization. Any lease that does not meet these criteria is classified as an operating lease. ASC 842 requires all leases to be recognized on the Company's balance sheet. Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities and noncurrent operating lease liabilities within the balance sheet. Finance leases are included in property, plant, and equipment, current maturities of long-term debt and finance leases, and long-term debt and finance leases, net of current maturities, within the balance sheet.

All leases were determined to be for 12 months or less; therefore, no ROU assets or lease liabilities were recorded as the Company elected to use the practical expedient under ASC 842.

Recent Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The standard amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. For available-for-sale debt securities, entities will be required to recognize an allowance for credit losses rather than a reduction in the carrying value of the asset. Entities will no longer be permitted to consider the length of time that fair value has been less than amortized cost when evaluating when credit losses should be recognized. This new guidance is effective for the Company as of January 1, 2023. The Company is currently evaluating the impact of this ASU and does not expect that the adoption of this standard will have a material impact on its consolidated financial statements and related disclosures.

3. Income Taxes

The components of the provision for income taxes are as follows:

Current:	
Federal	$297,343
State	125,167
Foreign	-
Total current	422,510
Deferred:	
Federal	361,750
State	102,011
Total	463,761
Valuation allowance	(457,107)
Total deferred	6,654
Total provision for income taxes	$ 429,164

Deferred tax assets consist of the following:	
Depreciation and amortization	$ 5,225
Reserves and accruals	1,395
Other	34
Deferred tax liabilities, long term	6,654

Reconciliation of the statutory federal income tax to the Company's effective tax:

Tax at federal statutory rate	21.0 %
State, net of federal benefit	6.7 %
PPP loan forgiveness	(2.3)%
Tax exempt interest income	0.6 %
Meals and entertainment	0.2 %
Change in valuation allowance	(13.5)%
Provision for taxes	12.7 %

4. Accounts Receivable, net

Accounts receivable, net, consist of the following on December 31:

	2022
Trade accounts receivable	$ 90,817
Trade accounts receivable – related party	3,670,387
Less: allowance for doubtful accounts	(183,669)
Total accounts receivable, net	$ 3,577,535

During the year ended December 31, 2022, the Company recorded bad debt expense of $530,779.

5. Prepaid expenses

Prepaid expenses consist of the following on December 31:

	2022
Legal deposit	$ 50,000
Insurance	55,296
Total prepaid expenses	$ 105,296

6. Workers Compensation Insurance Collateral

The Company's Workers Compensation Collateral balance of $13,860,964 consists of funds deposited to cover workers compensation claims that the Company would be liable for. Guarantee Insurance Company (GIC) was the Company's workers compensation insurance company. Guarantee used Patriot Underwriters Inc. (Patriot) as the Managing General Agent (MGA) GIC. As the MGA, Patriot would collect all premiums and collateral and be responsible for allocating those funds to the appropriate parties. That is, some were allocated to premium payments, some were allocated to collateral required for GIC, and the remainder were allocated to GIC's fronting carrier, Ullico. GIC could only write insurance in a limited number of states but could write insurance nationally through a "fronting" carrier. Ullico was GIC's fronting carrier and was licensed to write insurance in states where GIC was not licensed.

On May 11, 2013, the bankruptcy of Ullico Casualty Company (a Ullico subsidiary) led to a court order declaring the entity insolvent. Ullico was placed into Receivership and Rehabilitation on March 11, 2013, and into Liquidation on May30, 2013. On January 28, 2016, the attorneys to Guaranty Underwriters, Inc. (GUI) Patriot Underwriters, Inc. stated that the matters in connection with the Ullico liquidation are proceeding very slowly and GUI is enjoined from returning the funds to the policyholders. On November 27, 2017, Guarantee Insurance Company (GIC), consented to and was placed into liquidation by the Second Judicial Circuit Court in and for Leon County, Florida. On May 4, 2018, the Company filed a proof of claim with the Florida Department of Financial Services Receiver Guarantee Insurance Company for $8,398,493, and on May 4, 2018, the Company also filed an additional proof of claim with the Florida Department of Financial Services Receiver Guarantee Insurance Company for $5,462,471 for a total of $13,860,964. These proofs of claim were filed in the Patriot bankruptcy and in the GIC Receivership to secure our rights to collect what it could on the collateral Trucept, et al. posted with GIC through Patriot. As of October 27, 2023, the attorney representing Trucept, still has not received a notice of settlement and believes the full amount is still owed to Trucept.

Due to the uncertainty of collecting any funds from the receivers, the Company recorded an allowance for all amounts due during the year ended December 31, 2019.

7. Equipment, net

Equipment, net, consist of the following on December 31:

	2022
Computer equipment	$ 34,277
Less: accumulated depreciation	(5,412)
Total Equipment, net	$ 28,865

Depreciation related to equipment was $2,787 for the year ended December 31, 2022.

8. Fair Value of Financial Instruments

Fair value is determined to be the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The Company follows a fair value hierarchy that prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Inputs, other than the quoted prices in active markets, are observable either directly or indirectly.

Level 3—Unobservable inputs based on the Company's assumptions.

The Company is required to use observable market data if such data is available without undue cost and effort.

At December 31, 2022, the carrying amounts of financial instruments, including cash, accounts and other receivables, accounts payable and accrued liabilities, and notes payable approximate fair value because of their short maturity.

9. Payroll Tax Settlement Payable

The Company operated as a PEO from 2005 to 2017 along with its subsidiary Smart-Tek Automated Services Inc. Smart-Tek did not pay their California payroll taxes incurred between January 1, 2013 through March 31, 2013, totaling $931,821. Smart-Tek ceased operations in 2016 and the unpaid tax liabilities were then transferred and assigned to the Company. In 2018, the Company established a payment plan with the Employment Development Department of California (“EDD”) to resolve the outstanding balance by paying $10,000 per month until the balance has been paid in full. As of December 31, 2022, the Company has included $948,736 within Payroll tax settlement payable on the Consolidated Balance Sheet.

During the year ended December 31, 2022, the Company recognized $170,000 for employer payroll tax liabilities that were disputed between 2015 and 2018. The Commonwealth of Pennsylvania and the Company agreed to a payment plan including twelve equal monthly installments of $10,500 per month with first payment of $10,500 due on August 31, 2023, eleven monthly installments of $10,500 due before the fifteenth day of each month thereafter, beginning on September 15, 2023, and ending on July 1, 2024; eight payments in the amount of $5,000 per month beginning on August 15, 2024 and ending on March 15, 2025; and one final payment of $4,000 payable on or before April 15, 2025. The $170,000 liability was recorded within Payroll Tax Settlement Payable on the consolidated Balance Sheet.

Smart Tek had state income taxes from employee compensation due to the states of New Jersey and New York totaling $752,774 that went unpaid when they ceased business operations. The states of New York and New Jersey have not assigned these taxes to Trucept, however, Trucept has been making good-faith payments to settle the liability. As of December 31st, 2022, Trucept has included $1,030,324 within Payroll tax settlement payable on the Consolidated Balance Sheet.

10. Trust Payable

The Trust Third Party Account describes all transactions and balances between the Company and a Third-Party Company that utilizes a Legal Trust Bank Account to process Accounts Payable on the Company's behalf. The liability balance owed to the third party is the accumulated deficit between funds sent from the Company to the Third Party, and payments made on the Company's behalf. Deposits received by the trust account can be made directly by customers and consequentially reduce the Trust payable liability balance owed by the Company. Payments made by the trust account to vendors will increase the Trust payable liability balance.

11. Paycheck Protection Program (PPP) Loan

In May 2020, the Company received loan proceeds of $380,000 from the Small Business Administration under the Paycheck Protection Program (PPP). The PPP, established as part of the CARES Act, provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable if the loan proceeds are used for eligible purposes, including payroll, benefits, rent, and utilities, and the Company maintains its payroll levels. The amount of loan forgiveness may be reduced if the Company terminates employees or reduces salaries during the covered period. On March 23, 2022, the Company received a notice from the Small Business Administration that funds were used appropriately, and all amounts were fully forgiven. The Company recorded the forgiveness of debt of $380,010 in principal for the year ended December 31, 2022.

12. Related Party Transactions

The information below summarizes the Company's transactions and balances with its related parties for the year ended December 31, 2022: Management has evaluated these relationships for possible consolidation under ASC 810, Consolidation, under the variable interest entity (VIE) model and has determined consolidation is not appropriate as the Company is not the primary beneficiary.

Revenue and Accounts Receivables

During the year ended December 31, 2022, the Company recognized revenue for management services with a related party customer totaling $16,642,619, or 90.9% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $1,605,306. The concentration of revenues generated with this entity could have potentially influenced the operations of the related party.

During the year ended December 31, 2022, the Company recognized revenue for management services with a related party totaling $381,492, or 2.1% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $ 384,535. The related party company was acquired by the company in 2023.

During the year ended December 31, 2022, the Company recognized revenue for management services with a related party customer totaling $301,230, or 1.6% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $228,259. The concentration of revenues generated by this entity could have potentially influenced the operations of the related party.

During the year ended December 31, 2022, the Company recognized revenue for management services with a related party customer totaling $129,530, or 0.7% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $69,204. There is a relationship between the Company's chairman of the board and the owner of the related party customer.

During the year ended December 31, 2022, the Company recognized revenue for management services with a related party customer totaling $90,902, or 0.5% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $80,777. The Company's chairman of the board has a relationship with the owner of the related party customer.

During the year ended December 31, 2022, the Company recognized revenue for management services for various related parties designated based upon definitions provided by ASC 850-10-20 totaling $494,755, or 3.3% of total revenues. As of December 31, 2022, amounts included within accounts receivable on the consolidated balance sheet were $1,302,307.

Expenses and Accounts Payable

During the year ended December 31, 2022, the Company incurred payroll processing expenses and service fees totaling $6,816,913, or 45.4% of total expenses, provided by a related party vendor. As of December 31, 2022, amounts included within accounts payable on the consolidated balance sheet were $1,424,351. The concentration of expenses incurred with this entity could have potentially influenced the operations of the related party vendor.

During the year ended December 31, 2022, the Company incurred commission expenses totaling $5,013,897, or 33.4% of total expenses, due to a related party vendor. As of December 31, 2022, amounts included within accounts payable on the consolidated balance sheet were $8,073. The concentration of expenses incurred with this entity could have potentially influenced the operations of the related party vendor.

During the year ended December 31, 2022, the Company incurred office lease expenses totaling $428,700, or 2.9% of total expenses, due to a related party vendor. As of December 31, 2022, amounts included within accounts payable on the consolidated balance sheet were $22,219. The Company's chairman of the board has a relationship with the owner of the related party vendor.

During the year ended December 31, 2022, the Company incurred expenses totaling $91,718, or .6% of total expenses, from various related parties designated based upon definitions of related parties provided by ASC 850-10-20. On December 31, 2022, amounts included within accounts payable on the consolidated balance sheet were $23,909.

Accrued officer compensation, related party

As of December 31, 2022, the Company owed its Chairman of the Board $308,882 for compensation of his board role.

Related party debt

On January 1, 2022, the Company paid outstanding principal balances for $2,485,136 for three separate notes payable held by a related party company. The Company's chairman of the board is a member of the related party company's board of directors.

On January 1, 2022, the Company paid outstanding principal balances of $570,000, as well as accrued interest of $99,521 for three separate notes payable held by a related party.

On March 1, 2022, the Company paid principal balances of $205,586, for two separate notes held by its chairman of the board, leaving a remaining $30,586 to be converted into common stock, as noted below.

On January 1, 2022, notes payable held by its chairman had $154,497 of accrued interest, and notes payable held by its chairman of the board had $245,072 of accrued interest, for an aggregate of $399,569 of accrued interest. As such, the chairman converted the note payable balance of $30,586 and the accrued interest payable balance of $399,569 into 3,186,337 shares of Trucept Inc. common stock using the closing price of $0.135 as of January 3, 2022, as the stock price per share on the conversion date. The stock was issued in the second quarter of 2022. See Note 13.

13. Shareholders' Deficit

The Company's authorized capital stock currently consists of 505,000,000 shares, consisting of:

(i) 5,000,000 shares of preferred stock, par value $0.001 per share.
(ii) 500,000,000 shares of common stock, par value $0.001 per share.

On December 31, 2022, 56,098,460 shares of common stock were outstanding. No shares of preferred stock have been issued. See Note 12 regarding the conversion of outstanding related party interest payable to common stock.

Net earnings per share

Net Income	$	2,961,841
Weighted number of shares outstanding		55,328,137
Net income per share	$	0.05

14. Commitments and Contingencies

Legal Proceedings

The Company is currently not a party to any legal proceedings, nor is the Company aware of any threatened or pending litigations. However, the Company could be involved in disputes, including litigation, relating to claims arising out of the normal course of business, which may have a material adverse effect on the Company's consolidated results of operations or financial position.

Leases

As of December 31, 2022, the Company had month-to-month leases for its office spaces in Escondido, California, and Cherry Hill, New Jersey, at a total monthly rate of $51,737.

Retirement Plans

The Company maintains a defined contribution 401(k) plan for eligible employees. Employee contributions are voluntary and determined on an individual basis, limited to the maximum amount allowable under federal tax regulations. Matching contributions are made for certain eligible employees to meet the nondiscrimination provisions of the plan. During the year ended December 31, 2022, the Company made contributions of $116,358.

Payroll Tax Settlements

The Company has various settlements regarding unpaid payroll taxes in multiple jurisdictions. See Note 9 for further discussion."

14. Subsequent Events

The Company has evaluated events subsequent to December 31st, 2022, to assess the need for potential recognition or disclosure. Such events were evaluated through October 8th, 2024, when the consolidated financial statements were available to be issued.

On January 1, 2023, the Company entered into a Stock Purchase and Sale Agreement with Synergy.O Inc., the sole shareholder of Trucept Risk Management Inc., a US Company, ("Seller"), whereby Trucept Inc., acquired 100 percent of Trucept Risk Management Inc. shares, in exchange for 100,000 shares of Trucept Inc. common stock.

In March of 2023, the Company agreed to convert $389,381 of related party receivables into 1,286 shares of Series H Preferred Shares of Dalrada Financial Corporation (OTCQB: DFCO).

In March of 2023, the Company agreed to convert $1,842,131 of related party receivables into 6,082 shares of Series H Preferred Shares of Dalrada Financial Corporation (OTCQB: DFCO).

In May of 2023 the Company entered into a five-year lease agreement for Afinida, Inc.'s office space in Cherry Hill, New Jersey. The Company will evaluate the impact of this lease on its financial statements per ASC 842 Leases.

In June of 2023, the Company agreed to convert $377,657 of related party receivables into 452 shares of Series I Preferred Shares of Dalrada Financial Corporation (OTCQB: DFCO).

Subsequent Events (continued)

In June of 2023, the Company agreed to convert $15,243,988 of related party receivables into 18,256 shares of Series I Preferred Shares of Dalrada Financial Corporation (OTCQB: DFCO).

In November of 2023, the Company's Board of Directors approved the 2023 Stock Compensation Plan (the Plan). The purpose of the Plan is to provide the Company with a means of compensating selected key employees (including officers), directors, and consultants to the Company for their services rendered in connection with the development of the Company with shares of Common Stock. The Plan shall be administered by the Company's Board of Directors (the Board). The Company's Board shall (a) select those key employees (including officers), directors, and consultants to whom shares of the Company's Common Stock shall be awarded or sold, and (b) determine the number of shares to be awarded or sold; the time or times at which shares shall be awarded or sold. Shares of the Company's Common Stock to be awarded or sold under the Plan shall be issued for such consideration, having a value not less than the par value thereof, as shall be determined from time to time by the Board in its sole discretion. The Board may change, suspend, or terminate the Plan at any time, without notice, and in its sole discretion. For the Plan, the Board of Directors is authorized to sell or award up to Sixteen Million (16,000,000) shares and/or options on the Company's Common Stock, at $.001 par value per share ("Common Stock"). The Plan and all rights and obligations shall be construed and enforced following the laws of Nevada.