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Pursuant to the consulting contract, the Interim CEO shall receive (i) 750,000 shares of common stock of the Company for his appointment as Chairman of the Board, (ii) $10,000 per month for his role as Interim CEO, which shall be deferred until the Company raises at least $1,500,000 in financing, and (iii) $10,000 for every new franchising client he obtains, and (iv) $2,000 per month for legal services upon acquisition of a franchising client. In conjunction with this individual's appointment, the former Chief Executive Officer resigned, but will remain as the Secretary and a director of the Company. The shares were valued at $1,500,000, representing a market value of $2.00 per share based on the closing price on the day of trading.

Pursuant to the Employment Agreement, the CFO shall receive (i) 750,000 shares of common stock of the Company, and (ii) $20,833 per month, which shall be deferred until the Company raises at least $1,500,000 in financing. The 750,000 shares of common stock are fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share based on the closing price on the day of trading, and are recognized over a 12-month service period as a result of a clawback provision.

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Nature of Business

First Foods Group, Inc. (the "Company" or "First Foods"), formerly known as Litera Group, Inc., is a smaller reporting company originally formed to provide products and services within the theater and film production community. The Company amended its Articles of Incorporation with the State of Nevada in order to change its name from Litera Group, Inc. to First Foods Group, Inc. (the "Amendment"). The board of directors of the Company approved the Amendment on February 15, 2017. The shareholders of the Company approved the Amendment by written consent on February 15, 2017. The Amendment became effective on February 16, 2017. First Foods is now focused on providing management services and funding options for new foodservice brands and menu concepts, including the participation in merchant cash advances by the 1st Foods Funding Division (the "Division"). First Foods is also growing its own new concepts, both through proprietary development and through mergers, acquisitions, and licensing arrangements.

On April 21, 2017, the Company entered into a binding term sheet (the "Term Sheet") with Oded Brenner ("Brenner"). Pursuant to the Term Sheet, the Company and Brenner would form an entity that would own the intellectual property rights to "Blue Stripes-Cacao Shop" (the "IP Entity") for the United States. The Company had 120 days from the date of the Term Sheet to perform due diligence activities and complete the closing. Upon the completion of due diligence, Company Management and the Board of Directors determined that it was in the best interest of the shareholders to forego a US-wide cacao concept. Instead, on August 31, 2017 the Company formed its own wholly owned subsidiary named Holy Cacao, Inc., a Nevada corporation ("Holy Cacao"). Holy Cacao was incorporated as a wholly owned subsidiary and has three shareholders as of December 31, 2017 with a 10% non-controlling equity interest issued through its subscription agreements as discussed below. The Company has 100 shares of no par value common stock authorized, issued and outstanding with 90 shares owned by the Company and 10 shares owned by the non-controlling interests. Holy Cacao will be dedicated to providing specialty chocolate to particular states within the US. The Company is currently in the process of

negotiating production and packaging contracts with third party providers in anticipation of operating activities to commence in 2018. On November 3, 2017, the Company entered into a consulting agreement with Oded Brenner that supersedes and replaces the April 21, 2017 agreement (see Note 2.)

On June 19, 2017, the Company entered into a binding term sheet (the "TBS Term Sheet") with The Big Salad Franchise Company, LLC, a Michigan limited liability company ("TBS"). The Company had 60 days from the date of the Term Sheet to perform due diligence activities and complete the closing. Upon the completion of due diligence, Company Management and the Board of Directors determined that it was in the best interest of the shareholders to forego the TBS transaction.

On October 25, 2017, the Company entered into a contract with TIER Merchant Advances LLC ("TIER") to participate in the purchase of future receivables from qualified TIER merchants for the purpose of generating near term and long-term revenue for the Company.

Going Concern

The Company's audited consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The Company does not have sufficient cash flow for the next twelve months from the date of this report. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying audited consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Use of Estimates

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

Basis of Presentation

The Company's consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The noncontrolling interest represents the proportionate share of the proceeds received from the ten-percent sale of equity interest in our wholly owned subsidiary Holy Cacao (see Note 4).

Principles of Consolidation

The consolidated financial statements represent the consolidation of the accounts of the Company and its subsidiaries in conformity with GAAP. All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers all highly liquid temporary cash investments with an original maturity of twelve months or less to be cash equivalents. At December 31, 2017 and 2016, the Company had no cash equivalents.

The Company's cash is held with financial institutions, and the account balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit at times. Accounts are insured by the FDIC up to $250,000 per financial institution. The Company has not experienced any losses in such accounts with these financial institutions.

Merchant Cash Advances

Starting in October 2017, the Company entered into a contract with TIER to participate in TIER's purchase of merchant cash advances, which are short-term cash advances made to businesses in return for an agreed-upon amount of future sales, paid by the business in small, regular daily payments. During the year ending December 31, 2017, The Division participated in the purchase of 25 merchant cash advances from TIER.

The Company participates in the merchant cash advance industry by directly advancing sums to a merchant advance provider, TIER, who in turn advances sums to merchants or other merchant cash advance providers. Each quarter, the Company reviews the carrying value of these advances and determines whether an impairment reserve is necessary. At December 31, 2017, the Company reserved an amount equal to 12% of the outstanding merchant cash advance balance at period end determined by the risk of default as disclosed by TIER.

Concentration Risks

As of and during the year ended December 31, 2017, the Company's revenue and receivable from merchant cash advances were entirely derived from one merchant cash advance provider. However, the Company actively mitigates its portfolio concentration risk by ensuring that its merchant cash advance provider maintains its ability to participate in merchant cash advances from alternative providers and spreading the merchant cash advance participation across twenty-five (25) different merchants.

As of the year ended December 31, 2017, the Company's receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company's merchant cash advance receivables. The Company earned revenues from this same merchant of $11,025, representing 70% of total revenues for the year ended December 31, 2017.

The Company recognizes and actively takes steps to address the concentration of its merchant cash advance receivable, which could inherently create a potential risk to future working capital in the event that the Company is not able to collect all, or a majority, of the outstanding receivable balance. The Company did not have a concentration risk from merchant cash advances as of December 31, 2016.

Revenue Recognition

Prior to December 30, 2016, the Company generated revenues from the sale of movie scripts.

Revenues were recognized when the following conditions were met:

1. Persuasive evidence of a sale or license agreement exists with a customer.
2. The script is complete and has been delivered or is immediately available to be delivered in accordance with the terms of the agreement.
3. The license period for the arrangement has started and the customer can begin exploitation, exhibition or sale.
4. The arrangement fee is fixed or determinable.
5. Collection of the arrangement fee is reasonably assured.

If any of the above conditions were not met, the Company deferred revenue until all conditions were met.

During the year ended December 31, 2017, the Company recognized its merchant advance income as follows:

When a merchant cash advance is purchased, the Company records a merchant cash advance participation receivable for the purchase price. The purchase price consists of the merchant cash advance principal plus an up-front commission that is amortized over the term of the merchant cash advance. The amount of the commission is negotiated between the Company and TIER for each contract. The standard commission is 15% of the merchant cash advance principal but can be reduced depending upon the credit worthiness of the merchant. If a merchant cash advance contract is signed in one period, but not paid until a subsequent period, a corresponding liability is established in the current period.

At the time the merchant cash advance is purchased, the Company records a deferred revenue liability, which is the total future receivable due to the Company less the principal amount of the merchant cash advance. Revenue is recognized and the deferred liability is reduced over the term of the merchant cash advance.

TIER maintains a bank account at Chase Bank on behalf of the Company. Each day, TIER receives payment, reflected in the Chase account, for each merchant cash advance TIER has purchased on behalf of the Company from various merchant cash advance providers. The Company reduces its merchant cash advance balance by the cash received, which is net of platform fees. Platform fees are a daily charge associated with the ACH service and the financial and reporting management software platform provided by TIER. The platform fees are also negotiated between the Company and TIER for each contract but are typically 4% of the merchant cash advance principal amount.

The Company records a reserve liability equal to 2% of the merchant cash advance principal amount, which is a residual commission owed to TIER. This reserve is recognized over the term of the merchant cash advance and eliminated when the merchant cash advance is completely satisfied and payment is remitted by the Company to TIER.

Research and Development

The Company's policy is to engage market and branding consultants to research and develop specialty chocolate products and packaging targeted to particular states within the US. The research and development costs for the year ended December 31, 2017 and 2016 were $87,549 and $0 and are included in general and administrative expenses on the accompanying consolidated statements of operations.

Deferred Financing Costs

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized over the life of the related debt instrument. In accordance with Accounting Standards Update ("ASU") No. 2015-03, deferred finance costs, net of accumulated amortization have been included as a contra to the corresponding related party loans in the accompanying consolidated balance sheets as of December 31, 2017 and 2016, respectively.

Stock Based Compensation

The Company measures and recognizes compensation expense for all stock-based payments at fair value over the requisite service period. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and warrants. For restricted stock grants, fair value is determined as the closing price of our common stock on the date of grant. Equity-based compensation expense is recorded in administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price, as well as by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

Income Taxes

The Company provides for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2017 and 2016, the Company had a full valuation allowance against deferred tax assets. With the change in ownership occurring December 30, 2016, the Company is subject to certain NOL limitations under Section 382 of the Internal Revenue Code.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of ASC 740, "Income Taxes" ("ASC 740"), the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify items for which the income tax effects of the Tax Act have not been completed as of December 31, 2017 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of December 31, 2017.

Per Share Data

In accordance with "ASC-260 - Earnings per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive shares outstanding as of December 31, 2017 and 2016 because their effect would be antidilutive.

Fair Value of Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The carrying value of cash, merchant cash advances, prepaid expenses, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant market or credit risks arising from these financial instruments.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion costs recognized in the statements of operations for the years ended December 31, 2017 and 2016 were $574,370 and $0 respectively.

Non-Controlling Interests in Consolidated Financial Statements

In December 2007, the FASB issued ASC 810-10-65, "Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). This ASC clarifies that a non-controlling (minority) interest in a subsidiary is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10- 45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary's equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance. During the year ended December 31, 2017, the Company entered into two subscription agreements for the sale of 800,000 shares of common stock and ten-percent equity interest in its wholly owned subsidiary, Holy Cacao, for $200,000 in cash proceeds, in the aggregate. The Company recorded ten-percent of the cash proceeds or $20,000 as noncontrolling interests for the year ended December 31, 2017. The Company's periodic reporting now includes the consolidated results of operations of Holy Cacao, with the ten-percent ownership reported as noncontrolling interests. The Company's wholly owned subsidiary had no operations in 2017.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company will adopt ASU 2014-09 in the first quarter of 2018 and plans to apply the full retrospective approach. The Company does not anticipate that the adoption of ASU 2014-09 will have a material impact on its financial statements.

In May 2017, the FASB, issued ASU 2017-09, Compensation—Stock Compensation (Topic 718). The amendments in the update provide guidance on types of changes to the terms or conditions of share-based payment awards that would be required to apply modification accounting under ASC 718. The new guidance becomes effective for the Company for the year ending December 31, 2018, including interim periods, though early adoption is permitted. The Company has adopted ASU 2017-09 which had no material impact due to no vesting stock based compensation.

On November 2, 2017 the Company amended its February 21, 2017 agreement with a public relations consultant to release the Company from $10,500 of accounts payable which was recorded by the Company as a gain on the forgiveness of debt in the fourth quarter of 2017.

On November 2, 2017, the Company entered into an agreement with a marketing consultant that supersedes and replaces the April 21, 2017 binding term sheet between the Company and the consultant. The agreement is a performance-based agreement that requires the consultant to perform specific packaging, marketing and product development duties in connection with the Company's launch of its Holy Cacao subsidiary. In accordance with the agreement, the consultant released the Company from $45,200 of accounts payable which was recorded by the Company as a gain on the forgiveness of debt in the fourth quarter of 2017. The consultant will be compensated $24,000 to be paid in three installments; $8,000 upon the signing of the execution of the agreement, $8,000 upon the Company approving an initial brand design, logo, packaging and recipes, and $8,000 upon the completion and the Company's final approval and sourcing of design, logo, packaging and recipes.

On December 26, 2017, the Company entered into an amended employment agreement with its CFO to reduce the annual salary from $250,000 to $150,000, retroactively from February 1, 2017 through January 31, 2019, and then revert back to the original amount of $250,000 annually starting February 1, 2019. In addition, the CFO was awarded 250,000 warrants of which 125,000 was consideration earned with respect to the year ended December 31, 2017 reduction in salary and 125,000 is consideration earned for the reduction in salary from January 1, 2018 through January 31, 2019. The Company recorded a gain on forgiveness of debt for the amount of $29,125 in the fourth quarter of 2017 in relation to this amendment. The Company recorded $63,725 as stock-based compensation related to the 125,000 warrants issued for 2017 wages earned (see Note 3 and 4).

On December 26, 2017, the Company entered into an agreement with its CEO to reduce the CEO's 2017 annual salary from $120,000 to $40,000. Accordingly, $80,000 was recorded as forgiveness of debt in the fourth quarter of 2017.

Employment Agreements

On February 27, 2017, Harold Kestenbaum an individual newly appointed by the Board of Directors of the Company assumed the role of Chairman of the Board of Directors and Interim Chief Executive Officer ("Interim CEO"). Pursuant to the consulting contract, the Interim CEO shall receive (i) 750,000 shares of common stock of the Company for his appointment as Chairman of the Board, (ii) $10,000 per month for his role as Interim CEO, which shall be deferred until the Company raises at least $1,500,000 in financing, and (iii) $10,000 for every new franchising client he obtains, and (iv) $2,000 per month for legal services upon acquisition of a franchising client. In conjunction with this individual's appointment, the former Chief Executive Officer resigned, but will remain as the Secretary and a director of the Company. The shares were valued at $1,500,000, representing a market value of $2.00 per share based on the closing price on the day of trading. On December 26, 2017, Mr. Kestenbaum agreed to a reduction in his 2017 annual salary from $120,000 to $40,000 (see Note 2). As of December 31, 2017 and 2016, the Company has accrued $40,000 and $0 in relation to this employment agreement.

On March 1, 2017, Mark J. Keeley, an individual newly appointed by the Board of Directors of the Company assumed the role of Chief Financial Officer ("CFO"). Pursuant to the Employment Agreement, the CFO shall receive (i) 750,000 shares of common stock of the Company, and (ii) $20,833 per month, which shall be deferred until the Company raises at least $1,500,000 in financing. The 750,000 shares of common stock are fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share based on the closing price on the day of trading, and are recognized over a 12-month service period as a result of a clawback provision. On December 26, 2017, the CFO amended his employment agreement and agreed to reduce the annual salary from $250,000 to $150,000 for the period from February 1, 2017 through January 31, 2019, and then revert back to the original amount of $250,000 annually starting February 1, 2019. (see Note 2 and 4). As of December 31, 2017 and 2016, the Company has accrued $157,138 and $0 in relation to this employment agreement.

On October 25, 2017, Mark J. Keeley was appointed as a director of the Company by the Board of Directors of the Company.

A Company director, Hershel Weiss, is owed $12,699 for expenses incurred on behalf of the Company as of December 31, 2017.

Consulting Agreement

On December 11, 2017, 40,000 shares of common stock were issued to the relative of a director of the Company for consulting services. The shares were recorded by the Company at $10,000, representing a fair market value of $0.25 per share.

Shareholder Loan

Throughout the year ended December 31, 2017, the Company Secretary, who is also a director and a shareholder of the Company, provided non-interest bearing short term loans to the Company. A total of $209,010 was advanced during the year ended December 31, 2017, and the Company repaid $29,197, for a balance of $179,813.

Related Party Loans

On October 17, 2017, Obvia LLC, of which the Company Chief Financial Officer, who is also a director and a shareholder of the Company, is a 50% owner, provided a loan to the Company's Funding Division in the amount of $100,000 bearing an interest rate of the US Prime Federal Funds Rate +1% or 5.5% at December 31, 2017, to be compounded monthly. The note is secured by the full value of the borrower and matures on October 31, 2018. During the year ended December 31, 2017, the Company recorded $1,095 as interest expense related to this loan.

On October 25, 2017, R&W Financial, owned by a Company director, provided a non-interest bearing loan in the amount of $1,000 which matures on October 25, 2018.

On November 2, 2017, Kennedy Business Center LLC, owned by an immediate family member of a Company director, provided a loan in the amount of $90,000 bearing an interest rate of 10% which matures on May 1, 2018. As part of the agreement, the Company issued 50,000 shares of common stock on November 3, 2017 (see Note 4). The Company recorded a debt discount of $17,500 for the fair market value of the shares issued. During the year ended December 31, 2017, the Company recorded $1,166 of interest and $5,833 of debt discount as interest expense related to this loan.

Director Agreements

On December 26, 2017, the Company entered into binding term sheets with each of the Directors of the Company. Pursuant to the Agreements, each Director may be compensated with share-based and/or cash-based compensation. Each Director's cash-based compensation for the period January 1, 2018 through December 31, 2018 will be $10,000 per quarter paid on a date determined by the majority vote of the Board of Directors. The Directors' share-based compensation for the period January 1, 2018 through December 31, 2018 will be a one-time award of the ability to purchase a particular amount of warrants, ranging from 40,000 to 200,000 (collectively the "Warrants") with the following terms:

- Number and Type – Each Director is entitled to a one-time award of Warrants for the number of shares of Series B Preferred Stock (the "Preferred Stock B") of the Corporation, which shall equal five (5) shares of the Corporation's Common Stock (the "Common Stock"), including liquidation preference over Common Stock.

- Duration – The Warrants entitle each Director to purchase the Preferred Stock from the Corporation, after January 1, 2018 (the "Original Issuance Date") and before December 31, 2024.

- Purchase Price - The purchase price is $0.51 per share of Preferred Stock.

- Vesting - The majority of the Warrants are subject to a 12-month period whereby the Warrants vest in equal monthly increments from January 1, 2018 through December 31, 2018 (the "Vesting period").

The Company issued a warrant with respect to 565,000 Series B preferred stock, in the aggregate, in relation to the binding term sheets. The Company will expense the fair value of these warrants in the amount of approximately $288,000 ratably during the year ended December 31, 2018.
On December 30, 2016, as a result of a private transaction, the control block of voting stock of the Company, represented by 10,500,000 shares of common stock (the "Shares"), was transferred from the founder of the Company to Rosenweiss Capital LLC, and a change of control of the Company occurred. The consideration paid for the Shares, which represented 74% of the issued and outstanding share capital of the Company on a fully-diluted basis, was $200,000.

On February 27, 2017, a consulting contract containing an award of 750,000 shares of common stock (see Note 3) was executed for the CEO to serve as a Director and Chairman of the Board. The shares were valued at $1,500,000, representing a market value of $2.00 per share. The shares were fully vested at the date of grant and recorded in general and administrative expenses on the consolidated statement of operations.

On March 1, 2017, an employment agreement containing an award of 750,000 shares of common stock was executed for the CFO. The shares were fully vested and valued at $1,687,500, representing a fair market value of $2.25 per share. The shares are subject to a clawback provision during the CFO's first year of service from February 1, 2017 through January 31, 2018. As such, the value of the shares is being amortized over 12 months. During the year ended December 31, 2017, the Company recorded $1,546,875 of compensation expense which is included in general and administrative expenses on the consolidated statement of operations.

On April 27, 2017, 100,000 shares of common stock were granted to a marketing consultant for strategic business to market services. The shares were recorded by the Company at $145,000, representing a fair market value of $1.45 per share which was based on the fair market value. This amount was recorded as compensation expense which is included in general and administrative expenses on the consolidated statement of operations.

On April 28, 2017, 222,857 shares of common stock were issued to a public relations consultant for advertising, promotion, and due diligence efforts and expenses. The shares were recorded by the Company at $501,428, representing a fair market value of $2.25 per share which was based on the fair market value. This amount was recorded as compensation expense which is included in general and administrative expenses on the consolidated statement of operations.

On May 11, 2017, the Company entered into a consulting agreement to place up to $1.5 million worth of common stock within six months to provide funds to complete an acquisition. The Company may incur fees up to $135,000 in relation to this agreement with a $10,000 retainer payable immediately in common stock valued on the date of signing. The remaining $125,000 is to be placed into escrow and released on the date of closing valued at the closing asking price. Of the $10,000 retainer, $5,000 is non-refundable. As of December 31, 2017 and through the date of these financial statements, the Company has recorded $5,000 as prepaid expense and accrued liabilities, no shares have been issued related to this agreement, and the original agreement is in the process of being renegotiated among and between the Company and the consultant.

On May 24, 2017, 250,000 shares of common stock were granted to an investor relations consultant for services to develop and disseminate corporate information. The shares were recorded by the Company at $495,000, representing a fair market value of $1.98 per share which was based on the fair market value. The shares were fully vested at the date of grant and recorded in general and administrative expenses on the condensed consolidated statement of operations.

On June 23, 2017, 150,000 shares of common stock were granted to a consultant for fund raising services. The shares were recorded by the Company at $307,500, representing a fair market value of $2.05 per share which was based on the trading price. The shares were fully vested at the date of grant and recorded in general and administrative expenses on the condensed consolidated statement of operations.

On October 25, 2017, the Board of Directors of the Company (the "Board") elected to designate the 5,000,000 preferred shares authorized into two series. Series A Preferred Shares ("Series A") was designated with one share. The remaining 4,999,999 shares were designated as Series B Preferred Shares ("Series B"). On January 29, 2018, the Board elected to designate and authorize an additional 3,000,000 Series C Preferred Shares ("Series C"). The majority shareholder of the Company approved the actions on October 22, 2017 for the Series A and Series B Stock and January 29, 2018 for the Series C Stock. The Board further resolved to issue the Series A share to Rosenweiss Capital LLC, a related party, and shall offer the Series B and Series C shares as they determine fit. The Series A share was recorded by the Company as general and administrative expense for $577,005, representing a fair market value determined by a third-party valuation. The designations, powers, preferences and rights of the shares of Series A, Series B and Series C Convertible Preferred Stock (the "**Preferred Stock**") of the Company is as follows:

1. Ranking. The Preferred Stock shall rank, as to payment of dividends, rights to distribution of assets upon liquidation, dissolution rights and/or winding up rights of the Company and such other items as may arise from time to time: (i) senior to the shares of (a) common stock, par value $0.001 per share, of the Company (the "**Common Stock**"), and (b) any other class or series of capital stock issued by the Company which by its terms does not expressly rank senior to or on a parity with the Preferred Stock (the "**Junior Stock**"), and (ii) *pari passu* between the Series A Stock, Series B Stock and Series C Stock.

2. Dividend Rights; Distributions.

(a) At the sole election of the Board, the Board may, at any time and from time to time, declare dividends on the Preferred Stock. Such dividends may be paid, at the sole election of a majority of the Board of Directors, either in (i) cash, (ii) shares of Common Stock, (iii) shares of Preferred Stock, (iv) shares of any other equity securities of the Company, or (v) any combination of the foregoing, provided that funds and/or equity securities are legally available to pay such dividends. If the Company elects to pay dividends in shares of Common Stock, Preferred Stock, and/or any other equity securities of the Company, such dividends shall be paid in full shares only, with any shares to be rounded up to a full share for any fractional share to be paid. Dividends declared by the Board of Directors may be paid on any date fixed by the Board of Directors to holders of record of shares of Preferred Stock as they appear on the Company's stock register at the close of business on the record date (the "**Record Date**"). The Record Date, which shall not be greater than sixty (60) days nor less than ten (10) days before payment of dividends for such Record Date, shall be fixed by the Board of Directors.

(b) No dividend payment shall be made on or with respect to any shares of Junior Stock unless, prior thereto, all declared and unpaid dividends on any shares of Preferred Stock shall have been paid on all then outstanding shares of Preferred Stock and/or any then outstanding shares of Parity Stock.

(c) In addition to any other dividends that a holder of shares of Preferred Stock is entitled to, a holder of Preferred Stock shall be entitled to receive dividends on an as converted basis when, if and as declared by the Board of Directors for distribution to holders of Common Stock from time to time, only when, as and if declared by the Board of Directors, and only out of funds that are legally available.

3. Voting Rights.Holders of the Series A Stock shall have voting rights equal to fifty percent (50%) of the voting rights of all outstanding classes of capital stock of the Company. Holders of the Series B Stock shall have voting rights equal to five (5) votes per each share of the Series B Stock. Holders of the Series C Stock shall have voting rights on a one for one basis.

4. Stated Value. Upon liquidation, dissolution and/or winding up of the Company (and/or any other reason that the stated value of the Preferred Stock is required and/or deemed advisable by the Board of Directors to be determined), shares of Preferred Stock then outstanding shall have a stated value per share as determined by the Board of Directors in good faith.

5. Series C Stock Coupon. Holders of Series C Stock shall be entitled to a monthly interest payment equal to 1% of the amount invested for 18 months from the date of issuance.

6. Conversion Rights. Holders of Preferred Stock shall have the following rights with respect to conversion of shares of Preferred Stock into shares of Common Stock: a conversion rate of five (5) shares of Common Stock per each share of Series A and B Stock, a conversion rate of one (1) share of Common Stock per each share of Series C Stock.

On October 31, 2017, the 100,000 shares of common stock issued to a marketing consultant on April 27, 2017 were cancelled at and replaced with 100,000 warrants. The Company reversed the original expense recorded in general and administrative expenses of $145,000 for the cancellation. The warrants were issued with an exercise price of $1.45 per share on December 21, 2017. The warrants may be exercised between January 1, 2018 through December 31, 2018. These warrants were valued at $20,190 and was recorded as compensation expense which is included in general and administrative expenses on the consolidated statement of operations. The warrants were valued using the black-scholes model with the following inputs: exercise price of $1.45; fair market value of underlying stock of $0.25; expected term of 1 year; risk free rate of 1.73%; volatility of 197.6%; and a dividend yield of 0.00%.

On November 2, 2017, the Company entered into an unsecured Promissory Note and Share Agreement whereby the Company promised to pay $90,000 to the lender. The lender advanced $50,000 on the date of the agreement and advanced $40,000 on December 1, 2017. The note carries an interest rate of 10% to be paid in cash on the first day of every month until maturity on May 1, 2018. As part of the agreement, the Company issued 50,000 shares of common stock on November 2, 2017. The Company valued these shares at $0.35 per share or $17,500 in the aggregate and recorded this amount as a debt discount to be amortized over the life of the note. For the year ended December 31, 2017, the Company recorded $5,833 as amortization of debt discount related to these shares.

On November 17, 2017, the Company entered into a consulting agreement for social media and public relation services whereby the Company is required to pay $3,000 in cash $2,000 in stock for a period of six months beginning December 1, 2017. Accordingly, the Company issued 6,667 shares of common stock for the fair market value of $2,000 and recorded this amount as general and administrative expenses during the year ended December 31, 2017.

On December 11, 2017, 40,000 shares of common stock were issued to an individual for consulting services. The shares were recorded by the Company at $10,000, representing a fair market value of $0.25 per share. This amount was recorded as consulting expense which is included in general and administrative expenses on the consolidated statement of operations.

On December 26, 2017, the Company amended its employment agreement with the CFO (see Notes 2 and 3) and issued warrants to purchase 125,000 shares of Series B Preferred Stock as compensation expense for the year ended December 31, 2017. The Company recorded $63,725 as stock-based compensation in general and administrative expenses in relation to the warrants. The warrants were valued using the black-scholes model with the following inputs: exercise price of $0.51; fair market value of underlying stock of $0.51; expected term of 7 years; risk free rate of 2.38%; volatility of 268.5%; and a dividend yield of 0.00%.

On December 26, 2017, the Company amended its May 24, 2017 contract for consulting services to develop and disseminate corporate information and cancelled 250,000 shares of common stock at par. As consideration for this cancellation, the Company agreed to pay $6,000 in cash and recorded this amount as a reduction to additional paid in capital.

On December 26, 2017, the Company issued warrants to purchase 565,000 shares of Series B Preferred Stock, in the aggregate, to its Board of Directors as compensation expense for the year ended December 31, 2018. The warrants have an exercise price of $0.51 per share, vests monthly from January 1, 2018 through December 31, 2018, and are exercisable from January 1, 2018 through December 31, 2024. The Company will expense the fair value of these warrants in the amount of approximately $288,000 ratably during the year ended December 31, 2018.

In December 2017, the Company entered into two subscription agreements for the sale of 800,000 shares of common stock and ten-percent equity interest in our wholly owned subsidiary, Holy Cacao, for $200,000 in cash proceeds. The Company recorded ten-percent of the cash proceeds or $20,000 as noncontrolling interests for the year ended December 31, 2017.

A summary of the Company's warrants to purchase common stock activity is as follows:

	Number of Warrants (in common shares)	Weighted Average Exercise Price
Outstanding, January 1, 2016	-	$ -
Granted	-	-
Outstanding, December 31, 2016	-	-
Granted	100,000	1.45
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding, December 31, 2017	100,000	$ 1.45

A summary of the Company's warrants to purchase Series B Preferred Stock activity is as follows:

	Number of Warrants (in Series B Preferred Stock)	Weighted Average Exercise Price
Outstanding, January 1, 2016	-	$ -
Granted	-	-
Outstanding, December 31, 2016	-	-
Granted	690,000	0.51
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding, December 31, 2017	690,000	$ 0.51

As of December 31, 2017, the weighted average remaining contractual life was 6.25 years for warrants outstanding. As of December 31, 2017, no warrants were exercisable and the intrinsic value of warrants exercisable was zero. As of December 31, 2017, the remaining expense is approximately $288,000 over the remaining amortization period which is 1 year.

On January 1, 2018, the Company entered into a consulting agreement for investor relation services for a term of six months whereby the Company agrees to pay $5,000 per month for up to twenty hours of work per month. The first payment of $10,000 was due upon execution of the contract representing the first and sixth months of the contract, and the remaining payments shall be made five days prior the first of each additional month due.

On January 11, 2018, the Company entered into a consulting agreement for matters involving business development, public relations, marketing services and media placement. The agreement may be terminated upon 30 days prior written notice by either party. The Company will pay the consultant $25,000 for the first 30 days of services, and $2,500 bi-weekly thereafter. The fee will cover all cash cost for production, editing and airing up to three Fox Business production shots. If the Company pursued an interview with Fox News, which the Company is currently not contemplating, it would have to issue to 200,000 shares of its common stock to the consultant.

On January 29, 2018, the Board elected to designate and authorize 3,000,000 Series C Preferred Shares (see Note 4).

On February 2, 2018, the Company entered into a subscription agreement for the sale of 660,000 shares of the Company's Series C Preferred Stock for $0.25 per share or $165,000. The terms of the agreement require a monthly interest payment equal to 1% of the amount invested for 18 months from the date of issuance.

Subsequent to year end, the Company issued 13,262 shares of common stock, respectively, in accordance with a consulting agreement for social media and public relation services whereby the Company is required to pay $3,000 in cash and $2,000 in stock for a period of six months beginning December 1, 2017.

First Foods Group, Inc. (the "Company" or "First Foods"), formerly known as Litera Group, Inc., is a smaller reporting company originally formed to provide products and services within the theater and film production community. The Company amended its Articles of Incorporation with the State of Nevada in order to change its name from Litera Group, Inc. to First Foods Group, Inc. (the "Amendment"). The board of directors of the Company approved the Amendment on February 15, 2017. The shareholders of the Company approved the Amendment by written consent on February 15, 2017. The Amendment became effective on February 16,

2017. First Foods is now focused on providing management services and funding options for new foodservice brands and menu concepts, including the participation in merchant cash advances by the 1st Foods Funding Division (the "Division"). First Foods is also growing its own new concepts, both through proprietary development and through mergers, acquisitions, and licensing arrangements.

On April 21, 2017, the Company entered into a binding term sheet (the "Term Sheet") with Oded Brenner ("Brenner"). Pursuant to the Term Sheet, the Company and Brenner would form an entity that would own the intellectual property rights to "Blue Stripes-Cacao Shop" (the "IP Entity") for the United States. The Company had 120 days from the date of the Term Sheet to perform due diligence activities and complete the closing. Upon the completion of due diligence, Company Management and the Board of Directors determined that it was in the best interest of the shareholders to forego a US-wide cacao concept. Instead, on August 31, 2017 the Company formed its own wholly owned subsidiary named Holy Cacao, Inc., a Nevada corporation ("Holy Cacao"). Holy Cacao was incorporated as a wholly owned subsidiary and has three shareholders as of December 31, 2017 with a 10% non-controlling equity interest issued through its subscription agreements as discussed below. The Company has 100 shares of no par value common stock authorized, issued and outstanding with 90 shares owned by the Company and 10 shares owned by the non-controlling interests. Holy Cacao will be dedicated to providing specialty chocolate to particular states within the US. The Company is currently in the process of negotiating production and packaging contracts with third party providers in anticipation of operating activities to commence in 2018. On November 3, 2017, the Company entered into a consulting agreement with Oded Brenner that supersedes and replaces the April 21, 2017 agreement (see Note 2.)

On June 19, 2017, the Company entered into a binding term sheet (the "TBS Term Sheet") with The Big Salad Franchise Company, LLC, a Michigan limited liability company ("TBS"). The Company had 60 days from the date of the Term Sheet to perform due diligence activities and complete the closing. Upon the completion of due diligence, Company Management and the Board of Directors determined that it was in the best interest of the shareholders to forego the TBS transaction.

On October 25, 2017, the Company entered into a contract with TIER Merchant Advances LLC ("TIER") to participate in the purchase of future receivables from qualified TIER merchants for the purpose of generating near term and long-term revenue for the Company.
The Company's audited consolidated financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plan is to obtain such resources for the Company by obtaining capital from management and significant shareholders sufficient to meet its operating expenses and seeking equity and/or debt financing. However, management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The Company does not have sufficient cash flow for the next twelve months from the date of this report. The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying audited consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.
The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
The Company's consolidated financial statements are presented in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The noncontrolling interest represents the proportionate share of the proceeds received from the ten-percent sale of equity interest in our wholly owned subsidiary Holy Cacao (see Note 4).
The consolidated financial statements represent the consolidation of the accounts of the Company and its subsidiaries in conformity with GAAP. All intercompany accounts and transactions have been eliminated in consolidation.
The Company considers all highly liquid temporary cash investments with an original maturity of twelve months or less to be cash equivalents. At December 31, 2017 and 2016, the Company had no cash equivalents.

The Company's cash is held with financial institutions, and the account balances may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit at times. Accounts are insured by the FDIC up to $250,000 per financial institution. The Company has not experienced any losses in such accounts with these financial institutions.

Starting in October 2017, the Company entered into a contract with TIER to participate in TIER's purchase of merchant cash advances, which are short-term cash advances made to businesses in return for an agreed-upon amount of future sales, paid by the business in small, regular daily payments. During the year ending December 31, 2017, The Division participated in the purchase of 25 merchant cash advances from TIER.

The Company participates in the merchant cash advance industry by directly advancing sums to a merchant advance provider, TIER, who in turn advances sums to merchants or other merchant cash advance providers. Each quarter, the Company reviews the carrying value of these advances and determines whether an impairment reserve is necessary. At December 31, 2017, the Company reserved an amount equal to 12% of the outstanding merchant cash advance balance at period end determined by the risk of default as disclosed by TIER.

As of and during the year ended December 31, 2017, the Company's revenue and receivable from merchant cash advances were entirely derived from one merchant cash advance provider. However, the Company actively mitigates its portfolio concentration risk by ensuring that its merchant cash advance provider maintains its ability to participate in merchant cash advances from alternative providers and spreading the merchant cash advance participation across twenty-five (25) different merchants.

As of the year ended December 31, 2017, the Company's receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company's merchant cash advance receivables. The Company earned revenues from this same merchant of $11,025, representing 70% of total revenues for the year ended December 31, 2017.

The Company recognizes and actively takes steps to address the concentration of its merchant cash advance receivable, which could inherently create a potential risk to future working capital in the event that the Company is not able to collect all, or a majority, of the outstanding receivable balance. The Company did not have a concentration risk from merchant cash advances as of December 31, 2016.

Prior to December 30, 2016, the Company generated revenues from the sale of movie scripts.

Revenues were recognized when the following conditions were met:

1. Persuasive evidence of a sale or license agreement exists with a customer.

2. The script is complete and has been delivered or is immediately available to be delivered in accordance with the terms of the agreement.

3. The license period for the arrangement has started and the customer can begin exploitation, exhibition or sale.

4. The arrangement fee is fixed or determinable.

5. Collection of the arrangement fee is reasonably assured.

If any of the above conditions were not met, the Company deferred revenue until all conditions were met.

During the year ended December 31, 2017, the Company recognized its merchant advance income as follows:

When a merchant cash advance is purchased, the Company records a merchant cash advance participation receivable for the purchase price. The purchase price consists of the merchant cash advance principal plus an up-front commission that is amortized over the term of the merchant cash advance. The amount of the commission is negotiated between the Company and TIER for each contract. The standard commission is 15% of the merchant cash advance principal but can be reduced depending upon the credit worthiness of the merchant. If a merchant cash advance contract is signed in one period, but not paid until a subsequent period, a corresponding liability is established in the current period.

At the time the merchant cash advance is purchased, the Company records a deferred revenue liability, which is the total future receivable due to the Company less the principal amount of the merchant cash advance. Revenue is recognized and the deferred liability is reduced over the term of the merchant cash advance.

TIER maintains a bank account at Chase Bank on behalf of the Company. Each day, TIER receives payment, reflected in the Chase account, for each merchant cash advance TIER has purchased on behalf of the Company from various merchant cash advance providers. The Company reduces its merchant cash advance balance by the cash received, which is net of platform fees. Platform fees

are a daily charge associated with the ACH service and the financial and reporting management software platform provided by TIER. The platform fees are also negotiated between the Company and TIER for each contract but are typically 4% of the merchant cash advance principal amount.

The Company records a reserve liability equal to 2% of the merchant cash advance principal amount, which is a residual commission owed to TIER. This reserve is recognized over the term of the merchant cash advance and eliminated when the merchant cash advance is completely satisfied and payment is remitted by the Company to TIER.

The Company's policy is to engage market and branding consultants to research and develop specialty chocolate products and packaging targeted to particular states within the US. The research and development costs for the year ended December 31, 2017 and 2016 were $87,549 and $0 and are included in general and administrative expenses on the accompanying consolidated statements of operations.

The Company records origination and other expenses related to its debt obligations as deferred financing costs. These expenses are deferred and amortized over the life of the related debt instrument. In accordance with Accounting Standards Update ("ASU") No. 2015-03, deferred finance costs, net of accumulated amortization have been included as a contra to the corresponding related party loans in the accompanying consolidated balance sheets as of December 31, 2017 and 2016, respectively.

The Company measures and recognizes compensation expense for all stock-based payments at fair value over the requisite service period. The Company uses the Black-Scholes option pricing model to determine the weighted average fair value of options and warrants. For restricted stock grants, fair value is determined as the closing price of our common stock on the date of grant. Equity-based compensation expense is recorded in administrative expenses based on the classification of the employee or vendor. The determination of fair value of stock-based payment awards on the date of grant using an option-pricing model is affected by our stock price, as well as by assumptions regarding a number of subjective variables. These variables include, but are not limited to, the expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors.

The Company provides for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2017 and 2016, the Company had a full valuation allowance against deferred tax assets. With the change in ownership occurring December 30, 2016, the Company is subject to certain NOL limitations under Section 382 of the Internal Revenue Code.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018. Under the guidance of ASC 740, "Income Taxes" ("ASC 740"), the Company revalued its net deferred tax assets on the date of enactment based on the reduction in the overall future tax benefit expected to be realized at the lower tax rate implemented by the new legislation. Although in the normal course of business the Company is required to make estimates and assumptions for certain tax items which cannot be fully determined at period end, the Company did not identify items for which the income tax effects of the Tax Act have not been completed as of December 31, 2017 and, therefore, considers its accounting for the tax effects of the Tax Act on its deferred tax assets and liabilities to be complete as of December 31, 2017.

In accordance with "ASC-260 - Earnings per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive shares outstanding as of December 31, 2017 and 2016 because their effect would be antidilutive.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The carrying value of cash, merchant cash advances, prepaid expenses, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments. Management is of the opinion that the Company is not exposed to significant market or credit risks arising from these financial instruments.

Advertising and promotion costs are expensed as incurred. Advertising and promotion costs recognized in the statements of operations for the years ended December 31, 2017 and 2016 were $574,370 and $0 respectively.

In December 2007, the FASB issued ASC 810-10-65, "Non-controlling Interests in Consolidated Financial Statements, an amendment of Accounting Research Bulletin No. 51" ("SFAS No. 160"). This ASC clarifies that a non-controlling (minority) interest in a subsidiary is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10- 45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary's equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance. During the year ended December 31, 2017, the Company entered into two subscription agreements for the sale of 800,000 shares of common stock and ten-percent equity interest in its wholly owned subsidiary, Holy Cacao, for $200,000 in cash proceeds, in the aggregate. The Company

recorded ten-percent of the cash proceeds or $20,000 as noncontrolling interests for the year ended December 31, 2017. The Company's periodic reporting now includes the consolidated results of operations of Holy Cacao, with the ten-percent ownership reported as noncontrolling interests. The Company's wholly owned subsidiary had no operations in 2017.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers," which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605-Revenue Recognition and most industry-specific guidance throughout the ASC. ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. In July 2015, the FASB deferred the effective date for annual reporting periods beginning after December 15, 2017 (including interim reporting periods within those periods). Early adoption is permitted to the original effective date for annual reporting periods beginning after December 15, 2016 (including interim reporting periods within those periods). The amendments may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). The Company will adopt ASU 2014-09 in the first quarter of 2018 and plans to apply the full retrospective approach. The Company does not anticipate that the adoption of ASU 2014-09 will have a material impact on its financial statements.

In May 2017, the FASB, issued ASU 2017-09, Compensation—Stock Compensation (Topic 718). The amendments in the update provide guidance on types of changes to the terms or conditions of share-based payment awards that would be required to apply modification accounting under ASC 718. The new guidance becomes effective for the Company for the year ending December 31, 2018, including interim periods, though early adoption is permitted. The Company has adopted ASU 2017-09 which had no material impact due to no vesting stock based compensation.

	Number of Warrants (in common shares)	Weighted Average Exercise Price
Outstanding, January 1, 2016	-	$ -
Granted	-	-
Outstanding, December 31, 2016	-	-
Granted	100,000	1.45
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding, December 31, 2017	100,000	$ 1.45

	Number of Warrants (in Series B Preferred Stock)	Weighted Average Exercise Price
Outstanding, January 1, 2016	-	$ -
Granted	-	-
Outstanding, December 31, 2016	-	-
Granted	690,000	0.51
Exercised	-	-
Forfeited or cancelled	-	-
Outstanding, December 31, 2017	690,000	$ 0.51

The Company had 120 days from the date of the Term Sheet to perform due diligence activities and complete the closing.

The Company had 60 days from the date of the Term Sheet to perform due diligence activities and complete the closing.

250000 25 55875 11025 87549 0 574370 0 0.10 3 200000 20000 24000 250000 250000

The CFO was awarded 250,000 warrants of which 125,000 was consideration earned with respect to the year ended December 31, 2017 reduction in salary and 125,000 is consideration earned for the reduction in salary from January 1, 2018 through January 31, 2019.

The Company entered into a consulting agreement for investor relation services for a term of six months whereby the Company agrees to pay $5,000 per month for up to twenty hours of work per month. The first payment of $10,000 was due upon execution of the contract representing the first and sixth months of the contract, and the remaining payments shall be made five days prior the first of each additional month due.

5000

The terms of the agreement require a monthly interest payment equal to 1% of the amount invested for 18 months from the date of issuance.

660000 165000 3000 3000 2000 2000

Each Director’s cash-based compensation for the period January 1, 2018 through December 31, 2018 will be $10,000 per quarter paid on a date determined by the majority vote of the Board of Directors. The Directors’ share-based compensation for the period January 1, 2018 through December 31, 2018 will be a one-time award of the ability to purchase a particular amount of warrants, ranging from 40,000 to 200,000 (collectively the “Warrants”) with the following terms:

40000 0.25 2018-05-01 2018-05-01 0.10 1166 157138 0 40000 0 17500 40000 200000 565000 288000 100000 1.45 100000 0.51 0.25 0.0238 0.0173 2.685 1.976 0.0000 0.0000 P7Y P1Y 90000 40000 50000 0.10 0.10 0.10 250000 6000 288000 800000 200000 P6Y2M30D 288000 P1Y 100000 690000 690000 1.45 0.51 0.51

90 shares owned by the Company and 10 shares owned by the non-controlling interests.

The Company earned revenues from this same merchant of $11,025, representing 70% of total revenues for the year ended December 31, 2017.

The Company’s receivables from merchant cash advances included $55,875 to one merchant, representing 39% of the Company’s merchant cash advance receivables.

The Tax Cuts and Jobs Act (the “Tax Act”), enacted on December 22, 2017, among other things, permanently lowered the statutory federal corporate tax rate from 35% to 21%, effective for tax years including or beginning January 1, 2018.

800000

The consultant will be compensated $24,000 to be paid in three installments; $8,000 upon the signing of the execution of the agreement, $8,000 upon the Company approving an initial brand design, logo, packaging and recipes, and $8,000 upon the completion and the Company’s final approval and sourcing of design, logo, packaging and recipes.

The annual salary from $250,000 to $150,000, retroactively from February 1, 2017 through January 31, 2019, and then revert back to the original amount of $250,000 annually starting February 1, 2019.

The Company entered into an agreement with its CEO to reduce the CEO’s 2017 annual salary from $120,000 to $40,000.

On December 26, 2017, Mr. Kestenbaum agreed to a reduction in his 2017 annual salary from $120,000 to $40,000

12699 25000

The Company will pay the consultant $25,000 for the first 30 days of services, and $2,500 bi-weekly thereafter.