**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2020**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission file number: 000-53450**

**REMSLEEP HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

|  |  |  |
| --- | --- | --- |
| **Nevada** |  | **47-5386867** |
| (State or other jurisdiction of incorporation or organization) |  | (I.R.S. Employer Identification No.) |

**2202 N. West Shore Blvd, Suite 200, Tampa, FL 33607**

(Address of principal executive offices) (Zip Code)

**813-367-3855**

(Registrant’s telephone number)

Securities registered pursuant to Section 12(b) of the Exchange Act: None.

Securities registered pursuant to Section 12(g) of the Exchange Act:

|  |  |  |
| --- | --- | --- |
| **Common Stock, $0.001 par value** |  | **OTCQB** |
| (Title of class) |  | (Name of exchange on which registered) |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐  No ☒

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes ☐  No ☒

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐  No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒  No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment of this Form 10-K. ☐ Yes  ☒ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

|  |  |
| --- | --- |
| Large accelerated filer ☐  Non-accelerated filer ☒  Emerging growth company ☐ | Accelerated filer ☐  Smaller reporting company ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐  No ☒

The aggregate market value of the 135,711,957 shares of voting and non-voting common equity held by non-affiliates computed by reference to the closing price of $0.0045 on June 30, 2020, at which the common equity was last sold in its most recently completed second fiscal quarter was approximately $610,700.

As of April 12, 2021, there were 405,712,834 shares of common stock outstanding.

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**Forward Looking Statements**

Except for statements of historical fact, the information presented herein constitutes forward-looking statements. These forward-looking statements generally can be identified by phrases such as “anticipates,” “believes,” “estimates,” “expects,” “forecasts,” “foresees,” “intends,” “plans,” or other words of similar import.  Similarly, statements herein that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements.  Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.  Such factors include, but are not limited to, our ability to: successfully commercialize our technology; generate revenues and achieve profitability in an intensely competitive industry; compete in products and prices with substantially larger  and better capitalized competitors; secure, maintain and enforce a strong intellectual property portfolio; attract additional capital sufficient to finance our working capital requirements, as well as any investment of plant, property and equipment; develop a sales and marketing infrastructure; identify and maintain relationships with third party suppliers who can provide us a reliable source of raw materials; acquire, develop, or identify for our own use, a manufacturing capability; attract and retain talented individuals; continue operations during periods of uncertain general economic or market conditions, and; other events, factors and risks previously and from time to time disclosed in our filings with the Securities and Exchange Commission, including, specifically, the “Risk Factors” enumerated herein. Although we believe the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.  You should not place undue reliance on our forward-looking statements, which speak only as of the date of this report.  Except as required by law, we do not undertake to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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**PART I**

**ITEM 1. DESCRIPTION OF BUSINESS**

We were incorporated in the State of Nevada on June 6, 2007. On August 2, 2010, we changed our name from Bella Viaggio, Inc. to Kat Gold Holdings Corp. Effective January 1, 2015, we completed an exchange agreement to purchase 100% of the outstanding interests of REMSleep LLC in exchange for 50,000,000 common shares of REMSleep Holdings, Inc.’s stock, at which time REMSleep LLC became our wholly-owned subsidiary and adopted their business of developing and distributing our sleep apnea products. On January 5, 2015, we changed our name to REMSleep Holdings, Inc. to reflect our new business model.

Our officers have 35 years of sleep-industry experience, including having been employed at sleep industry companies. Our officers invented our DeltaWave CPAP interface (the “DeltaWave”) as an innovative new device to treat patients with sleep apnea. The patent-pending DeltaWave product is a nasal-pillows type interface that will result in better comfort and, therefore, better compliance since it was specifically designed with unique airflow characteristics to enable patients with sleep apnea to breathe normally. A survey that appeared in DME Business found that 89% of patients stated that mask-interface comfort was their primary concern. The primary issue that we have addressed with the DeltaWave is the “work of breathing” component. We believe that our DeltaWave is designed to effectively address the stubborn issues that continue to affect a patient’s ability to comply with treatment, as follows:

|  |  |  |
| --- | --- | --- |
|  | ● | Does not disrupt normal breathing mechanics; |
|  | ● | Is not claustrophobic; |
|  | ● | Causes zero work of breathing (WOB); |
|  | ● | Minimizes or eliminates drying of the sinuses; |
|  | ● | Uses less driving pressure; and |
|  | ● | Allows users to feel safe and secure while sleeping. |

Pending adequate financing, we plan to conduct clinical trials to test product effectiveness.

On June 28, 2016, we applied for a patent for a new, innovative sleep apnea product that serves as an interface for the delivery of CPAP therapy and other respiratory needs. Our goal is to develop sleep products that achieve optimum compliance and comfort for CPAP patients.

Our website is located at: http://www.remsleeptech.com.

**Industry Background**

The market for sleep treatment and equipment was $7.96 billion in 2011 and continues to increase, with North America accounting for a majority of the market. More than 8 million CPAP interfaces are sold annually in the U.S., with another 2.5 million globally. There are also an estimated 80 million people with undiagnosed sleep apnea. Sleep apnea is a condition that affects millions of people in the United States alone. An increasingly sedentary lifestyle and bad working habits has led to obesity and otherwise poor cardiac and aerobic health. This has led to a fast-growing epidemic of obstructive sleep apnea (OSA), which greatly reduces the quality of sleep one gets and can ultimately result in hypertension, heart failure, stroke, and at the least, reduced performance in everyday life. Sleep apnea results in numerous afflictions that affect people’s day-to-day lives and can eventually contribute to serious health conditions. While people’s knowledge of this affliction has grown strongly in recent years, and the market is expanding fast nationwide, up to 80% of people with sleep apnea may be undiagnosed 1 – a market of millions of new potential users. Even those who are tested and prescribed a sleep apnea machine often give up after a short time due to discomfort or what is called the “work of breathing” with traditional machines. In fact, over 50% of patients give up on using CPAP therapy after 6 months. This is a major waste of resources and a very telling statistic.

A major challenge in the current market is not only to get more patients diagnosed but to also increase CPAP compliance. According to market analyst Frost & Sullivan, “The development of finer and ergonomic CPAP devices will help increase patient ability to adhere to sleep therapy. The market is also seeing a rise in newer technologies that replace elaborate practices, target patient comfort to improve compliance, and help drive acceptance of sleep monitoring devices.”

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A growing knowledge of sleep apnea and its treatment has helped to increase awareness with the public. In addition to making the use of a CPAP or related device less intimidating, a move toward affordable and prescription-based technology can greatly expand the market “Evolving technologies will also influence patient preferences for products, treatment modalities, and diagnostic locations,” states Frost & Sullivan 2. “As such, the global sleep apnea treatment market is expected to shift to home-based diagnostics for early identification and treatment of patients as well as portable devices that can reduce sleep apnea with minimal inconvenience.”

Sleep apnea causes breathing interruptions of between 10 to 20 seconds that can occur hundreds of times during a night, disrupting the natural sleep rhythm and depriving people of the restorative sleep they need to be energetic, mentally sharp, and productive the next day. CPAP can be a very effective method used to treat sleep apnea, but as noted, noncompliance remains a stubborn issue for both physicians and patients. CPAP technology therefore is constantly being updated and improved, and the new CPAP devices are lighter, quieter, and more comfortable.

Health care spending continues to grow rapidly on an annual basis in the United States. Spending was $2.7 trillion in 2011 and, in 2013, it reached over $3.6 trillion. By 2022, spending is projected to reach $5 trillion, or around 20% of GDP, according to the Centers for Medicare and Medicaid Services 3. Growing alongside this market is the U.S. life science industry, which will grow an estimated 2.2% in 2014 to $93 billion. This includes R&D spending, with growth primarily from smaller biopharmaceutical innovators and medical device manufacturers.

Within this market, sleep apnea products have experienced rapid growth. In the past couple of decades there has been a rapid increase in the technological developments in the field of sleep apnea diagnosis and treatment. The result has been strong growth for sleep apnea devices globally. Demand for new and innovative treatment methodologies is driving growth, helping to provide patients with a healthy lifestyle. “Obstructive sleep apnea is destroying the health of millions of Americans, and the problem has only gotten worse over the last two decades,” according to American Academy of Sleep Medicine President Dr. Timothy Morgenthaler 4. “The effective treatment of sleep apnea is one of the keys to success as our nation attempts to reduce health care spending and improve chronic disease management.”

Sleep problems are considered a “global epidemic,” with sleep apnea as a major contributor to the disorder. An estimated 100 million people worldwide have sleep apnea, though more than 80% of these people are undiagnosed. The market for sleep apnea diagnostic and therapeutic devices on a global level was $7.96 billion in 2011 and will reach a projected $19.72 billion by 2017, according to a study from Markets & Markets1 Nationwide in the U.S., there are more than 1,600 businesses in the Sleep Disorder Clinics market, according to research firm IBISWorld. These businesses have combined annual revenue of $7 billion and have maintained a combined annual growth rate (CAGR) of 9.8% from 2008 to 2013. “Sleep clinics have gained exposure during the period due to the rising number of sleep disorders,” states IBISWorld. “Moreover, health insurance policies are increasingly covering all or at least part of the costs of tests and, as more patients have been able to gain greater access to specialized sleep clinics, industry revenue grows.”

There are also more than 972,000 physicians and 365,000 doctors’ offices, as well as nearly 5,800 hospitals. In addition, the market for U.S. home healthcare is served by about 30,000 businesses with combined annual revenue of $59 billion. The market includes medical and skilled nursing services; medical equipment, supplies, and medication services; personal care; and therapeutic services (like physical and respiratory therapy).

Sources:

1. Markets & Markets. “Global Sleep Apnea Diagnostics & Therapeutic Devices Market.” http://www.marketsandmarkets.com/PressReleases/sleep-apnea-devices.asp

2. Frost & Sullivan. “Sleep apnea market is in need of finer, ergonomic treatments.” June 4, 2014. http://www.frost.com/prod/servlet/press-release.pag?docid=290951848

3. Forbes. “Annual U.S. Healthcare Spending Hits $3.8 Trillion.” Feb. 2, 2014. http://www.forbes.com/sites/danmunro/2014/02/02/annual-u-s-healthcare-spending-hits-3-8-trillion/

4. American Academy of Sleep Medicine. “Rising prevalence of sleep apnea in U.S. threatens public health.” Sept. 2014. http://www.aasmnet.org/articles.aspx?id=5043

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*Marketing*

We plan to market the DeltaWave product in the U.S., as follows:

|  |  |  |
| --- | --- | --- |
|  | ● | Submit manufacture orders to our manufacturer according to market demand |
|  | ● | Negotiate and secure agreements with industry distributor partners |
|  | ● | Secure agreements with Internet retailers for online sales |
|  | ● | Market DeltaWave at respiratory trade shows, social media, press releases |
|  | ● | Market and generate online sales through our website supplemented by search engine optimization, |
|  | ● | Disseminate press releases to media outlets and publications that reach sleep medical practices and DME managers/distributors, including trade publications like Sleep Medicine, Sleep Review, Sleep, The Sleep Magazine |
|  | ● | Attend sleep and healthcare, respiratory industry trade shows |

All of the foregoing is contingent upon adequate financing.

*Target Market*

Our target market includes:

|  |  |  |
| --- | --- | --- |
|  | ● | Sleep product distributors that will distribute our product |
|  | ● | Home care dealers |
|  | ● | Private sleep labs |
|  | ● | Product end users |
|  | ● | Physicians, particularly sleep physicians |
|  | ● | Medical groups |
|  | ● | Hospitals |
|  | ● | Medical associations, such as the American Academy of Sleep Medicine and the American Sleep Association |

We expect that most of our revenues will be in the home care dealers and hospital target market.

Manufacturing

Our product will be manufactured by mold makers.  We presently have molds made in China; however, we are considering relocating the manufacturing of our molds to the United States.

Operations Contingent Upon Adequate Financing

Our entire business plan, including our ability to conduct manufacturing, marketing, generate sales and further develop products, are entirely dependent upon adequate financing. Should we fail to obtain adequate financing: (a) our financial condition will be negatively affected; (b) we will be unable to conduct the essential aspects of our business plan, including marketing as reflected above; (c) investments in our common stock will be negatively impacted; (d) we will be forced to liquidate our business and file for bankruptcy protection.

3

*Competition*

The sleep apnea devices market is highly consolidated, with primary competitors being:

|  |  |  |
| --- | --- | --- |
|  | ● | ResMed |

|  |  |  |
| --- | --- | --- |
|  | ● | Philips Respironics |

|  |  |  |
| --- | --- | --- |
|  | ● | Naus Medical |

|  |  |  |
| --- | --- | --- |
|  | ● | Fisher & Paykel Healthcare |

|  |  |  |
| --- | --- | --- |
|  | ● | DeVilbiss Healthcare |

|  |  |  |
| --- | --- | --- |
|  | ● | CareFusion |

|  |  |  |
| --- | --- | --- |
|  | ● | InnoMed |

|  |  |  |
| --- | --- | --- |
|  | ● | TAP |

ResMed is the market leader (45% of market share), followed by Philips (30%), and Fisher/Paykel (12%). Our competitors offer a full range of sleep products.

Our competitors have greater financial, operational and personnel resources than we do. We will attempt to overcome our competitors’ competitive advantages by emphasizing the advantages of our Delta Wave product.

*Government Regulations*

*FDA*

Our products are subject to extensive regulation particularly as to safety, efficacy and adherence to FDA Quality System Regulation, and related manufacturing standards. Medical device products are subject to rigorous FDA and other governmental agency regulations in the United States and similar regulations of foreign agencies abroad. The FDA regulates the design, development, research, preclinical and clinical testing, introduction, manufacture, advertising, labeling, packaging, marketing, distribution, import and export, and record keeping for such products, to ensure that medical products distributed in the United States are safe and effective for their intended use. In addition, the FDA is authorized to establish special controls to provide reasonable assurance of the safety and effectiveness of most devices. Non-compliance with applicable requirements can result in import detentions, fines, civil and administrative penalties, injunctions, suspensions or losses of regulatory approvals, recall or seizure of products, operating restrictions, refusal of the government to approve product export applications or allow us to enter supply contracts, and criminal prosecution.

Unless an exemption applies, the FDA requires that a manufacturer introducing a new medical device or a new indication for use of an existing medical device obtain either a Section 510(k) premarket notification clearance or a premarket approval, or PMA, before introducing it into the U.S. market. The type of marketing authorization is generally linked to the classification of the device. The FDA classifies medical devices into one of three classes (Class I, II or III) based on the degree of risk the FDA determines to be associated with a device and the level of regulatory control deemed necessary to ensure the device’s safety and effectiveness.

Our products currently marketed in the United States are marketed in reliance on 510(k) pre-marketing clearances as either Class I or Class II devices. The process of obtaining a Section 510(k) clearance generally requires the submission of performance data and often clinical data, which in some cases can be extensive, to demonstrate that the device is “substantially equivalent” to a device that was on the market before 1976 or to a device that has been found by the FDA to be “substantially equivalent” to such a pre-1976 device, a predecessor device is referred to as “predicate device.” As a result, FDA clearance requirements may extend the development process for a considerable length of time. In addition, in some cases, the FDA may require additional review by an advisory panel, which can further lengthen the process. The PMA process, which is reserved for new devices that are not substantially equivalent to any predicate device and for high-risk devices or those that are used to support or sustain human life, may take several years and requires the submission of extensive performance and clinical information.

Medical devices can be marketed only for the indications for which they are cleared or approved. After a device has received 510(k) clearance for a specific intended use, any change or modification that significantly affects its safety or effectiveness, such as a significant change in the design, materials, method of manufacture or intended use, may require a new 510(k) clearance or PMA approval and payment of an FDA user fee. The determination as to whether a modification could significantly affect the device’s safety or effectiveness is initially left to the manufacturer using available FDA guidance; however, the FDA may review this determination to evaluate the regulatory status of the modified product at any time and may require the manufacturer to cease marketing and recall the modified device until 510(k) clearance or PMA approval is obtained. The manufacturer may also be subject to significant regulatory fines or penalties. The FDA is currently reviewing its guidance describing when it believes a manufacturer is obligated to submit a new 510(k) for modifications or changes to a previously cleared device. The FDA is expected to issue revised guidance to assist device manufacturers in making this determination. It is unclear whether the FDA’s approach in this new guidance will result in substantive changes to existing policy and practice regarding the assessment of whether a new 510(k) is required for changes or modifications to existing devices.

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Any devices we manufacture and distribute pursuant to clearance or approval by the FDA are subject to pervasive and continuing regulation by the FDA and certain state agencies. These include product listing and establishment registration requirements, which help facilitate FDA inspections and other regulatory actions. As a medical device manufacturer, our manufacturing facilities are subject to inspection on a routine basis by the FDA. We are required to adhere to applicable regulations setting forth detailed cGMP requirements, as set forth in the QSR, which require, manufacturers, including third-party manufacturers, to follow stringent design, testing, control, documentation and other quality assurance procedures during all phases of the design and manufacturing process. Noncompliance with these standards can result in, among other things, fines, injunctions, civil penalties, recalls or seizures of products, total or partial suspension of production, refusal of the government to grant 510(k) clearance or PMA approval of devices, withdrawal of marketing approvals and criminal prosecutions. We believe that our design, manufacturing and quality control procedures are in compliance with the FDA’s regulatory requirements.

We must also comply with post-market surveillance regulations, including medical device reporting, or MDR, requirements which require that we review and report to the FDA any incident in which our products may have caused or contributed to a death or serious injury. We must also report any incident in which our product has malfunctioned if that malfunction would likely cause or contribute to a death or serious injury if it were to recur.

Labeling and promotional activities are subject to scrutiny by the FDA and, in certain circumstances, by the Federal Trade Commission. Medical devices approved or cleared by the FDA may not be promoted for unapproved or un-cleared uses, otherwise known as “off-label” promotion. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including substantial monetary penalties and criminal prosecution.

*Other Healthcare Laws*

Even though we do not submit claims or bill governmental programs and other third-party payers directly for reimbursement for our products sold in the United States, we are still subject to laws and regulations that may restrict our business practices, including, without limitation, anti-kickback, false claims, physician payment transparency and data privacy and security laws. The government has interpreted these laws broadly to apply to the marketing and sales activities of manufacturers and distributors like us.

The federal Anti-Kickback Statute prohibits, among other things, persons or entities from knowingly and willfully soliciting, receiving, offering or providing remuneration, directly or indirectly, in cash or in kind, in exchange for or to induce either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service for which payment may be made, in whole or in part, under federal healthcare programs such as Medicare and Medicaid. In addition, a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act.

The federal civil False Claims Act prohibits, among other things, any person or entity from knowingly presenting, or causing to be presented, a false or fraudulent claim for payment or approval to the federal government or knowingly making, using or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. A claim includes “any request or demand” for money or property presented to the U.S. government. The civil False Claims Act also applies to false submissions that cause the government to be paid less than the amount to which it is entitled, such as a rebate. Intent to deceive is not required to establish liability under the civil False Claims Act.

The Federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created federal criminal statutes that prohibit among other actions, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Like the Anti-Kickback Statute, a person or entity does not need to have actual knowledge of these statutes or specific intent to violate them to have committed a violation.

Also, many states and countries outside the U.S. have similar fraud and abuse statutes or regulations that may be broader in scope and may apply regardless of payor, in addition to items and services reimbursed under Medicaid and other state programs.

Under HIPAA, the Department of Health and Human Services, or HHS, has issued regulations to protect the privacy and security of protected health information used or disclosed by covered entities including health care providers, such as us. HIPAA also regulates standardization of data content, codes and formats used in health care transactions and standardization of identifiers for health plans and providers. Penalties for violations of HIPAA regulations include civil and criminal penalties. In addition to federal privacy and security regulations, there are state laws governing confidentiality and security of health information that are applicable to our business. New laws governing privacy may be adopted in the future as well. Failure to comply with privacy requirements could result in civil or criminal penalties, which could have a materially adverse effect on our business.

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Additionally, there has been a recent trend of increased federal and state regulation of payments and transfers of value provided to healthcare professionals or entities. The Physician Payment Sunshine Act was enacted in law as part of PPACA, which imposed new annual reporting requirements on device manufacturers for payments and other transfers of value provided by them, directly or indirectly, to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their family members. A manufacturer’s failure to submit timely, accurately and completely the required information for all payments, transfers of value or ownership or investment interests may result in civil monetary penalties. Certain states also mandate implementation of commercial compliance programs, impose restrictions on device manufacturer marketing practices and/or require the tracking and reporting of gifts, compensation and other remuneration to healthcare professionals and entities.

The shifting commercial compliance environment and the need to build and maintain robust systems to comply with different compliance or reporting requirements in multiple jurisdictions increase the possibility that a healthcare company may fail to comply fully with one or more of these requirements. If our operations are found to be in violation of any of the health regulatory laws described above or any other laws that apply to us, we may be subject to penalties, including potentially significant criminal and civil and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government healthcare programs, contractual damages, reputational harm, administrative burdens, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Environmental Regulation

Our operations are not subject to environmental regulation.

*Employees*

We have the following employees:

|  |  |  |
| --- | --- | --- |
|  | ● | Tom Wood, Chief Executive Officer |

|  |  |  |
| --- | --- | --- |
|  | ● | Jonathan B. Lane, Vice President and Chief Technology Officer |

**ITEM 1A. RISK FACTORS**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and, as such, are not required to provide the information under this Item; however, due to the current circumstance we have chosen to include the following risk factor.

***Global economic, political and other conditions may adversely affect trends in consumer and business spending, which may adversely impact our manufacturing and the demand for our products and our revenue and profitability.***

On January 30, 2020, the World Health Organization declared the COVID-19 (coronavirus) outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The virus and actions taken to mitigate its spread have had and are expected to continue to have a broad adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Company operates. The Company continues to execute its business plan. At the present time, the Company can not predict the full impact of the COVID-19 virus on its business. Our projections on spending, product development and milestone achievements are likely to be further revised as new information is obtained.

The industry in which we operate depends heavily upon our ability to obtain raw material and manufacture our product as well as the overall level of consumer and business spending. A sustained deterioration in general economic conditions (including distress in financial markets, turmoil in specific economies around the world, public health crises, and additional government intervention), particularly in the United States, may have a negative financial impact to our Company. Adverse conditions as a result of the global COVID-19 outbreak, will and may continue to impact our manufacturing processes and ultimately our ability to sell our product.

**ITEM 2. PROPERTIES**

We do not own any real estate property.

**ITEM 3. LEGAL PROCEEDINGS**

None

**ITEM 4. MINE SAFETY DISCLOSURES**

None.

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**PART II**

**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information**

Our common stock, par value $.001 per share (the “Common Stock”), is currently listed to trade on the OTC Markets Group OTCQB tier under the symbol “RMSL”. The high/low market prices of our common stock were as follows for the periods below, as reported on *www.OTCQB.com.* The quotations below reflect inter-dealer bid prices without retail markup, markdown, or commission and may not represent actual transactions.

As of April 6, 2020, we had approximately 154 shareholders of record of our common stock.

**Recent Issuances of Unregistered Securities**

On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

During the year ended December 31, 2020, Armada Capital Partners LLC converted $20,850 and $110 of principal and interest, respectively, into 5,202,346 shares of common stock.

During the year ended December 31, 2020, BHP Capital NY Inc converted $7,394 and $35 of principal and interest, respectively, into 1,919,620 shares of common stock.

During the year ended December 31, 2020, Jefferson Street Capital LLC converted $13,750 of principal and $2,205 of interest, respectively, into 3,989,090 shares of common stock.

During the year ended December 31, 2020, Odyssey Capital Funding LLC converted $35,000 of principal and $2,890 of interest, respectively, into 8,630,042 shares of common stock.

During the year ended December 31, 2020, 37,890,381 shares of common stock were issued in conversion of 50,262,343 warrants.

During the year ended December 31, 2020, Power Up Lending Group LTD converted $188,300 of principal and $7,650 of interest, respectively, into 62,639,262 shares of common stock.

During the year ended December 31, 2020, Granite Global Value converted $174,265 of principal into 116,523,399 shares of common stock.

During the year ended December 31, 2020, the Company sold 15,000,000 shares of common stock pursuant to the terms of its Form 1-A, Regulation A Offering Statement, for total cash proceeds of $75,000. The proceeds were used to pay for general operating expenses.

**ITEM 6. SELECTED FINANCIAL DATA**

Not applicable since we are a smaller reporting company as defined under the applicable SEC rules.

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**ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Overview**

We are a Nevada corporation formed on June 6, 2007. Our headquarters are in Tampa, FL. We have been engaged in our current business model since January 1, 2015.

We have experienced recurring losses and negative cash flows from operations since inception, including in our current business model. We anticipate that our expenses will increase as we ramp up our expansion, which likely will lead to additional losses, until such time that we approach profitability, or which there are no assurances. We have relied on equity financing to fund operations. There can be no guarantee that we will ever become profitable, or that adequate additional financing will be realized in the future or otherwise may be available to us on acceptable terms, or at all. If we are unable to raise capital when needed, we would be forced to delay, reduce or eliminate our expansion efforts. We will need to generate significant revenues to achieve profitability, of which there are no assurances.

***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 an accumulated deficit of $6,565,942 at December 31, 2020, had a net loss of $1,175,452 (including $127,500 of non-cash stock compensation and $832,885 in losses related to convertible debt, interest and discount amortization) and net cash used in operating activities of $335,293 for the year ended December 31, 2020. The Company’s ability to raise additional capital through the future issuances of common stock and/or debt financing is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. These conditions and the ability to successfully resolve these factors over the next twelve months raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

**Results of Operations for the year ended December 31, 2020 compared to the year ended December 31, 2019**

The following information should be read in conjunction with our financial statements and related notes thereto included elsewhere in this Form 10-K.

**Revenues**

We generated no revenues during our fiscal years ending December 31, 2020 and 2019.

*Operating Expenses*

For the year ended December 31, 2020, professional fees decreased $18,535 or 30.9% to $41,525 compared to $60,060 for the year ended December 31, 2019. Professional fees consist mostly of accounting, audit and legal fees. The decrease of $18,535 in the current year is mainly attributed to a decrease in legal fees. In the prior year we incurred additional legal fees related to the preparation and filing of our Form 1-A.

Consulting expense was $5,000 compared to $54,720 for the years ended December 31, 2020 and 2019, respectively, a decrease of $49,720 or 90.9%. The decrease is due to the decrease in issuing common stock for services. In the prior year we granted common stock for total non-cash expense of $54,320. In addition, in the prior year we had a hired a consultant for investor relation and related services. We are no longer using those services in the current period. We issued no stock for services in the current year.

Compensation expense was $211,500 and $2,107,000 for the years ended December 31, 2020 and 2019, respectively. In the prior year we issued 25,000,000 common shares each to both our Chairman and CEO for services for total non-cash expense of $2,000,000. We also issued our Chairman 500,000 shares of series A preferred stock for total non-cash compensation expense of $20,000.

General and administrative expense was $211,819 and $119,504 for the years ended December 31, 2020 and 2019, respectively, an increase of $92,315 or 79.9%. The increase in the current period can be largely attributed to an increase in depreciation of $31,657, development expense of $22,922, web design expense of $10,450 and investor relation expense of $20,390, all related to increased efforts to fully develop our product and bring it to market. We also had an increase in investor relation expense of $20,390, for assistance with our Offering Statement.

Total other expense for the year ended December 31, 2020, was $705,608. Other income/expense includes $561,576 of debt discount amortization, a $350,986 loss on the issuance of convertible debt, an early payment penalty of $49,162 and a gain in the change of fair value of derivatives of $79,677. These are all expenses related to our convertible debt. We also incurred $49,958 of interest expense.

Total other expense for the year ended December 31, 2019, was $1,546,484. Other expense includes $341,011 of debt discount amortization, a $1,575,107 loss on the issuance of convertible debt and a gain in the change of fair value of derivatives of $445,318. These are all expenses related to our convertible debt. We also incurred $55,693 of interest expense.

*Net Loss*

For the year ended December 31, 2020, we had a net loss of $1,175,452 as compared to a net loss of $3,888,468 for the year ended December 31, 2019. Our net loss was lower in the current period primarily due to the expense associated with the other non-cash expense from the issuance of convertible debt and common stock issued for services.

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**Liquidity and Capital Resources**

Net cash used in operating activities was $335,293 for year ended December 31, 2020. During the year ended December 31, 2019 we used cash of $236,036 in operating activities.

We used $36,710 and $96,874 on the purchase of property and equipment for years ended December 31, 2020 and 2019, respectively.

We received a net total of $366,656 from financing activities for the year ended December 31, 2020. This consisted of $460,000 from proceeds from convertible debt and $75,000 from the sale of common stock. We repaid $165,000 of our convertible debt and $3,344 against other loans. We received a net total of $435,844 from financing activities for the year ended December 31, 2019, including $439,000 from a convertible promissory note offset by repayment of related party loans of $3,156.

As of December 31, 2020, we have the following amounts due on our convertible debt.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note Holder** |  | **Date** |  | **Maturity Date** |  | **Principal** | |  |
| Diamond Investments II LLC |  | 8/28/2020 |  | 8/28/2021 |  | $ | 110,250 |  |
| Power Up Lending Group LTD |  | 12/18/2020 |  | 12/18/2021 |  | $ | 91,850 |  |

**Critical Accounting Estimates and Policies**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.  Note 1 to the Financial Statements describes the significant accounting policies and methods used in the preparation of the Financial Statements. Estimates are used for, but not limited to, contingencies and taxes.  Actual results could differ materially from those estimates. The following critical accounting policies are impacted significantly by judgments, assumptions, and estimates used in the preparation of the Financial Statements.

We are subject to various loss contingencies arising in the ordinary course of business.  We consider the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss in determining loss contingencies.  An estimated loss contingency is accrued when management concludes that it is probable that an asset has been impaired, or a liability has been incurred and the amount of the loss can be reasonably estimated.  We regularly evaluate current information available to us to determine whether such accruals should be adjusted.

We recognize deferred tax assets (future tax benefits) and liabilities for the expected future tax consequences of temporary differences between the book carrying amounts and the tax basis of assets and liabilities.  The deferred tax assets and liabilities represent the expected future tax return consequences of those differences, which are expected to be either deductible or taxable when the assets and liabilities are recovered or settled.  Future tax benefits have been fully offset by a 100% valuation allowance as management is unable to determine that it is more likely than not that this deferred tax asset will be realized.

**Off-Balance Sheet Arrangements**

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to investors.

**Recent Accounting Pronouncements**

On June 20, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees (for example, service providers, external legal counsel, suppliers, etc.). Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. Meaning that companies will value all equity classified awards at their grant-date under ASC718 and forgo revaluing the award after this date. The Company has chosen to early adopt this standard. There has been no material impact on our financial statements as a result of adopting this standard.

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

**Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable to smaller reporting companies.

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**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**REMSLEEP HOLDINGS, INC.**

|  |  |
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| [Report of Independent Registered Public Accounting Firm](#f_001) | F-2 |
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| [Balance Sheets as of December 31, 2020 and 2019](#f_002) | F-3 |
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| [Statements of Operations for the Years ended December 31, 2020 and 2019](#f_003) | F-4 |
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| [Statement of Stockholders’ Equity (Deficit) for the Years ended December 31, 2020 and 2019](#f_004) | F-5 |
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| [Statements of Cash Flows for the Years ended December 31, 2020 and 2019](#f_005) | F-6 |
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| [Notes to Financial Statements](#f_006) | F-7 |

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of REMSleep Holdings, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying balance sheets of REMSleep Holdings, Inc. (“the Company”) as of December 31, 2020 and 2019, and the related statements of operations, stockholders’ equity (deficit), and cash flows for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

**Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has an accumulated deficit and negative cash flows from operations. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our 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 the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our 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 financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, 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 financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below 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. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Accounting for Embedded Conversion Features on Notes Payable — Refer to Notes 1 and 5 to the financial statements***

*Critical Audit Matter Description*

The Company has issued several notes payable during the year with conversion rates that are adjustable at a discounted rate to public trading prices near the conversion date. The terms allow for variable amounts of shares to be converted for a set dollar value; this and other factors require the embedded conversion feature to be accounted for as a derivative and revalued at the conversion date or each period end if still outstanding. Calculations and accounting for the notes payable and embedded conversion features require management’s judgments related to initial and subsequent recognition of the debt and related features, use of a valuation model, and value of the inputs used in the selected valuation model.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to evaluating the Company’s accounting for notes payable and related accounts included the following, among others:

|  |  |  |
| --- | --- | --- |
|  | · | Confirmation of notes payable and related terms, including notes paid off during the year. |

|  |  |  |
| --- | --- | --- |
|  | · | Independent assessment of the appropriate valuation model for derivatives, performing independent calculations based on the model and comparing the Company’s results to a reasonable range as determined during the audit. |

|  |  |  |
| --- | --- | --- |
|  | · | Determining if there were unusual transactions related to notes payable and the appropriate accounting treatment for such transactions. |

|  |  |  |
| --- | --- | --- |
|  | · | Testing of substantially all transactions related to this matter. |

|  |  |
| --- | --- |
| We have served as the Company’s auditor since 2018.    Spokane, Washington | |
| April 14, 2021 |  |

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**REMSLEEP HOLDINGS, INC.**

**BALANCE SHEETS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2020** | |  |  | **December 31, 2019** | |  |
| **ASSETS** |  |  | |  |  |  | |  |
| Current assets: |  |  | |  |  |  | |  |
| Cash |  | $ | 114,227 |  |  | $ | 119,574 |  |
| Inventory deposit |  |  | - |  |  |  | 8,000 |  |
| Inventory |  |  | 11,064 |  |  |  | - |  |
| Prepaid expenses |  |  | - |  |  |  | 7,909 |  |
| Total current assets |  |  | 125,291 |  |  |  | 135,483 |  |
|  |  |  |  |  |  |  |  |  |
| Other asset |  |  | 10,000 |  |  |  | 10,000 |  |
| Property and equipment, net |  |  | 95,371 |  |  |  | 107,814 |  |
|  |  |  |  |  |  |  |  |  |
| Total Assets |  | $ | 230,662 |  |  | $ | 253,297 |  |
|  |  |  |  |  |  |  |  |  |
| **LIABILITIES AND STOCKHOLDERS’ DEFICIT** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Current Liabilities: |  |  |  |  |  |  |  |  |
| Accounts payable |  | $ | 20,235 |  |  | $ | 258,198 |  |
| Accrued compensation |  |  | 35,000 |  |  |  | 15,000 |  |
| Accrued interest |  |  | 23,013 |  |  |  | 27,953 |  |
| Accrued interest – related party |  |  | 44,921 |  |  |  | 22,399 |  |
| Convertible Notes, net of discount of $157,233 and $164,998, respectively |  |  | 44,867 |  |  |  | 76,996 |  |
| Derivative Liability |  |  | 700,719 |  |  |  | 626,831 |  |
| Loan payable – related party |  |  | 179,191 |  |  |  | 179,191 |  |
| Loans payable |  |  | 53,212 |  |  |  | 56,556 |  |
|  |  |  |  |  |  |  |  |  |
| Total Liabilities |  |  | 1,101,158 |  |  |  | 1,263,124 |  |
|  |  |  |  |  |  |  |  |  |
| Commitments and Contingencies |  |  | - |  |  |  | - |  |
|  |  |  |  |  |  |  |  |  |
| STOCKHOLDERS’ DEFICIT: |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Series A preferred stock, $0.001 par value, 5,000,000 shares authorized, 5,000,000 and 4,000,000 issued and outstanding, respectively |  |  | 126,000 |  |  |  | 125,000 |  |
| Series B preferred stock, $0.001 par value, 5,000,000 shares authorized, 500,000 and 0 shares issued and outstanding, respectively |  |  | 500 |  |  |  | - |  |
| Series C preferred stock, $0.001 par value, 5,000,000 shares authorized, no shares issued |  |  | - |  |  |  | - |  |
| Common stock, $0.001 par value, 1,000,000,000 shares authorized, 368,063,606 and 116,269,466 shares issued and outstanding, respectively |  |  | 368,061 |  |  |  | 116,268 |  |
| Additional paid in capital |  |  | 5,200,885 |  |  |  | 4,139,395 |  |
| Accumulated Deficit |  |  | (6,565,942 | ) |  |  | (5,390,490 | ) |
| TOTAL STOCKHOLDERS’ DEFICIT |  |  | (870,496 | ) |  |  | (1,009,827 | ) |
|  |  |  |  |  |  |  |  |  |
| TOTAL LIABILITIES AND STOCKHOLDERS’ DEFICIT |  | $ | 230,662 |  |  | $ | 253,297 |  |

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

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**REMSLEEP HOLDINGS, INC.**

**STATEMENTS OF OPERATIONS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended  December 31,** | | | | | |  |
|  |  | **2020** | |  |  | **2019** | |  |
| Operating Expenses: |  |  | |  |  |  | |  |
| Professional fees |  | $ | 41,525 |  |  | $ | 60,060 |  |
| Consulting |  |  | 5,000 |  |  |  | 54,720 |  |
| Compensation – related party |  |  | 211,500 |  |  |  | 2,107,700 |  |
| General and administrative |  |  | 211,819 |  |  |  | 119,504 |  |
|  |  |  |  |  |  |  |  |  |
| Total operating expenses |  |  | 469,844 |  |  |  | 2,341,984 |  |
|  |  |  |  |  |  |  |  |  |
| Loss from operations |  |  | (469,844 | ) |  |  | (2,341,984 | ) |
|  |  |  |  |  |  |  |  |  |
| Other expense: |  |  |  |  |  |  |  |  |
| Interest expense |  |  | (611,535 | ) |  |  | (396,704 | ) |
| Loan fees |  |  | - |  |  |  | (19,991 | ) |
| Early payment penalty |  |  | (49,162 | ) |  |  | - |  |
| Loss on issuance of convertible debt |  |  | (350,986 | ) |  |  | (1,575,107 | ) |
| Gain on forgiveness of debt |  |  | 226,398 |  |  |  | - |  |
| Change in fair value of derivative |  |  | 79,677 |  |  |  | 445,318 |  |
| Total other expense |  |  | (705,608 | ) |  |  | (1,546,484 | ) |
|  |  |  |  |  |  |  |  |  |
| Loss before income taxes |  |  | (1,175,452 | ) |  |  | (3,888,468 | ) |
|  |  |  |  |  |  |  |  |  |
| Provision for income taxes |  |  | - |  |  |  | - |  |
|  |  |  |  |  |  |  |  |  |
| Net Loss |  | $ | (1,175,452 | ) |  | $ | (3,888,468 | ) |
|  |  |  |  |  |  |  |  |  |
| Net loss per share, basic and diluted |  | $ | (0.01 | ) |  | $ | (0.09 | ) |
|  |  |  |  |  |  |  |  |  |
| Weighted average common shares outstanding, basic and diluted |  |  | 215,671,601 |  |  |  | 45,416,843 |  |

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

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**REMSLEEP HOLDINGS, INC.**

**STATEMENT OF STOCKHOLDERS’ EQUITY (DEFICIT)**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Series A  Preferred Stock** | | | | | |  |  | **Series B Preferred Stock** | | | | | |  |  | **Common Stock** | | | | | |  |  | **Common stock to** | |  |  | **Additional Paid-in** | |  |  | **Accumulated** | |  |  |  | |  |
|  |  | **Shares** | |  |  | **Amount** | |  |  | **Shares** | |  |  | **Amount** | |  |  | **Shares** | |  |  | **Amount** | |  |  | **be issued** | |  |  | **Capital** | |  |  | **Deficit** | |  |  | **Total** | |  |
| Balance, December 31, 2018 |  |  | 3,500,000 |  |  | $ | 105,000 |  |  |  | - |  |  | $ | - |  |  |  | 4,315,894 |  |  | $ | 4,316 |  |  | $ | 228,604 |  |  | $ | 584,017 |  |  | $ | (1,502,022 | ) |  | $ | (580,085 | ) |
| Common stock issued for conversion of debt |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 59,644,311 |  |  |  | 59,643 |  |  |  | - |  |  |  | 1,252,950 |  |  |  | - |  |  |  | 1,312,593 |  |
| Common stock issued for services – related party |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 50,000,000 |  |  |  | 50,000 |  |  |  | - |  |  |  | 1,950,000 |  |  |  | - |  |  |  | 2,000,000 |  |
| Preferred stock issued for services - related party |  |  | 500,000 |  |  |  | 20,000 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 20,000 |  |
| Common stock issued for services |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 2,309,261 |  |  |  | 2,309 |  |  |  | (228,604 | ) |  |  | 280,615 |  |  |  | - |  |  |  | 54,320 |  |
| Warrants issued with convertible debt |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 71,813 |  |  |  | - |  |  |  | 71,813 |  |
| Net loss |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (3,888,468 | ) |  |  | (3,888,468 | ) |
| Balance, December 31, 2019 |  |  | 4,000,000 |  |  |  | 125,000 |  |  |  | - |  |  |  | - |  |  |  | 116,269,466 |  |  |  | 116,268 |  |  |  | - |  |  |  | 4,139,395 |  |  |  | (5,390,490 | ) |  |  | (1,009,827 | ) |
| Common stock issued for conversion of debt |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 198,903,759 |  |  |  | 198,903 |  |  |  | - |  |  |  | 910,031 |  |  |  | - |  |  |  | 1,108,934 |  |
| Common stock issued for cash |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 15,000,000 |  |  |  | 15,000 |  |  |  | - |  |  |  | 60,000 |  |  |  | - |  |  |  | 75,000 |  |
| Warrants converted to common stock |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 37,890,381 |  |  |  | 37,890 |  |  |  | - |  |  |  | (37,890 | ) |  |  | - |  |  |  | - |  |
| Warrant down round protection |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 3,349 |  |  |  | - |  |  |  | 3,349 |  |
| Preferred stock issued for services - related party |  |  | 1,000,000 |  |  |  | 1,000 |  |  |  | 500,000 |  |  |  | 500 |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | 126,000 |  |  |  | - |  |  |  | 127,500 |  |
| Net Loss |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | - |  |  |  | (1,175,452 | ) |  |  | (1,175,452 | ) |
| Balance, December 31, 2020 |  |  | 5,000,000 |  |  | $ | 126,000 |  |  |  | 500,000 |  |  | $ | 500 |  |  |  | 368,063,606 |  |  | $ | 368,061 |  |  | $ | - |  |  | $ | 5,200,885 |  |  | $ | (6,565,942 | ) |  | $ | (870,496 | ) |

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

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**REMSLEEP HOLDINGS, INC.**

**STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the Years Ended  December 31,** | | | | | |  |
|  |  | **2020** | |  |  | **2019** | |  |
| Cash Flows from Operating Activities: |  |  | |  |  |  | |  |
| Net loss |  | $ | (1,175,452 | ) |  | $ | (3,888,468 | ) |
| Adjustments to reconcile net loss to net cash used in operating activities: |  |  |  |  |  |  |  |  |
| Depreciation expense |  |  | 49,153 |  |  |  | 17,496 |  |
| Stock compensation expense |  |  | - |  |  |  | 54,320 |  |
| Stock compensation expense – related party |  |  | 127,500 |  |  |  | 2,020,000 |  |
| Change in fair value of derivative |  |  | (79,677 | ) |  |  | (445,318 | ) |
| Discount amortization |  |  | 561,576 |  |  |  | 341,011 |  |
| Loss on issuance of convertible debt |  |  | 350,986 |  |  |  | 1,575,107 |  |
| Gain on forgiveness of debt |  |  | (226,398 | ) |  |  | - |  |
| Changes in Operating Assets and Liabilities: |  |  |  |  |  |  |  |  |
| Prepaids and other assets |  |  | 7,909 |  |  |  | 4,397 |  |
| Inventory |  |  | (3,064 | ) |  |  | - |  |
| Accounts payable |  |  | (11,654 | ) |  |  | 17,799 |  |
| Accrued compensation – related party |  |  | 20,000 |  |  |  | 15,000 |  |
| Accrued interest |  |  | 21,295 |  |  |  | 30,221 |  |
| Accrued interest – related party |  |  | 22,533 |  |  |  | 22,399 |  |
| Net cash used by operating activities |  |  | (335,293 | ) |  |  | (236,036 | ) |
|  |  |  |  |  |  |  |  |  |
| Cash Flows from Investing Activities: |  |  |  |  |  |  |  |  |
| Purchase of property and equipment |  |  | (36,710 | ) |  |  | (86,874 | ) |
| Other asset |  |  | - |  |  |  | (10,000 | ) |
| Net cash used by investing activities |  |  | (36,710 | ) |  |  | (96,874 | ) |
|  |  |  |  |  |  |  |  |  |
| Cash Flows from Financing Activities: |  |  |  |  |  |  |  |  |
| Repayment of loans |  |  | (3,344 | ) |  |  | (3,156 | ) |
| Proceeds from convertible notes payable |  |  | 460,000 |  |  |  | 439,000 |  |
| Repayment of convertible notes payable |  |  | (165,000 | ) |  |  | - |  |
| Proceeds from sale of common stock |  |  | 75,000 |  |  |  | - |  |
| Net cash provided by financing activities |  |  | 366,656 |  |  |  | 435,844 |  |
|  |  |  |  |  |  |  |  |  |
| Net increase in cash |  |  | (5,347 | ) |  |  | 102,934 |  |
| Cash at beginning of the year |  |  | 119,574 |  |  |  | 16,640 |  |
| Cash at end of the year |  | $ | 114,227 |  |  | $ | 119,574 |  |
|  |  |  |  |  |  |  |  |  |
| Supplemental cash flow information: |  |  |  |  |  |  |  |  |
| Interest paid in cash |  | $ | - |  |  | $ | - |  |
| Taxes paid |  | $ | - |  |  | $ | - |  |
|  |  |  |  |  |  |  |  |  |
| Supplemental non-cash disclosure: |  |  |  |  |  |  |  |  |
| Common stock issued for conversion of note payable principal and accrued interest |  | $ | 452,477 |  |  | $ | 331,033 |  |

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

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**REMSLEEP HOLDINGS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Business Activity*

REMSleep Holdings, Inc., (the “Company”) was incorporated in the State of Nevada on June 6, 2007. On January 5, 2015 the name of the Company was changed to REMSleep Holdings, Inc. and the business model was changed to reflect the new direction of the Company; to develop and distribute products to help people affected by sleep apnea. On May 30, 2015 REMSleep LLC was formally merged into REMSleep Holdings, Inc.

*Basis of Presentation*

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

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

*Concentrations of Credit Risk*

We maintain our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. We continually monitor our banking relationships and consequently have not experienced any losses in our accounts. We believe we are not exposed to any significant credit risk on cash.

*Cash Equivalents*

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents for the year ended December 31, 2020 or 2019.

*Fair Value of Financial Instruments*

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements.  To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels.  The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1: Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2: Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3: Pricing inputs that are generally unobservable inputs and not corroborated by market data.

The carrying amount of the Company’s financial assets and liabilities, such as cash, prepaid expenses and accrued expenses approximate their fair value because of the short maturity of those instruments. The Company’s notes payable approximates the fair value of such instruments based upon management’s best estimate of interest rates that would be available to the Company for similar financial arrangements at December 31, 2020

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The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2020 on a recurring basis:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |  | **Total Gains** | |  |
| Derivative |  |  | - |  |  |  | - |  |  |  | 700,719 |  |  |  | 79,677 |  |
| Total |  | $ | - |  |  | $ | - |  |  | $ | 700,719 |  |  | $ | 79,677 |  |

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2019 on a recurring basis:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** |  | **Level 1** | |  |  | **Level 2** | |  |  | **Level 3** | |  |  | **Total Gains** | |  |
| Derivative |  |  | - |  |  |  | - |  |  |  | 79,677 |  |  |  | 445,318 |  |
| Total |  | $ | - |  |  | $ | - |  |  | $ | 79,677 |  |  | $ | 445,318 |  |

*Inventory*

Inventories are valued at the lower of cost or net realizable value. Management compares the cost of inventories with the net realizable value and allowance is made for writing down their inventories to net realizable value, if lower. As of December 31, 2020 and 2019, there was no allowance for slow moving or obsolete inventory. The Company periodically assessed its inventory for slow moving and/or obsolete items. If any are identified an appropriate allowance for those items is made and/or the items are deemed to be impaired.

*Fixed Assets*

Fixed assets are carried at the lower of cost or net realizable value. All fixed assets with a cost of $2,000 or greater are capitalized. Major betterments that extend the useful lives of assets are also capitalized. Normal maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in operations.

Depreciation is computed using the straight-line method over the estimated useful lives of three years.

*Income taxes*

The Company follows Section 740-10-30 of the FASB Accounting Standards Codification, which requires 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 tax assets and liabilities are based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the fiscal year in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management concludes it is more likely than not that the assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Statements of Income in the period that includes the enactment date.

The Company adopted section 740-10-25 of the FASB Accounting Standards Codification (“Section 740-10-25”) with regards to uncertainty income taxes.  Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.  Under Section 740-10-25, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.  The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures.  The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

*Stock-based Compensation*

In June 2018, the FASB issued ASU 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting.* ASU 2018-07 allows companies to account for nonemployee awards in the same manner as employee awards. The guidance is effective for fiscal years beginning after December 15, 2018, and interim periods within those annual periods. We adopted this ASU on January 1, 2019. The adoption of ASU 2018-07 did not have a material impact on our consolidated financial statements.

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*Basic and Diluted Earnings Per Share*

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification.  Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period.  Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented.

 As of December 31, 2020, the Company had approximately 209,383,191 of potentially dilutive shares of common stock from convertible debt, 15,974,026 potentially dilutive shares of common stock warrants, 5,000,000 shares from Series A preferred stock and 50,000,000 from Series B preferred stock.

As of December 31, 2019, the Company had approximately 58,665,000 of potentially dilutive shares of common stock from convertible debt and 3,000,000 potentially dilutive shares of common stock warrants. The Company’s diluted loss per share is the same as the basic loss per share for the years ended December 31, 2020 and 2019, as the inclusion of any potential shares would have had an anti-dilutive effect due to the Company generating a loss.

*Recent Accounting Pronouncements*

On June 20, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees (for example, service providers, external legal counsel, suppliers, etc.). Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. Meaning that companies will value all equity classified awards at their grant-date under ASC718 and forgo revaluing the award after this date. The Company has chosen to early adopt this standard. There has been no material impact on our financial statements as a result of adopting this standard.

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

**NOTE 2 - 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 an accumulated deficit of $6,565,942 at December 31, 2020, had a net loss of $1,175,452 (including $127,500 of non-cash stock compensation and $832,885 in losses related to convertible debt, interest and discount amortization) and net cash used in operating activities of $335,293 for the year ended December 31, 2020. The Company’s ability to raise additional capital through the future issuances of common stock and/or debt financing is unknown. The obtainment of additional financing, the successful development of the Company’s contemplated plan of operations, and its transition, ultimately, to the attainment of profitable operations are necessary for the Company to continue operations. These conditions and the ability to successfully resolve these factors over the next twelve months raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements of the Company do not include any adjustments that may result from the outcome of these aforementioned uncertainties.

The Company is in the final stages of product development and plans to begin selling its product in 2020. The Company will continue to finance its operations through debt and/or equity financing as needed.

The industry in which we operate depends heavily upon our ability to obtain raw material and manufacture our product as well as the overall level of consumer and business spending. A sustained deterioration in general economic conditions (including distress in financial markets, turmoil in specific economies around the world, public health crises, and additional government intervention), particularly in the United States, may have a negative financial impact to our Company. Adverse conditions as a result of the global COVID-19 outbreak, will and may continue to impact our manufacturing processes and ultimately our ability to sell our product.

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**NOTE 3 - PROPERTY & EQUIPMENT**

Property and Equipment are first recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets as follows between three and five years.

Long lived assets, including property and equipment, to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows of the related assets are less than their carrying values. Measurement of an impairment loss is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Maintenance and repair expenses, as incurred, are charged to expense. Betterments and renewals are capitalized in plant and equipment accounts. Cost and accumulated depreciation applicable to items replaced or retired are eliminated from the related accounts with any gain or loss on the disposition included as income.

Property and equipment stated at cost, less accumulated depreciation consisted of the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **December 31, 2020** | |  |  | **December 31, 2019** | |  |
| Furniture/fixtures |  | $ | 14,904 |  |  | $ | 14,904 |  |
| Office equipment |  |  | 7,136 |  |  |  | 7,136 |  |
| Automobile |  |  | 17,189 |  |  |  | 16,963 |  |
| Tooling/Molds |  |  | 141,785 |  |  |  | 105,301 |  |
| Less: accumulated depreciation |  |  | (85,643 | ) |  |  | (36,490 | ) |
| Fixed assets, net |  | $ | 95,371 |  |  | $ | 107,814 |  |

*Depreciation expense*

Depreciation expense for the years ended December 31, 2020 and 2019 was $49,153 and $17,496, respectively.

**NOTE 4 - LOANS PAYABLE**

On October 24, 2017, the Company was notified that a petition had been filed in the Iowa District Court for Polk County by a Mr. John M. Wesson for failure to repay a loan. Mr. Wesson had loaned the Company $30,000 and $20,000 on October 24, 2012 and June 12, 2013, respectively. The loans were to accrue interest at 5%. On April 26, 2018, the Company agreed to repay the loan in full including accrued interest and $5,000 for legal fees. As of December 31, 2020, there is $45,000 and $19,355 of principal and interest due on this loan. As of December 31, 2019, there is $45,000 and $17,091 of principal and interest due on this loan.

On March 23, 2018, the Company purchased an automobile. The purchase price was $16,963.46. The interest rate on the loan is 5.8% and matures on April 7, 2023. Payments on the loan, consisting of principal and interest, are $327 per month. As of December 31, 2020 and 2019 there is $8,212 and $11,556, respectively, due on this loan.

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**NOTE 5 - CONVERTIBLE NOTES**

The following table summarizes the convertible notes and related activity as of December 31, 2020:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note Holder** |  | **Date** | |  |  | **Maturity Date** | |  |  | **Interest** | |  |  | **Balance December 31, 2019** | |  |  | **Additions** | |  |  | **Conversions/  Repayments** | |  |  | **Balance December 31,  2020** | |  |
| Odyssey Capital Funding, LLC |  |  | 5/3/2019 |  |  |  | 5/3/2020 |  |  |  | 12 | % |  |  | 35,000 |  |  |  | - |  |  |  | (35,000 | ) |  |  | - |  |
| Armada Investment Fund LLC |  |  | 5/30/2019 |  |  |  | 2/29/2020 |  |  |  | 12 | % |  |  | 20,850 |  |  |  | - |  |  |  | (20,850 | ) |  |  | - |  |
| BHP Capital NY Inc. |  |  | 5/30/2019 |  |  |  | 2/29/2020 |  |  |  | 12 | % |  |  | 7,394 |  |  |  | - |  |  |  | (7,394 | ) |  |  | - |  |
| Jefferson Street Capital LLC |  |  | 5/30/2019 |  |  |  | 2/29/2020 |  |  |  | 12 | % |  |  | 13,750 |  |  |  | - |  |  |  | (13,750 | ) |  |  | - |  |
| Armada Investment Fund LLC |  |  | 10/4/2019 |  |  |  | 7/4/2020 |  |  |  | 12 | % |  |  | 55,000 |  |  |  | - |  |  |  | (55,000 | ) |  |  | - |  |
| BHP Capital NY Inc. |  |  | 10/4/2019 |  |  |  | 7/4/2020 |  |  |  | 12 | % |  |  | 55,000 |  |  |  | - |  |  |  | (55,000 | ) |  |  | - |  |
| Jefferson Street Capital LLC |  |  | 10/4/2019 |  |  |  | 7/4/2020 |  |  |  | 12 | % |  |  | 55,000 |  |  |  | - |  |  |  | (55,000 | ) |  |  | - |  |
| Power Up Lending Group LTD |  |  | 1/27/2020 |  |  |  | 1/27/2021 |  |  |  | 12 | % |  |  | - |  |  |  | 168,300 |  |  |  | (168,300 | ) |  |  | - |  |
| Granite Global Value |  |  | 3/2/2020 |  |  |  | 9/2/3021 |  |  |  | 12 | % |  |  | - |  |  |  | 165,800 |  |  |  | (165,800 | ) |  |  | - |  |
| Granite Global Value |  |  | 5/6/2020 |  |  |  | 5/6/2021 |  |  |  | 10 | % |  |  | - |  |  |  | 154,800 |  |  |  | (154,800 | ) |  |  | - |  |
| Diamond Investments II LLC |  |  | 8/28/2020 |  |  |  | 8/28/2021 |  |  |  | 8 | % |  |  | - |  |  |  | 110,250 |  |  |  | - |  |  |  | 110,250 |  |
| Power Up Lending Group LTD |  |  | 12/18/2020 |  |  |  | 12/18/2021 |  |  |  | 10 | % |  |  | - |  |  |  | 91,850 |  |  |  | - |  |  |  | 91,850 |  |
|  |  |  |  |  |  |  |  |  |  |  | Total |  |  | $ | 241,994 |  |  | $ | 691,000 |  |  | $ | (730,894 | ) |  | $ | 202,100 |  |
|  |  |  |  |  |  |  | Less debt discount | | | | |  |  |  | (164,998 | ) |  |  |  |  |  |  |  |  |  |  | (157,233 | ) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | $ | 76,996 |  |  |  |  |  |  |  |  |  |  | $ | 44,867 |  |

A summary of the activity of the derivative liability for the notes above is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Balance at December 31, 2018 |  |  | 96,110 |  |
| Increase to derivative due to new issuances |  |  | 1,955,295 |  |
| Decrease to derivative due to conversion |  |  | (979,290 | ) |
| Derivative loss due to mark to market adjustment |  |  | (445,284 | ) |
| Balance at December 31, 2019 |  | $ | 626,831 |  |
| Increase to derivative due to new issuances |  |  | 891,730 |  |
| Decrease to derivative due to conversion/repayments |  |  | (897,519 | ) |
| Derivative loss due to mark to market adjustment |  |  | 79,677 |  |
| Balance at December 31, 2020 |  | $ | 700,719 |  |

A summary of quantitative information about significant unobservable inputs (Level 3 inputs) used in measuring the Company’s derivative liability that are categorized within Level 3 of the fair value hierarchy for the year ended December 31, 2020 is as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Inputs** |  | **December 31, 2020** | |  |  | **Initial  Valuation** | |
| Stock price |  | $ | .004 |  |  | $ | .0094 - .55 |
| Conversion price |  | $ | .0008 - .0014 |  |  | $ | .003 - .244 |
| Volatility (annual) |  |  | 163.89 –218.71% |  |  |  | 258.36% - 410.61% |
| Risk-free rate |  |  | .09% - .10% |  |  |  | .09% - 2.58% |
| Dividend rate |  |  | - |  |  |  | - |
| Years to maturity |  |  | .66 – .96 |  |  |  | .75 - 1 |

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A summary of quantitative information about significant unobservable inputs (Level 3 inputs) used in measuring the Company’s derivative liability that are categorized within Level 3 of the fair value hierarchy at the time of conversion is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Inputs** |  |  | |  |
| Stock price (1) |  | $ | .0014 - .0036 |  |
| Conversion price (2) |  | $ | .0009 - .0023 |  |
| Volatility (annual) |  |  | 209.37 – 248.20 |  |
| Risk-free rate |  |  | .10% - .13 |  |
| Dividend rate |  |  | - |  |
| Years to maturity |  |  | .81 - .99 |  |

|  |  |  |
| --- | --- | --- |
|  | (1) | Company used the average of the stock prices of the dates of conversion. |

|  |  |  |
| --- | --- | --- |
|  | (2) | Company used the average of the stock prices applicable to the conversion terms. |

The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company’s management.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Company has received support from parties related through common ownership and directorship. These loans are unsecured, and due on demand. As of December 31, 2020 and December 31, 2019, the balance due on these loans is $179,191 and $179,191, respectively. Beginning on January 1, 2019, the balance due accrues interest at 12.5%. As of December 31, 2020, total accrued interest is $44,921.

The Company executed a new employment agreement with Mr. Wood on April 1, 2019. Per the terms of the agreement Mr. Wood is to be compensated $4,000 per month. The agreement expired on April 1, 2020 and has been renewed for two more years. In addition to Mr. Wood’s regular compensation, he received $6,700 in bonuses in 2019. As of December 31, 2020 and 2019, there is $2,000 and $0 of accrued compensation, respectively, due to Mr. Wood.

The Company executed an employment agreement with its Chairman, Russell Bird, on January 1, 2019. Per the terms of the agreement, which is effective for one year, Mr. Bird is to be compensated $3,000 per month. As of December 31, 2020 and 2019, there is $33,000 and $24,000 of accrued compensation, respectively, due to Mr. Bird. Mr. Bird’s employment agreement has been renewed in 2020 for two more years.

On June 14, 2019, the Company granted 25,000,000 shares of common stock each to Mr. Wood and Mr. Bird for services rendered to the Company. The shares were valued at $0.04 per share, the closing stock price on the date of grant, for total non-cash compensation expense of $2,000,000.

On June 14, 2019, the Company granted 500,000 shares of Series A preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.04, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $20,000. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

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On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

During the years ended December 31, 2020 and 2019, the Company paid $22,650 and $14,200, respectively, to the brother of the CEO for website design and other computer related services.

During the years ended December 31, 2020 and 2019, the Company paid $1,000 and $0, respectively, to the son of the CEO for services.

**NOTE 7 - COMMON STOCK**

During the year ended December 31, 2019, PowerUp Lending Group LTD converted $45,000 and $2,700 of principal and interest, respectively, into 5,599,447 shares of common stock. As of December 31, 2019, this loan has been fully converted.

During the year ended December 31, 2019, LG Capital Funding LLC converted $32,000 and $2,155 of principal and interest, respectively, into 4,356,614 shares of common stock. As of December 31, 2019, this loan has been fully converted.

During the year ended December 31, 2019, One44 Capital LLC converted $100,000 and $7,802 of principal and interest, respectively, into 13,740,758 shares of common stock. As of December 31, 2019, this loan has been fully converted.

During the year ended December 31, 2019, Armada Capital Partners LLC converted $15,900 and $483 of principal and interest, respectively, into 4,385,270 shares of common stock.

During the year ended December 31, 2019, BHP Capital NY Inc converted $29,356 and $3,043 of principal and interest, respectively, into 8,322,748 shares of common stock.

During the year ended December 31, 2019, Jefferson Street Capital LLC converted $23,000 of principal into 6,233,766 shares of common stock.

During the year ended December 31, 2019, Odyssey Capital Funding LLC converted $65,000 and $4,593 of principal and interest, respectively, into 17,005,708 shares of common stock.

During the year ended December 31, 2019, the Company granted 1,000,000 shares of common stock for services. The shares were valued at $0.037, the closing stock price on the date of grant, for total non-cash expense of $37,000. In addition, 909,261 shares were issued by the transfer agent for stock granted in a prior period. The stock was debited to common stock to be issued for $228,604.

During the year ended December 31, 2020, Armada Capital Partners LLC converted $20,850 and $110 of principal and interest, respectively, into 5,202,346 shares of common stock. As of December 31, 2020, this loan has been fully converted.

During the year ended December 31, 2020, BHP Capital NY Inc converted $7,394 and $35 of principal and interest, respectively, into 1,919,620 shares of common stock. As of December 31, 2020, this loan has been fully converted.

During the year ended December 31, 2020, Jefferson Street Capital LLC converted $13,750 of principal and $2,205 of interest, respectively, into 3,989,090 shares of common stock. As of December 31, 2020, this loan has been fully converted.

During the year ended December 31, 2020, Odyssey Capital Funding LLC converted $35,000 of principal and $2,890 of interest, respectively, into 8,630,042 shares of common stock. As of December 31, 2020, this loan has been fully converted.

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During the year ended December 31, 2020, 37,890,381 shares of common stock were issued in conversion of 50,262,343 warrants.

During the year ended December 31, 2020, Power Up Lending Group LTD converted $188,300 of principal and $7,650 of interest, respectively, into 62,639,262 shares of common stock. As of December 31, 2020, this loan has been fully converted.

During the year ended December 31, 2020, Granite Global Value converted $174,265 of principal into 116,523,399 shares of common stock.

During the year ended December 31, 2020, the Company sold 15,000,000 shares of common stock pursuant to the terms of its Form 1-A, Regulation A Offering Statement, for total cash proceeds of $75,000. On July 27,2020, the Company filed a Form 1- and withdrew its Offering Statement on Form 1-A originally qualified on December 16, 2019 and the Post-Qualification Amendment to such Form 1-A qualified on March 31, 2020.

See Note 6 for stock issued to related parties.

**NOTE 8 - PREFERRED STOCK**

The Company is currently authorized to issue 5,000,000 shares of Series A Preferred Stock, par value $0.001 per share value with 1:25 voting rights. The Series A Preferred Stock ranks equal to the common stock on liquidation, pays no dividend and is convertible to common stock for one share of common for one share of Series A Preferred Stock.

The Company is currently authorized to issue 5,000,000 shares of Series B Preferred Stock, par value $0.001 per share. Each share of Series B Preferred Stock has a 1:100 voting right and is convertible into 100 shares of common stock. No dividends will be paid and in the event of liquidation all shares of Series B will automatically convert into common stock. There are no shares of Series B Preferred Stock issued and outstanding.

The Company is currently authorized to issue 5,000,000 shares of Series C Preferred Stock, par value $0.001 per share value. Each share of Series C Preferred Stock has a 1:50 voting right and is convertible into 50 shares of common stock. No dividends will be paid and in the event of liquidation all shares of Series C will automatically convert into common stock. There are no shares of Series C Preferred Stock issued and outstanding.

See Note 6 for preferred stock issued to a related party.

**NOTE 9 - INCOME TAX**

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The U.S. federal income tax rate is 21%.

The provision for Federal income tax consists of the following December 31:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2019** | |  |
| Federal income tax benefit attributable to: |  |  | |  |  |  | |  |
| Current Operations |  | $ | 221,700 |  |  | $ | 817,000 |  |
| Less: valuation allowance |  |  | (221,700 | ) |  |  | (817,000 | ) |
| Net provision for Federal income taxes |  | $ | - |  |  | $ | - |  |

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The cumulative tax effect at the expected rate of 21% of significant items comprising our net deferred tax amount is as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **2020** | |  |  | **2019** | |  |
| Deferred tax asset attributable to: |  |  | |  |  |  | |  |
| Net operating loss carryover |  | $ | 1,343,000 |  |  | $ | 1,132,000 |  |
| Less: valuation allowance |  |  | (1,343,000 | ) |  |  | (1,132,000 | ) |
| Net deferred tax asset |  | $ | - |  |  | $ | - |  |

At December 31, 2020, the Company had net operating loss carry forwards of approximately $1,343,000 that maybe offset against future taxable income.  No tax benefit has been reported in the December 31, 2020 or 2019 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount. The change in the valuation allowance for the year ended December 31, 2020 was an increase of $211,000.

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be limited as to use in future years.

ASC Topic 740 provides guidance on the accounting for uncertainty in income taxes recognized in a company’s financial statements. Topic 740 requires a company to determine whether it is more likely than not that a tax position will be sustained upon examination based upon the technical merits of the position. If the more-likely-than-not threshold is met, a company must measure the tax position to determine the amount to recognize in the financial statements.

The Company includes interest and penalties arising from the underpayment of income taxes in the statements of operations in the provision for income taxes. As of December 31, 2020, the Company had no accrued interest or penalties related to uncertain tax positions.

**NOTE 10 - WARRANTS**

On May 30, 2019, the Company issued 1,500,000 warrants in conjunction with convertible debt. The warrants are exercisable for 3 years at $0.07 per share. The warrants were evaluated for purposes of classification between liability and equity. The warrants do not contain features that would require a liability classification and are therefore considered equity.

Using the fair value calculation, the relative fair value between the debt issued and the warrants was calculated to determine the warrants recorded equity amount of $41,853, accounted for in additional paid in capital.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Warrants |  |  | 1,500,000 |  |
| Share price |  | $ | 0.045 |  |
| Exercise Price |  | $ | 0.07 |  |
| Term |  |  | 3 years |  |
| Volatility |  |  | 406 | % |
| Risk Free Interest Rate |  |  | 2.0 | % |
| Dividend rate |  |  | - |  |

On October 4, 2019, the Company issued 1,500,000 warrants in conjunction with convertible debt. The warrants are exercisable for 3 years at $0.07 per share. The warrants were evaluated for purposes of classification between liability and equity. The warrants do not contain features that would require a liability classification and are therefore considered equity. The Black Scholes pricing model was used to estimate the fair value of the Warrants issued with the following inputs:

Using the fair value calculation, the relative fair value between the debt issued and the warrants was calculated to determine the warrants recorded equity amount of $36,606, accounted for in additional paid in capital.

The Black Scholes pricing model was used to estimate the fair value of the Warrants issued with the following inputs:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Warrants |  |  | 1,500,000 |  |
| Share price |  | $ | 0.0245 |  |
| Exercise Price |  | $ | 0.07 |  |
| Term |  |  | 3 years |  |
| Volatility |  |  | 356.53 | % |
| Risk Free Interest Rate |  |  | 1.35 | % |
| Dividend rate |  |  | - |  |

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On January 22, 2020, the Company issued 63,236,369 additional warrants as part of the down round protection provisions. The adjusted exercise price was $0.00385. The warrants were evaluated for purposes of classification between liability and equity. The warrants do not contain features that would require a liability classification and are therefore considered equity.

The Black Scholes pricing model was used to estimate the fair value of the Warrants issued with the following inputs:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Warrants |  |  | 63,236,369 |  |
| Share price |  | $ | 0.0249 |  |
| Exercise Price |  | $ | 0.00385 |  |
| Term |  |  | 2.35 – 2.70 years |  |
| Volatility |  |  | 392.73 – 410.10% |  |
| Risk Free Interest Rate |  |  | 1.52 – 1.53% |  |
| Dividend rate |  |  | - |  |

A summary of the status of the Company’s outstanding stock warrants and changes during the year is presented below:

Activity for the years ended December 31, 2020 and 2019 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Number of Warrants** | |  |  | **Weighted Average Exercise Price** | |  |  | **Weighted Average Remaining Contract Term** | |  |  | **Aggregate Intrinsic Value** | |  |
| Outstanding at December 31, 2018 |  |  | - |  |  | $ | - |  |  |  | - |  |  |  |  |  |
| Granted |  |  | 3,000,000 |  |  |  | 0.07 |  |  |  | 2.59 |  |  |  |  |  |
| Expired |  |  | - |  |  |  | - |  |  |  | - |  |  |  |  |  |
| Exercised |  |  | - |  |  |  | - |  |  |  | - |  |  |  |  |  |
| Outstanding at December 31, 2019 |  |  | 3,000,000 |  |  |  | 0.07 |  |  |  | 2.59 |  |  |  |  |  |
| Granted |  |  | 63,236,369 |  |  |  | 0.00385 |  |  |  | 2.56 |  |  |  |  |  |
| Expired |  |  | - |  |  |  | - |  |  |  | - |  |  |  |  |  |
| Exercised |  |  | (50,262,343 | ) |  |  | 0.00385 |  |  |  | - |  |  |  |  |  |
| Exercisable at December 31, 2020 |  |  | 15,974,026 |  |  | $ | 0.00385 |  |  |  | 2.06 |  |  | $ | - |  |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Range of Exercise  Prices** | |  |  | **Number Outstanding 12/31/2020** |  | **Weighted Average Remaining  Contractual Life** |  | **Weighted Average  Exercise Price** | |  |
| $ | 0.00385 |  |  | 15,974,026 |  | 2.06 years |  | $ | 0. 00385 |  |

The aggregate intrinsic value represents the total pretax intrinsic value, based on warrants with an exercise price less than the Company’s stock price as of December 31, 2020, which would have been received by the warrant holder had the warrant holder exercised their warrants as of that date.

**NOTE 11 - SUBSEQUENT EVENTS**

In accordance with SFAS 165 (ASC 855-10) management has performed an evaluation of subsequent events through the date that the financial statements were available to be issued and has determined that it does not have any material subsequent events to disclose in these financial statements other than the following.

Subsequent to December 31, 2020, Granite Global Value converted $22,590 into 37,649,228 shares of common stock.

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**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

Under the supervision and with the participation of our management, including the Chief Executive Officer who also acts as our principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report.  The disclosure controls and procedures ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rule and forms; and (ii) accumulated and communicated to our management, including our Chief Executive Officer as appropriate to allow timely decisions regarding required disclosure.  Based on that evaluation, the Chief Executive Officer concluded that, as of December 31, 2020, these disclosure controls and procedures were not effective.

**Management’s Report on Internal Control Over Financial Reporting**

**Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including the Chief Executive Officer who also acts as our principal financial officer, we have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act) as of the end of the period covered by this report.  The disclosure controls and procedures ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the SEC’s rule and forms; and (ii) accumulated and communicated to our management, including our Chief Executive Officer as appropriate to allow timely decisions regarding required disclosure.  Based on that evaluation, the Chief Executive Officer concluded that, as of December 31, 2020, these disclosure controls and procedures were not effective.

**Management’s Annual Report on Internal Control over Financial Reporting**

Our management is responsible to establish and maintain adequate internal control over financial reporting. Our Chief Executive Officer is responsible to design or supervise a process that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.  The policies and procedures include:

|  |  |  |
| --- | --- | --- |
|  | ● | maintenance of records in reasonable detail to accurately and fairly reflect the transactions and dispositions of assets, |
|  | ● | reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and directors, and |
|  | ● | reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements. |

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting as of the end of the period December 31, 2020.  In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control – Integrated Framework (2013).  Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the fiscal year December 31, 2020, our internal control over financial reporting were not effective at that reasonable assurance level. The following aspects of the Company were noted as potential material weaknesses:

|  |  |  |
| --- | --- | --- |
|  | ● | Lack of segregation of duties. |

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or reasonably likely to materially affect, our internal control over financial reporting.

**Attestation Report of Independent Public Accounting Firm**

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting because as a smaller reporting company we are not subject to attestation by our independent registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit us to provide only management’s report in this annual report.

**ITEM 9B. OTHER INFORMATION**

None

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**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

**Directors and Executive Officers**

The names of our director and executive officers as of December 31, 2020, their ages, positions, and biographies are set forth below. Our executive officers are appointed by, and serve at the discretion of, our board of directors.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Name** |  | **Age** |  | **Position(s)** |
| Russell Bird |  | 72 |  | Chairman and Director |
| Tom Wood |  | 74 |  | Chief Executive Officer and Director |
| Jonathan B. Lane |  | 60 |  | Vice President and Chief Technology Officer |

***Russell F. Bird*** has been our Chairman and Director since January 1, 2015 and our President since January 1, 2019. From year to year, he operated businesses that offered sleep apnea interfaces, devices, and other respiratory equipment and supplies. From May 23, 2013 to the present, he has been the Managing Member of REMSleep, LLC, an Iowa limited liability company. In 1979, he founded Medical Gases Australia, a medical manufacturing and distribution firm that specializing in respiratory and other health products. Medical Gases Australia placed the first patients on CPAP therapy. He then started Medical Industries of America in 1985, a medical manufacturing and distribution firm specializing in respiratory and other health products.

***Thomas J. Wood*** has been our Chief Executive Officer and Director effective January 1, 2015. From May 23, 2013 to the present, he has been the Managing Member of REMSleep, LLC, an Iowa limited liability company. Thomas J. Wood has been awarded several U.S. patents in the area of sleep apnea. He is the inventor and developer of Nasal Aire, which won the 2004 Frost and Sullivan Award for Product Innovation. His US Patents also include the Nasal Aire II and Petite Nasal Aire. Tom has 25 years of experience as a respiratory therapist in the ICU at Baylor Medical Center and Parkland Memorial hospitals in Dallas, Texas. He also worked for two years with the Muscular Dystrophy Association, responsible for respiratory care for patients with Amyotrophic Lateral Sclerosis.

***Jonathan B. Lane*** has been serving as the Chief Technology Officer of the Company since July 2018 and Vice President since January 2019. Mr. Lane has 35 years of design and engineering experience. He was the CEO/Founder of Badencorp from 1992 to 2018, and Director of Engineering/Co-founder of Searchmont Engine Company from 2006 to 2009. Jonathan worked twelve years for various fortune 500 companies including Boeing, General Dynamics and Bell Helicopter. From there, he went on to form his own company, Badencorp, which specialized in providing engineering and design services across all disciplines within Aerospace, Automotive, Biomedical, Consumer Products and Heavy Industries.

**Indemnification of Directors and Officers**

Our Articles of Incorporation and Bylaws both provide for the indemnification of our officers and directors, to the fullest extent, permitted by Nevada law.

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**Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and persons who own more than ten percent of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock.  Officers, directors and ten-percent or greater beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.  Based upon a review of those forms and representations regarding the need for filing for the year ended December 31, 2020, we believe all necessary forms have been filed.

**Involvement in Certain Legal Proceedings**

Our directors and executive officers have not been personally involved in any of the following events during the past ten years:

|  |  |  |
| --- | --- | --- |
|  | ● | any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; |
|  | ● | any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); |
|  | ● | being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities; |
|  | ● | being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated; |
|  | ● | being subject of, or a party to, any Federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any Federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any  law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or |
|  | ● | being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member. |

**Conflicts of Interest**

Investors should be aware of the following potential conflicts of interest:

|  |  |  |
| --- | --- | --- |
|  | ● | None of our officers and directors is required to commit their full time to our affairs and, accordingly, they may have conflicts of interest in allocating their time among various business activities. |

**Board Composition**

Our Board of Directors currently consists of two members, Thomas J. Wood and Russell F. Bird. Each director of the Company serves until the next annual meeting of stockholders and until his successor is elected and duly qualified, or until his earlier death, resignation or removal. Our board is authorized to appoint persons to the offices of Chairman of the Board of Directors, President, Chief Executive Officer, one or more vice presidents, a Treasurer or Chief Financial Officer and a Secretary and such other offices as may be determined by the board.

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**Director Independence**

We currently do not have any independent directors, as the term “independent” is defined in Section 803A of the NYSE Amex LLC Company Guide. Since the OTC Markets does not have rules regarding director independence, the Board makes its determination as to director independence based on the definition of “independence” as defined under the rules of the New York Stock Exchange (“NYSE”) and American Stock Exchange (“Amex”).

**Board Committees**

Our board does not currently have a standing Audit Committee, Compensation Committee or Nominating/Corporate Governance Committee due the board’s limited size and the Company’s limited operations. The entire Board of Directors performs all functions that would otherwise be performed by committees. Given the present size of our Board, it is not practical for us to have committees other than those described above, or to have more than two directors on such committees. If we are able to grow our business and increase our operations, we intend to expand the size of our board and our committees and allocate responsibilities accordingly.

**Board Leadership Structure and Risk Oversight**

The Board of Directors oversees our business and considers the risks associated with our business strategy and decisions. The board currently implements its risk oversight function as a whole. Each of the board committees, when established, will provide risk oversight in respect of its areas of concentration and report material risks to the board for further consideration.

**Code of Ethics**

We have not adopted a code of ethics due to our limited size. We intend to adopt a code of ethics when warranted.

**ITEM 11. EXECUTIVE COMPENSATION**

**Summary Compensation**

The following table provides information as to cash compensation of all executive officers of the Company, for each of the Company’s last two fiscal years.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **SUMMARY COMPENSATION TABLE** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  | **Nonqualified** | |  |  |  | |  |  |  | |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  | **Non-Equity** | |  |  | **Deferred** | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Stock** |  |  |  | **Option** |  |  |  | **Incentive Plan** |  |  |  | **Compensation** |  |  |  | **All Other** |  |  |  |  |  |
| **Name and** |  |  |  |  |  |  | **Salary** |  |  |  | **Bonus** |  |  |  | **Awards** |  |  |  | **Awards** |  |  |  | **Compensation** |  |  |  | **Earnings** |  |  |  | **Compensation** |  |  |  | **Total** |  |
| **principal position** |  |  | **Year** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |  |  | **($)** |  |
| Russell Bird |  |  | 2020 |  |  | $ | 18,000 |  |  | $ | 0 |  |  | $ | 63,750 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 81,750 |  |
| (Chairman) |  |  | 2019 |  |  | $ | 36,000 |  |  | $ | 0 |  |  | $ | 1,020,000 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 1,056,000 |  |
| Tom Wood |  |  | 2020 |  |  | $ | 46,000 |  |  | $ | 0 |  |  | $ | 63,750 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 109,750 |  |
| (Executive Officer) |  |  | 2019 |  |  | $ | 45,000 |  |  | $ | 6,700 |  |  | $ | 1,000,000 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 1,051,700 |  |
| Jonathan B. Lane |  |  | 2020 |  |  | $ | 15,000 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 15,000 |  |
| (Vice President and Chief Technology Officer) |  |  | 2019 |  |  | $ | 6,000 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 0 |  |  | $ | 6,000 |  |

**Outstanding Equity Awards at Fiscal Year End**. There were no outstanding equity awards as of December 31, 2020.

**Board Committees**

We do not currently have any committees of the Board of Directors. Additionally, due to the nature of our intended business, the Board of Directors does not foresee a need for any committees in the foreseeable future.

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**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth, as of April 6, 2020, certain information with respect to the beneficial ownership of shares of our common stock by: (i) each person known to us to be the beneficial owner of more than five percent (5%) of our outstanding shares of common stock, (ii) each director or nominee for director of our Company, (iii) each of the executives, and (iv) our directors and executive officers as a group. Unless otherwise indicated, the address of each shareholder is c/o our company at our principal office address:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Name and Address of Beneficial Owner(1)(2)** |  | **Shares of Common Stock** | |  |  | **Percent of Class** | |  |
| Russell Bird, Chairman (3) |  |  | 26,219,494 |  |  |  | 6.7 | % |
| Tom Wood, CEO (4) |  |  | 25,969,494 |  |  |  | 6.4 | % |
| Jonathan B. Lane, COO |  |  | 1,000,000 |  |  |  | \* |  |
| All Officers and Directors as a Group (3 persons) |  |  | 53,188,988 |  |  |  | 13.1 | % |

|  |  |  |
| --- | --- | --- |
|  | \* | - less than 1% |

|  |  |
| --- | --- |
| (1) | Beneficial ownership is calculated based on 405,712,834 shares of common stock issued and outstanding as of the date hereof, together with securities exercisable or convertible into such shares within sixty (60) days of the date hereof for each stockholder.  The shares of common stock issuable pursuant to those convertible securities, options or warrants are deemed outstanding for computing the percentage ownership of the person holding such convertible securities, options or warrants but are not deemed outstanding for the purposes of computing the percentage ownership of any other person. |
|  |  |
| (2) | The address for each of the officers and directors is c/o Remsleep Holding, Inc., 2202 N. West Shore Blvd, Suite 200, Tampa, FL 33607. |
|  |  |
| (3) | Russell Bird also owns 2,500,000 Preferred A Shares, which shares may be converted on a 1 to 1 basis. No Preferred A Shares have been converted. He also owns 250,000 Preferred B Shares, which shares may be converted on a 1 to 100 basis. No Preferred B Shares have been converted. |
|  |  |
| (4) | Tom Wood also owns 2,500,000 Preferred A Shares, which shares may be converted on a 1 to 1 basis. No Preferred A Shares have been converted. He also owns 250,000 Preferred B Shares, which shares may be converted on a 1 to 100 basis. No Preferred B Shares have been converted. |

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The Company has received support from parties related through common ownership and directorship. These loans are unsecured, and due on demand. As of December 31, 2020 and December 31, 2019, the balance due on these loans is $179,191 and $179,191, respectively. Beginning on January 1, 2019, the balance due accrues interest at 12.5%. As of December 31, 2020, total accrued interest is $44,921.

The Company executed a new employment agreement with Mr. Wood on April 1, 2019. Per the terms of the agreement Mr. Wood is to be compensated $4,000 per month. The agreement expired on April 1, 2020 and has been renewed for two more year. In addition to Mr. Wood’s regular compensation, he received $6,700 in bonuses in 2019. As of December 31, 2020 and 2019, there is $2,000 and $0 of accrued compensation, respectively, due to Mr. Wood.

The Company executed an employment agreement with its Chairman, Russell Bird, on January 1, 2019. Per the terms of the agreement, which is effective for one year, Mr. Bird is to be compensated $3,000 per month. As of December 31, 2020 and 2019, there is $33,000 and $24,000 of accrued compensation, respectively, due to Mr. Bird. Mr. Bird’s employment agreement has been renewed in 2020 for two more years.

On June 14, 2019, the Company granted 25,000,000 shares of common stock each to Mr. Wood and Mr. Bird for services rendered to the Company. The shares were valued at $0.04 per share, the closing stock price on the date of grant, for total non-cash compensation expense of $2,000,000.

On June 14, 2019, the Company granted 500,000 shares of Series A preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.04, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $20,000. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

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On November 23, 2020, the Company granted 500,000 shares of Series A preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, for total non-cash compensation expense of $1,250. The closing price for common stock was deemed an acceptable method for valuation as one share of Series A preferred stock is convertible into one share of common stock.

On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Bird for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

On November 23, 2020, the Company granted 250,000 shares of Series B preferred stock to Mr. Wood for services rendered to the Company. The shares were valued at $0.0025, the closing stock price of the Company’s common shares on the date of grant, multiplied by 100, for total non-cash compensation expense of $62,500. The closing price for common stock multiplied by 100 was deemed an acceptable method for valuation as one share of Series B preferred stock is convertible into 100 shares of common stock.

During the years ended December 31, 2020 and 2019, the Company paid $22,650 and $14,200, respectively, to the brother of the CEO for website design and other computer related services.

During the years ended December 31, 2020 and 2019, the Company paid $1,000 and $0, respectively, to the son of the CEO for services.

**Director Independence**

We currently do not have any independent directors, as the term “independent” is defined in Section 803A of the NYSE Amex LLC Company Guide. Since the OTC Markets does not have rules regarding director independence, the Board makes its determination as to director independence based on the definition of “independence” as defined under the rules of the New York Stock Exchange (“NYSE”) and American Stock Exchange (“Amex”).

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

*Audit Fees*

The aggregate fees billed for professional services rendered by our auditor Fruci & Associates II, PLLC for the audit and review of our financial statements for the fiscal years ended December 31, 2020 and 2019 amounted to $18,500 and $20,750, respectively.

*Audit-Related Fees*

During the fiscal years ended December 31, 2020 and 2019 our principal accountant rendered assurance and related services reasonably related to the performance of the audit or review of our financial statements in the amount of $0 and $3,000, respectively.

*Tax Fees*

The aggregate fees billed for professional services rendered by our principal accountant for the tax compliance for the years ended December 31, 2020 and 2019 was $0.

*All Other Fees*

During the fiscal years ended December 31, 2020 and 2019, there were no fees billed for products and services provided by the principal accountant other than those set forth above.

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**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

***(a)(1) Financial Statements***

The audited financial statements of REMSleep Holdings, Inc., are included in this report under Item 8.

***(a)(2) Financial Statement Schedules***

All financial statement schedules are included in the footnotes to the financial statements or are inapplicable or not required.

***(a) (3) Exhibits***

The following documents have been filed as part of this report.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  | **Incorporated by reference** | | | | | | |
| **Exhibit**  **Number** |  | **Exhibit Description** |  | **Filed**  **herewith** |  | **Form** |  | **Period**  **ending** |  | **Exhibit** |  | **Filing date** |
| 31.1 |  | [Certification of Principal Executive Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act](f10k2020ex31-1_remsleep.htm) |  | X |  |  |  |  |  |  |  |  |
| 32.1 |  | [Section 1350 Certification](f10k2020ex32-1_remsleep.htm) |  | X |  |  |  |  |  |  |  |  |
| 101.INS |  | XBRL Instance Document |  |  |  |  |  |  |  |  |  |  |
| 101.SCH |  | XBRL Taxonomy Extension Schema Document |  |  |  |  |  |  |  |  |  |  |
| 101.CAL |  | XBRL Taxonomy Calculation Linkbase Document |  |  |  |  |  |  |  |  |  |  |
| 101.DEF |  | XBRL Taxonomy Extension Definition Linkbase Document |  |  |  |  |  |  |  |  |  |  |
| 101.LAB |  | XBRL Taxonomy Label Linkbase Document |  |  |  |  |  |  |  |  |  |  |
| 101.PRE |  | XBRL Taxonomy Presentation Linkbase Document |  |  |  |  |  |  |  |  |  |  |

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S**IGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused the report to be signed on its behalf by the undersigned, thereunto duly authorized.

|  |  |  |
| --- | --- | --- |
| REMSleep Holdings, Inc | |  |
|  |  |  |
| By: | */s/ Tom Wood* |  |
|  | Tom Wood |  |
|  | Chief Executive Officer, Director (Principal Executive Officer)  (Principal Financial and Accounting Officer) |  |
|  |  |  |
| Date: | April 14, 2021 |  |
|  |  |  |
| By: | */s/ Russell Bird* |  |
|  | Russell Bird |  |
|  | Chairman of the Board |  |
|  |  |  |
| Date: | April 14, 2021 |  |

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