
SEN-JAM PHARMACEUTICAL, LLC

FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2021 AND 2020

INDEX TO FINANCIAL STATEMENTS

	Page
INDEPENDENT ACCOUNTANT’S AUDIT REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheet	2
Statement of Operations	3
Statement of Changes in Members’ Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT ACCOUNTANT'S AUDIT REPORT

To the Board of Directors
Sen-Jam Pharmaceutical, LLC
Huntington, New York

Opinion

We have audited the financial statements of Sen-Jam Pharmaceutical, LLC which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sen-Jam Pharmaceutical, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sen-Jam Pharmaceutical, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sen-Jam Pharmaceutical, LLC's ability to continue as a going concern for period of twelve months from the end of the year ended December 31, 2021.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sen-Jam Pharmaceutical, LLC's control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sen-Jam Pharmaceutical, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

SetApart FS

September 19, 2022
Los Angeles, California

SEN-JAM PHARMACEUTICAL LLC
BALANCE SHEETS

As of December 31,	2021	2020
(USD \$ in Dollars)		
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 64,694	\$ 12,255
Prepays and other current assets	77,500	37,500
Total current assets	142,194	49,755
Intangible assets, net	418,000	456,000
Total assets	\$ 560,194	\$ 505,755
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 47,033	\$ 15,292
Total current liabilities	47,033	15,292
Interest payable	67,084	22,039
Convertible note payable	605,075	395,075
Note payable, related party	185,000	-
Total liabilities	904,192	432,406
MEMBERS' EQUITY (DEFICIT)		
Members' capital	751,044	751,044
Accumulated deficit	(1,095,042)	(677,694)
Total members' equity (deficit)	(343,998)	73,350
Total liabilities and members' equity (deficit)	\$ 560,194	\$ 505,755

See accompanying notes to financial statements.

SEN-JAM PHARMACEUTICAL LLC
STATEMENTS OF OPERATIONS

For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
Net revenue	\$ -	\$ -
Operating expenses		
General and administrative	303,458	317,785
Research and development	68,845	-
Total operating expenses	372,303	317,785
Operating income/(loss)	(372,303)	(317,785)
Interest expense	(45,045)	(22,039)
Other income	-	3,000
Total other income (expense)	(45,045)	(19,039)
Net loss	\$ (417,348)	\$ (336,824)

See accompanying notes to financial statements.

SEN-JAM PHARMACEUTICAL LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY

(in , \$US)	Members'	Accumulated	Total Members'
	Capital	Deficit	Equity
Balance—December 31, 2019	\$ 751,044	\$ (256,870)	\$ 494,174
Distributions		(84,000)	\$ (84,000)
Net loss	-	(336,824)	(336,824)
Balance—December 31, 2020	751,044	(677,694)	73,350
Net loss		(417,348)	\$ (417,348)
Balance—December 31, 2021	751,044	\$ (1,095,042)	\$ (343,998)

See accompanying notes to financial statements.

SEN-JAM PHARMACEUTICAL LLC
STATEMENTS OF CASH FLOWS

For Fiscal Year Ended December 31,	2021	2020
(USD \$ in Dollars)		
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss	\$ (417,348)	\$ (336,824)
Amortization expense	38,000	38,000
<i>Adjustments to reconcile net loss to net cash provided used in operating activities:</i>		
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(40,000)	(37,500)
Accounts payable	31,741	15,292
Interest payable	45,045	22,039
Net cash used in operating activities	(342,562)	(298,994)
CASH FLOW FROM FINANCING ACTIVITIES		
Note payable, related party	185,000	-
Convertible note payable	210,000	395,075
Distributions	-	(84,000)
Net cash provided by financing activities	395,000	311,075
Change in cash	52,438	12,081
Cash—beginning of year	12,255	174
Cash—end of year	\$ 64,694	\$ 12,255
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

See accompanying notes to financial statements.

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

1. NATURE OF OPERATIONS

Sen-Jam Pharmaceutical, LLC (the “Company”) was incorporated in the State of Delaware on August 21, 2017. The Company is a pharmaceutical development company. The Company is focused on improving clinical outcomes for patients battling opioid use disorder, viral respiratory infections from coronaviruses such as COVID-19 and other painful inflammation and toxin-induced conditions, including arthritis, vaccinations, and even the infamous hangover. Using their patented proprietary technology and the accelerated 505(b)2 pathway, the Company is on a mission to revolutionize the way we treat pain, and the way the business of pain relief treats humanity.

On June 15, 2022, the Company converted to a Delaware corporation. The Company had 10,000,000 authorized shares of common stock, \$0.0001 par value (see Note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America (“US GAAP”). The Company has adopted the calendar year as its basis of reporting.

Use of Estimates

The preparation of financial statements in conformity with United States GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

Cash and cash equivalents include all cash in banks. The Company’s cash is deposited in demand accounts at financial institutions that management believes are creditworthy. The Company’s cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of December 31, 2021 and 2020, the Company’s cash and cash equivalents did not exceed FDIC insured limits.

Intangible Assets - Patents

The Company accounts for intangible assets in accordance with ASC 350 “Intangibles-Goodwill and Other” (“ASC 350”). ASC 350 requires that goodwill and other intangibles with indefinite lives 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. In addition, ASC 350 requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions or the occurrence of one or more confirming events in future periods could cause the actual results or outcomes to materially differ from such estimates and could also affect the determination of fair value and/or goodwill impairment at future reporting dates.

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

The Company's patents are amortized over an estimated useful life of fifteen years.

Income Taxes

The Company is taxed as a Limited Liability Company (LLC). Under these provisions, the Company does not pay federal corporate income taxes on its taxable income. Instead, the shareholders are liable for individual federal and state income taxes on their respective shares of the Company's taxable income. The Company will pay state income taxes at reduced rates. The Company has filed all its tax returns from inception and is not yet subject to tax examination by the Internal Revenue Service or state regulatory agencies.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

Revenue Recognition

The Company recognizes revenues in accordance with FASB ASC 606, revenue from contracts with customers, when delivery of goods is the sole performance obligation in its contracts with customers. The Company typically collects payment upon sale and recognizes the revenue when the item has shipped and has fulfilled its sole performance obligation.

Revenue recognition, according to Topic 606, is determined using the following steps:

1) Identification of the contract, or contracts, with the customer: the Company determines the existence of a contract with a customer when the contract is mutually approved; the rights of each party in relation to the services to be transferred can be identified, the payment terms for the services can be identified, the customer has the capacity and intention to pay and the contract has commercial substance.

2) Identification of performance obligations in the contract: performance obligations consist of a promised in a contract (written or oral) with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

3) Recognition of revenue when, or how, a performance obligation is met: revenues are recognized when or as control of the promised goods or services is transferred to customers.

To date, the Company has not yet generated revenue.

Advertising and Promotion

Advertising and promotional costs are expensed as incurred.

Share-Based Compensation

The Company accounts for share-based compensation to both employee and non-employees in accordance with ASC 718, Compensation - Stock Compensation. Under the fair value recognition provisions of ASC 718, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

ratably over the requisite service period, which is generally the option vesting period. The Company uses the Black-Scholes option pricing model to determine the fair value of incentive units.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments included in current assets and current liabilities approximate fair value due to the short-term nature of such instruments.

The inputs used to measure fair value are based on a hierarchy that prioritizes observable and unobservable inputs used in valuation techniques. These levels, in order of highest to lowest priority, are described below:

Level 1—Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2—Observable prices that are based on inputs not quoted on active markets but corroborated by market data.

Level 3—Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

COVID-19

In March 2020, the outbreak and spread of the COVID-19 virus was classified as a global pandemic by the World Health Organization. This widespread disease impacted the Company's business operations, including its employees, customers, vendors, and communities. The COVID-19 pandemic may continue to impact the Company's business operations and financial operating results, and there is substantial uncertainty in the nature and degree of its continued effects over time. The extent to which the pandemic impacts the business going forward will depend on numerous evolving factors management cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability. These factors may adversely impact consumer and business spending on products as well as customers' ability to pay for products and services on an ongoing basis. This uncertainty also affects management's accounting estimates and assumptions, which could result in greater variability in a variety of areas that depend on these estimates and assumptions, including investments, receivables, and forward-looking guidance.

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date, but prior to the issuance of the financial statements to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated through September 19, 2022, which is the date the financial statements were issued.

Recently Issued and Adopted Accounting Pronouncements

FASB issued ASU No. 2019-02, leases, that requires organizations that lease assets, referred to as "lessees", to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with lease terms of more than twelve months. ASU 2019-02 will also require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases and will include qualitative and quantitative requirements. The new standard for nonpublic entities will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, and

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

early application is permitted. We are currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020 – 06, debt, debt with conversion and other options (Subtopic 470-20) and derivatives and hedging – contracts in an entity’s own equity (Subtopic 815-40: Accounting for convertible instruments and contracts in an entity’s own equity. ASU 2020-06 reduces the number of accounting models for convertible debt instruments and convertible preferred stock. Limiting the accounting models results in fewer embedded conversion features being separately recognized from the host contract as compared with current GAAP. ASU 2020 – 06 is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020.

The FASB issues ASUs to amend the authoritative literature in ASC. There have been a number of ASUs to date, including those above, that amend the original text of ASC. Management believes that those issued to date either (i) provide supplemental guidance, (ii) are technical corrections, (iii) are not applicable to us or (iv) are not expected to have a significant impact on our financial statements.

3. INTANGIBLE ASSETS

As of December 31, 2021 and 2020, intangible asset consists of:

As of Year Ended December 31,	2021	2020
Patents	\$ 570,000	\$ 570,000
Intangible assets, at cost	570,000	570,000
Accumulated amortization	(152,000)	(114,000)
Intangible assets, net	\$ 418,000	\$ 456,000

All intangible assets have been amortized. Amortization expenses for patents for the years ended December 31, 2021, and 2020 were in the amount of \$38,000 and \$38,000, respectively. The following table summarizes the estimated amortization expense relating to the Company's intangible assets as of December 31, 2021:

Period	Amortization Expense
2022	\$ 38,000
2023	38,000
2024	38,000
2025	38,000
Thereafter	266,000
Total	\$ 418,000

4. DEBT

Convertible Notes

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

In 2020 and 2021, the Company issued several convertible promissory notes for total proceeds of \$605,075, including \$395,075 in 2020 and \$210,000 in 2021. The notes have interest rates ranging from 8% – 10% per annum and mature in various dates from 2022 through 2023. The notes are convertible into equity with discounts on conversion ranging from 0% - 20%.

Related Party Notes

During 2021, a related party (majority member) provided loans to the Company totaling \$185,000. The loan carries an 8% interest rate per annum and management intends to pay back the loan within the next year.

5. EQUITY

Member Units

Under the operating agreement, the Company has the authority to issue 10,000,000 Member Units. As of December 31, 2021, 9,595,000 units have been issued and are outstanding.

Equity Incentive Units

Under the Operating Agreement, the Company can issue compensatory equity interests ("Incentive Units") to members, employees, contractors, and advisors, which grant the recipient an interest in Company income, gain, loss, deductions, and distributions. As of December 31, 2021, the Company has issued 690,000 shares of the membership units and has reserved an additional 405,000 shares for options for future issuance.

The 690,000 previously issued shares were fully vested upon issuance and the additional 405,000 shares have not been issued as of December 31, 2021.

6. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulation. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations.

Litigation and Claims

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of December 31, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations.

SEN-JAM PHARMACEUTICAL LLC
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED TO DECEMBER 31, 2021 AND DECEMBER 31, 2020

7. SUBSEQUENT EVENTS

The Company has evaluated subsequent events for the period from December 31, 2021, through September 19, 2022, which is the date the financial statements were available to be issued.

The Company is currently raising funds on Wefunder through the issuance of convertible notes. The convertible notes carry a \$20,000,000 - \$25,000,000 valuation cap, 20% discount and 8% interest rate. The notes have a maturity date of 24-months from their effective dates. Through the issuance date, the Company has received approximately \$790,000 in proceeds.

In 2022, the Company repaid the related party note payable in its entirety.

On June 15, 2022, the Company converted to a Delaware corporation. The Company had 10,000,000 authorized shares of common stock, \$0.0001 par value.

There have been no other events or transactions during this time which would have a material effect on these financial statements.

8. GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a net loss of \$417,348, an operating cash flow loss of \$342,562, and liquid assets in cash of \$64,694, which is less than a year's worth of cash reserves as of December 31, 2021. These factors normally raise doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern in the next twelve months following the date the financial statements were available to be issued is dependent upon its ability to produce revenues and/or obtain financing sufficient to meet current and future obligations and deploy such to produce profitable operating results.

There are no assurances that management will be able to raise capital on terms acceptable to the Company. If it is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned development, which could harm its business, financial condition, and operating results. The accompanying financial statements do not include any adjustments that might result from these uncertainties.