

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

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

For the transition period from to to

Commission file number 000-54830

SUNSTOCK, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

46-1856372

(I.R.S. Employer
Identification No.)

111 Vista Creek Circle

Sacramento, California 95835

(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: 916-860-9622

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	None	None

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock.	SSOK.	None

Common Stock, \$0.0001 par value per share
(Title of class)

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) 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 to 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

1

Accelerated filer

7

Non-accelerated filer

☒

Smaller reporting company

☒

Emerging growth company

7

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 7(a)(2)(B) of the Securities Act: ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to 240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: \$1,346,340 as of June 30, 2023. Shares of the registrant’s common stock held by each executive officer and director and by each person who beneficially owns 10 percent or more of the registrant’s outstanding common stock have been excluded in that such persons may be deemed to be “affiliates” of the registrant for purposes of the above calculation. This determination of affiliate status is not a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock as of the latest practicable date.

Class	Outstanding at April 2, 2024
Common Stock, par value \$0.0001	5,021,857

Documents incorporated by reference: None

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PART I

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K, including the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains statements relating to our future plans and developments, financial goals and operating performance that are based on our current beliefs and assumptions. These statements constitute “forward-looking statements” within the meaning of federal securities laws. Words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “could,” “may,” “should,” and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this report. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this report reflect the good faith judgment of our management, such statements are only based on facts and factors known by us as of the date of this report. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under the section below entitled “Risk Factors,” as well as those discussed elsewhere in this report and in our other filings with the Securities and Exchange Commission (“SEC”). Readers are urged not to place undue reliance on these forward-looking statements.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, whether as a result of new information, future events or otherwise, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this report, as well as our other SEC filings, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations, and prospects.

Item 1. Business

Summary

Sunstock, Inc. (“Sunstock” or “the Company”) was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. In July 2013, the Company implemented a change of control by issuing shares to new shareholders, redeeming shares of existing shareholders, electing new officers and directors and accepting the resignations of its then existing officers and directors. In connection with the change of control, the shareholders of the Company and its board of directors unanimously approved the change of the Company’s name from Sandgate Acquisition Corporation to Sunstock, Inc. On July 18, 2013, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 22, 2018, Sunstock, Inc. acquired all assets and liabilities of Mom’s Silver Shop, Inc. (the “Retail Store”) located in Sacramento, California.

The Company’s business plan includes the buying, selling and distribution of precious metals, primarily gold. The Company emphasizes investment in enduring assets that we believe may provide ‘resource to retail’ conversion upside. Our current goal is to provide our shareholders with an exceptional opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with actual mining operations. The Company’s long-term goal is to grow to meet the requirements to become an Authorized Purchaser of bullion coins from the United States Mint. Such would allow the Company to purchase bullion coins at a discount to what it is currently paying to individuals and other coin shops selling bullion coins. The Company is currently unable to estimate when it might meet the requirements.

The Business: Precious Metals and Coins - Sunstock

Silver and other precious metals, may be used as an investment. A traditional way of investing in silver is by buying actual bullion bars. In some countries, like Switzerland and Liechtenstein, bullion bars can be bought or sold over the counter at major banks. Another means of buying and trading silver is through silver coins. Silver coins include the one ounce 99.99% pure Canadian Silver Maple Leaf and the one ounce 99.93% pure American Silver Eagle. Likewise, an increasing popular method of trading in silver and precious metals is through exchange-traded products, such as exchange-traded funds, exchange-traded notes and closed-end funds that aim to track the price of silver. Silver exchange-traded products are traded on the major stock exchanges including the London and New York Stock Exchanges.

Investors typically look to precious metals as a safe and reliable store of value and as a way to protect their assets from the influence of inflation, devaluation, and potential bond and equity market crashes. They act as safe haven investments, particularly in times of elevated political and economic uncertainty. The flow of investment capital into commodity-related sectors has increased more than tenfold over the past decade. Stable precious metal prices compared to increasing stock market volatility have elevated investments in precious metals to a standalone asset class, forming part of almost all diversified asset portfolios.

At the present time, the Company does not anticipate or foresee a material effect on this line of its business from existing or probable governmental regulations except as follows. The recent COVID-19 pandemic has resulted in many governments around the world enacting various social distancing orders and directives, which have resulted in decreased foot traffic to many businesses, as well as accommodative fiscal and monetary measures that have been viewed as inflationary by some markets, which has resulted in increased demand for physical precious metals bullion and coins. This recent increased demand has occurred at the same time in supply constraints from mints and refiners as a result of the COVID-19 pandemic. As a result, premiums on precious metal bullion and coins available for immediate delivery have recently increased, affecting both our revenues and our ability to resupply our inventories of our precious metals. We expect price, demand and supply volatility to continue as a result of the COVID-19 pandemic and the actions governments are taking to address it.

Services and Products

The Company’s primary services and products are the buying and selling of gold and silver coins. The Company held \$1,272,999 in gold and silver coins at December 31, 2023. The Company has also established positions in precious metals. As of December 31, 2023, the Company held 27,317 ounces of silver and 80 ounces of gold valued at \$814,574.

Competition

The Company’s Retail Store has a number of small coin shop competitors in the Sacramento, California area, as well as online precious metals dealer competitors such as monex.com and apmex.com.

Sales and Marketing Strategy

The Company’s long-term goal is to grow to meet the requirements to become an Authorized Purchaser of bullion coins from the United States Mint. Such would allow the Company to purchase bullion coins at a discount to what it is currently paying to individuals and other coin shops selling bullion coins. The Company is currently unable to estimate when it might meet the requirements.

THE COMPANY

Employees

Currently, the Company has three employees and two consultants. The employees are at the Retail Store. Our employees are not represented by a labor union or by a collective bargaining agreement.

Item 1A. Risk Factors

Not Applicable.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

The Company believes that its cybersecurity risk is minimal. Its daily sales are recorded through a third-party point-of-sales system which is backed up daily. The Company also prints out a hard copy of the daily sales. The Company’s financial information is recorded on a third-party software system and is backed up daily. If the Company were to experience a cyberattack, it would be able to use the prior day’s backup and easily recreate information of the day in which there was such an attack. The Company has not experienced a cybersecurity attack as of the date of this Annual Report.

Item 2. Properties

The Company currently uses the residence of the Company’s CEO for its corporate office at no charge.

The Company entered into a lease agreement in October 2018 for 1,088 square feet of retail shop space for the Retail Store. The lease requires combined monthly payments of base rent and triple net of \$1,945 per month for sixty months. The lease expired in September 2023 and the Company operated on a month-to-month lease until a new lease was signed on February 16, 2024. The new lease modification is from November 1, 2023 through January 31, 2026 and calls for \$1,469 per month from November 2023 through January 2024, \$0 for February 2024 (February 2024 rent is allocated equally in the March 2024 through January 2026 rent), \$1,628 per month from March 2024 through January 2025, and \$1,673 per month from February 2025 through January 2026.

Item 3. Legal Proceedings

On August 21, 2020, Boustead Securities, LLC (“Boustead”) filed suit against Sunstock, Inc. (“Sunstock”) in the County of Orange, California. Boustead is an investment banking firm engaged by Sunstock on September 19, 2019 to raise equity. Boustead maintained that Sunstock owes it 87,179 shares of Preferred Stock Warrants and 9,231 shares of Common Stock Warrants. Boustead also sought general damages, interest, and costs of the suit. Sunstock believed that Boustead had not fulfilled its obligations in raising equity and vigorously contested the suit. Sunstock hired an arbitrator but there was no resolution between Sunstock and Boustead. The matter went to trial in September 2021 and on November 2, 2021 the Court determined that Sunstock owed Boustead \$260,308 for warrants issued that Sunstock did not honor. \$260,308 was accrued and is shown as part of accounts payable and accrued expenses in the balance sheet.as of December 31, 2022. See detail in Note 4 to the financial statements. The warrants are no longer outstanding (see Note 9). All other monetary claims by Boustead were dismissed by the Court. The \$260,308 is to be paid in cash. The Company filed an appeal of the judgment on December 9, 2021. On August 17, 2023, the Court found that Sunstock owed Boustead \$338,171 for damages, attorney’s fees and costs. Sunstock has accrued an additional \$77,863. \$77,863 shows in the December 31, 2023 statement of operations under lawsuit judgment in operating expenses and \$338,171 shows in the December 31, 2023 balance sheet as part of accounts payable and accrued expenses. See detail in Note 4 to the financial statements.

In December 2020, a former employee of Sunstock filed a claim with the California Labor Commission regarding claimed back pay owed. A preliminary hearing was held on January 4, 2021 and the Company is currently awaiting the next step.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

On December 9, 2015 the Company began light trading on the NASDAQ bulletin board under the symbol “SSOK”.

The Company’s shares currently trade on the OTC Link alternative trading system operated by OTC Markets Group, Inc. under the symbol “SSOK.” The following table sets forth the high and low bid prices of our common stock (USD) for the last two fiscal years as reported by the OTCMarkets.com and represents inter dealer quotations, without retail markup, markdown or commission and may not be reflective of actual transactions.

	High	Low
Year ended December 31, 2023:		
First Quarter	\$ 5.50	\$ 2.71
Second Quarter	4.50	1.00
Third Quarter	1.25	0.0001
Fourth Quarter	1.00	0.06
Year ended December 31, 2022:		
First Quarter	\$ 0.4325	\$ 0.0701
Second Quarter	0.500	0.0801
Third Quarter	1.75	0.1293
Fourth Quarter	10.00	1.14

As of December 31, 2023, there are 5,021,857 shares of common stock outstanding of which 3,675,517 shares are owned by officers and directors of the Company. There are approximately 78 holders of our common stock.

The future sale of the Company’s presently outstanding “unregistered” and “restricted” common stock by present members of management and persons who own more than five percent of the Company’s outstanding voting securities may have an adverse effect on any “established trading market” that may develop in the shares of the Company’s common stock.

In general, securities may be sold pursuant to Rule 144 after being fully-paid and held for more than 6 months. While affiliates of the Company are subject to certain limits in the amount of restricted securities they can sell under Rule 144, there are no such limitations on sales by persons who are not affiliates of the Company. In the event non-affiliated holders elect to sell such shares in the public market, there is likely to be a negative effect on the market price of the Company’s securities. There is no dividend policy currently in place.

Recent Sales of Unregistered Securities.

During the quarter ended December 31, 2023, we have issued no securities which were not registered under the Securities Act and not previously disclosed in the Company’s Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

Item 6. Selected Financial Data.

There is no selected financial data required to be filed for a smaller reporting company.

7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Overview

You should read the following discussion and analysis in conjunction with our Consolidated Financial Statements and related Notes thereto included in Part II, Item 8 of this Report before deciding to purchase, hold or sell our common stock.

Sunstock, Inc. (“Sunstock” or “the Company”) was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. In July 2013, the Company implemented a change of control by issuing shares to new shareholders, redeeming shares of existing shareholders, electing new officers and directors and accepting the resignations of its then existing officers and directors. In connection with the change of control, the shareholders of the Company and its board of directors unanimously approved the change of the Company’s name from Sandgate Acquisition Corporation to Sunstock, Inc. On July 18, 2013, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 22, 2018, Sunstock, Inc. acquired all assets and liabilities of Mom’s Silver Shop, Inc. (the “Retail Store”) located in Sacramento, California.

Critical Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires making estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. The estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue Recognition

The Company’s principal activities from which it generates revenue are product sales. Revenue is measured based on considerations specified in a contract with a customer. A contract exists when it becomes a legally enforceable agreement with a customer. These contracts define each party’s rights, payment terms and other contractual terms and conditions of the sale. Consideration is typically paid at time of sale via credit card, check, or cash when products are sold direct to consumers.

A performance obligation is a promise in a contract to transfer a distinct product to the customer, which for the Company is transfer of a product to customers. Performance obligations promised in a contract are identified based on the goods that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract, whereby the transfer of the goods is separately identifiable from other promises in the contract. The Company has concluded the sale of product and related shipping and handling are accounted for as the single performance obligation.

The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. The transaction price is determined based on the consideration to which the Company will be entitled to receive in exchange for transferring goods to the customer. We do not issue refunds.

Revenue Recognition (continued)

The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control over a product to a customer when product is shipped based on fulfillment by the Company or when a point-of-sale transaction is completed. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of product sales. The Company does not accept returns.

Stock-Based Compensation:

All share-based payments are recognized in the consolidated financial statements based upon their fair values.

The Company recognizes stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation – Stock Compensation* (“ASC 718”). ASC 718 requires the measurement and recognition of compensation expense for all stock-based awards made to employees, directors and non-employees based on the grant date fair value of the awards. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor’s performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is primarily recognized over the term of the consulting agreement. In accordance with FASB guidance, an asset acquired in exchange for the issuance of fully vested, non-forfeitable equity instruments should not be presented or classified as an offset to equity on the grantor’s balance sheet once the equity instrument is granted for accounting purposes.

2023 Year-End Analysis Results of Operations

Comparison of the Years Ended December 31, 2023 and 2022

For the year ended December 31, 2023, revenues were \$12,397,189, a decrease of \$616,493 from \$13,013,682 for 2022. The price of gold and silver decreased throughout the year and the Company believes that customers are less likely to purchase gold and silver coins in a down market and are more likely to purchase them in an up market.

For the year ended December 31, 2023, cost of goods sold were \$12,041,893, a decrease of \$693,379 from \$12,735,272 for 2022, due to the decrease in revenues.

For the year ended December 31, 2023, gross profit was \$355,296 (2.9%), an increase of \$76,886 from a gross profit of \$278,410 (2.1%) for 2022.

For the year ended December 31, 2023, operating expenses were \$229,121, an increase of \$79,078 from \$150,043 for 2022. Professional fees were \$119,992, a \$6,664 increase from \$113,328 for 2022. For professional fees, auditor fees increased \$14,096, consultant fees decreased \$8,456, and stock related fees decreased \$596. Compensation was \$0 for 2023, an \$820 decrease from \$820 for 2022. Lawsuit judgment was \$77,863 for 2023 compared to \$0 for 2022. The lawsuit judgment was the result of attorney fees for the plaintiff regarding the Boustead Securities lawsuit. The Company has filed an appeal. Other operating expenses composed of various small items were \$31,266 for 2023 compared to \$35,895 for 2022.

For the year ended December 31, 2023, gain on sale of precious metals was \$0, a decrease of \$56,709 from \$56,709 for 2022. For the year ended December 31, 2023, unrealized gain on investments in precious metals was \$13,553, a \$7,893 decrease from an unrealized gain of \$21,445 in 2022. For the year ended December 31, 2023, interest expense related party was \$2,070, a \$12,035 decrease from \$14,105 in 2022. For the year ended December 31, 2023, gain on debt extinguishment was \$0, a \$30,250 decrease from \$30,250 in 2022. For the year ended December 31, 2023, loss on settlement of related party debt was \$123,600, a \$3,744,327 decrease from \$3,867,927 in 2022.

For the year ended December 31, 2023, the net income was \$5,886, an increase of \$3,657,718 from a net loss of \$3,651,833 for 2022. The accumulated deficit at December 31, 2023 was \$65,910,092.

Liquidity and Capital Resources

As of December 31, 2023, the Company had \$13,790 in cash, \$2,087,573 in inventories and \$9,327 in prepaid expenses. During the year ended December 31, 2023, the Company used net cash of \$120,062 in operations. During the year ended December 31, 2023, \$117,161 in net cash was provided by financing activities from notes payable from related parties.

The Company has rarely posted net income from inception. It has an accumulated deficit of \$65,910,092 of December 31, 2023. Therefore, there is substantial doubt about the Company’s ability to continue as a going concern. The Company’s continuation as a going concern is dependent on its ability to generate sufficient cash flows from stockholders and/or third parties.

Item 8. Financial Statements and Supplementary Data

The financial statements for the years ended December 31, 2023 and 2022 are attached hereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. Management must evaluate its internal controls over financial reporting, as required by Sarbanes-Oxley Act, Section 404 (a). The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with U.S. generally accepted accounting principles or GAAP.

As of December 31, 2023, management assessed the effectiveness of the Company’s internal control over financial reporting based on the criteria for effective internal control over financial reporting established in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of the Company’s internal controls over financial reporting that adversely affected its internal controls and that may be considered to be material weaknesses.

Material Weaknesses:

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified are:

1. the Company does not have accounting personnel that have adequate technical accounting skills to identify terms in agreements that would have material accounting implications on the Company's consolidated financial statements in accordance with US GAAP, such as permanent vs. temporary equity treatment of the Company's preferred stock in accordance with ASC 480.
2. the Company does not obtain and retain supporting documentation over the precious metal trade dates and quantities traded and does not properly record the realized gain/loss on the trade according to the fair market value of the items traded on a given date.
3. the Company has an inadequate number of personnel that could accurately and timely record and report the Company's consolidated financial statements in accordance with US GAAP.
4. the Company does not perform formal risk assessments over financial reporting and does not evaluate its internal control processes.

Notwithstanding the existence of these material weaknesses in internal control over financial reporting, we believe that the financial statements in this Annual Report on Form 10-K fairly present, in all material respects, our financial condition in conformity with U.S. generally accepted accounting principles (GAAP). Further, we do not believe the material weaknesses identified had an impact on prior financial statements.

Remediation:

As part of our ongoing remedial efforts, we have and will continue to, among other things:

1. Expand our accounting policy and controls organization by hiring qualified accounting and finance personnel;
2. Increase our efforts to educate both our existing and expanded accounting policy and control organization on the application of the internal control structure;
3. Emphasize with management the importance of our internal control structure;
4. Seek outside consulting services where our existing accounting policy and control organization believes the complexity of the existing exceeds our internal capabilities.
5. Plan to implement improved accounting systems.

We believe that the foregoing actions will improve our internal control over financial reporting, as well as our disclosure controls and procedures. When funds permit, we intend to perform such procedures and commit such resources as necessary to continue to allow us to overcome or mitigate these material weaknesses such that we can make timely and accurate quarterly and annual financial filings until such time as those material weaknesses are fully addressed and remediated.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during its fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Item 9B. Other information

Not applicable.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The Directors and Officers of the Company are as follows:

Name	Age	Positions and Offices Held
Jason C. Chang	50	President, Secretary, Director
Dr. Ramnik S. Clair	72	Vice President, Director

Management of Sunstock

The Company has three employees and two consultants. Jason C. Chang and Dr. Ramnik S. Clair are the officers and directors of the Company and shareholders. Mr. Chang, as president, and Mr. Clair as senior vice president, have allocated time to the activities of the Company with minimal cash compensation.

There are no agreements or understandings for the officer or director to resign at the request of another person and the above- named officer and director is not acting on behalf of nor will act at the direction of any other person.

Set forth below are the names of the directors and officers of the Company, all positions and offices with the Company held, the period during which they have served as such, and the business experience during at least the last five years:

Jason C. Chang, serves as a director, Chief Executive Officer and President of Sunstock. Mr. Chang began his career in the hospitality industry as a child and continuing as an adult working in the family business operating several hotels throughout California. Mr. Chang has now had over 20 years of hospitality management experience. In addition, as an entrepreneur, Mr. Chang has helped fund numerous startup companies, primarily related to the technology sector.

Dr. Ramnik Clair serves as a director and Senior Vice President of Sunstock. Dr. Clair received his medical degree in India and immigrated to the United States in 1983. He completed his medical residency in New York and has subsequently served in his medical practice as a solo practitioner. Dr. Clair intends to assist the Company in building long term relationships with its client base.

Conflicts of Interest

Messrs. Chang and Clair are not directors of, or sole beneficial shareholders of any other companies which have filed registration statements on Form 10 for the registration of their common stock pursuant to the Securities Exchange Act.

There are no binding guidelines or procedures for resolving potential conflicts of interest. Failure by management to resolve conflicts of interest in favor of the Company could result in liability of management to the Company. However, any attempt by shareholders to enforce a liability of management to the Company would most likely be prohibitively expensive and time consuming.

Code of Ethics. The Company has not at this time adopted a Code of Ethics pursuant to rules described in Regulation S-K. The Company has two persons who are the only shareholders and who serve as the directors and officers. The Company has limited operations and business actually does not receive any revenues or investment capital. The adoption of an Ethical Code at this time would not serve the primary purpose of such a code to provide a manner of conduct as the development, execution and enforcement of such a code would be by the same persons and only persons to whom such code applied. Furthermore, because the Company does not have any activities, there are activities or transactions which would be subject to this code. At the time the Company enters into a business combination or other corporate transaction, the current officers and directors will recommend to any new management that such a code be adopted. The Company does not maintain an Internet website on which to post a code of ethics.

Item 11. Executive Compensation

Summary Compensation Table — Fiscal Years Ended December 31, 2023 and 2022

The following table sets forth information concerning all cash and non-cash compensation awarded to, earned by or paid to the named persons for services rendered in all capacities during the noted periods. No other executive officers received total annual salary and bonus compensation in excess of \$100,000.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation Earnings	Non-Equity Deferred Compensation Earnings	All Other Compensation	Total
Jason Chang, CEO, President & CFO (1)	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,600(2)	\$ 123,600
	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,867,927(3)	\$ 3,867,927
Dr. Ramnik Clair SVP (4)	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Narrative to Summary Compensation Table

- On July 18, 2013, Mr. Chang was appointed as a director, and Chief Executive Officer and President of the Company.
- During the year ended December 31, 2023, the Company issued 206,000 shares of common stock to our chief executive office in settlement of \$97,480 of notes payable and \$5,520 accrued interest related party. \$123,600 was recorded as stock issued below market.
- During the year ended December 31, 2022, the Company issued 689,470 shares of common stock to our chief executive officer in settlement of \$406,787 of notes payable related party. \$3,867,927 was recorded as stock issued below market.
- On July 18, 2013, Dr. Clair was appointed as Senior Vice President and Director of the Company.

No retirement, pension, profit sharing, stock option or insurance programs or other similar programs have been adopted by the Company for the benefit of its employees.

The Company currently does not compensate its directors with cash.

Corporate Governance.

For reasons similar to those described above, the Company does not have a nominating, compensation nor audit committee of the board of directors. At this time, the Company consists of two shareholders who serve as the corporate directors and officers. The Company has no activities, and receives no revenues. At such time that the Company enters into a business combination and/or has additional shareholders and a larger board of directors and commences activities, the Company will propose creating committees of its board of directors, including both a nominating and an audit committee. Because there are only two shareholders of the Company, there is no established process by which shareholders to the Company can nominate members to the Company’s board of directors. Similarly, however, at such time as the Company has more shareholders and an expanded board of directors, the new management of the Company may review and implement, as necessary, procedures for shareholder nomination of members to the Company’s board of directors.

Compliance with Section 16(A) of the Exchange Act

Section 16(a) of the Exchange Act requires the Company’s directors, executive officers and persons who beneficially own 10% or more of a class of securities registered under Section 12 of the Exchange Act to file reports of beneficial ownership and changes in beneficial ownership with the SEC. Directors, executive officers and greater than 10% stockholders are required by the rules and regulations of the SEC to furnish the Company with copies of all reports filed by them in compliance with Section 16(a).

Delinquent Section 16(a) Reports

Based solely on our review of certain reports filed with the Securities and Exchange Commission pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended, the reports required to be filed with respect to transactions in our common stock by each person who, at any time during the 2022 and 2023 fiscal years, was a director, officer, or beneficial owner of more than 10% of our common stock, were timely.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information regarding beneficial ownership of our common stock as of March 30, 2024, by (i) each person known by us to be the beneficial owner of more than 5% of our outstanding Common Stock, (ii) each director and each of our named executive officers and (iii) all executive officers and directors as a group.

The number of shares of Common Stock beneficially owned by each person is determined under the rules of the SEC and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares as to which such person has sole or shared voting power or investment power and also any shares which the individual has the right to acquire within 60 days after the date hereof, through the exercise of any stock option, warrant or other right. Unless otherwise indicated, each person has sole investment and voting power (or shares such power with his or her spouse) with respect to the shares set forth in the following table. The inclusion herein of any shares deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters (Continued)

Name and Title:	Class of Security	Amount of beneficial ownership	Percent of Class (1)
<u>Executive Officers and Directors:</u>			
Jason Chang <i>Chief Executive Officer, Chief Financial Officer and Director</i>	Common Stock	3,585,395(2)	71.40%
Dr. Ramnik S. Clair	Common Stock	90,122(3)	1.79%
All Executive Officers and Directors (2 persons)	Common Stock	(2) 3,675,517(3)	73.19%

1. Based on 5,021,857 shares of common stock and no shares of Series A convertible Preferred Stock outstanding as of March 30, 2024. All shares of Series A convertible Preferred Stock are convertible at any time at the holder’s election into the greater of (i) 1 share of common stock if the closing bid price of the Company’s is at or above \$0.001 per share, or (ii) if the closing bid price of the Company’s common stock is below \$0.001 per share, the number of shares of common stock equal to the amount of shares of Series A convertible Preferred Stock multiplied by the conversion ratio of \$0.001 divided by the closing bid price. Holders of shares of Series A convertible Preferred Stock are not entitled to any voting rights except as otherwise required by applicable law. For the purposes of the disclosure in this item, the closing bid price utilized was above \$0.001 per share.
2. Includes 3,585,395 shares held in the name of Jason Chang, 242 shares of common stock held by Jason and Chiung Chang jointly, 130,731 shares of common stock held by Chiung Ying Chang, the mother of Jason Chang, 31,550 shares of common stock held by Chin Chang, the father of Jason Chang, and 540 shares of common stock held by Chiung Ying Chang and Chin Chang jointly, the parents of Jason Chang.
3. Includes 66,000 shares held in the name of Dr. Clair, 23,102 shares of common stock held jointly in the name of Dr. Clair and his wife, and 1,020 shares of common stock held by Mrs. Clair.

Item 13. Certain Relationships and Related Transactions and Director Independence

During the year ended December 31, 2023, the Company recorded compensation to its CEO for the following.

- During the year ended December 31, 2023, the Company’s chief executive officer received 206,000 shares of common stock below market value in exchange for \$97,480 in notes payable and \$5,520 in accrued interest related party. \$123,600 in stock issued below market was recorded in loss from settlement of debt with related party.

During the year ended December 31, 2022, the Company recorded compensation to its CEO for the following.

- During the year ended December 31, 2022, the Company’s chief executive officer received 689,470 shares of common stock below market value in exchange for \$406,787 in notes payable related party. \$3,867,927 in stock issued below market was recorded in loss from settlement of debt with related party.

Sunstock is not currently required to maintain an independent director as defined by in Rule 4200 of the Nasdaq Capital Market nor does it anticipate that it will be applying for listing of its securities on an exchange in which an independent directorship is required. It is likely that neither Mr. Chang nor Dr. Clair would not be considered independent directors if it were to do so.

Item 14. Principal Accounting Fees and Services

Fruci & Associates II, PLLC (“Fruci”) has been engaged as the Company’s auditor effective with the December 31, 2021 audit.

Audit Fees

The aggregate fees billed or expected to be billed for each of the last two years for professional services rendered by the independent registered public accounting firm for the audits of the Company’s annual financial statements and reviews of financial statements included in the Company’s Form 10-K and Form 10-Q reports, consents and services normally provided in connection with statutory and regulatory filings or engagements were as follows:

	<u>Fiscal Year Ended December 31, 2023</u>	<u>Fiscal Year Ended December 31, 2022</u>
Audit Fees		
Fruci	\$ 74,750	\$ 74,750
	<u>\$ 74,750</u>	<u>\$ 74,750</u>

Audit Related Fees

None.

Tax Fees

None.

All Other Fees

None.

Audit Committee Policies and Procedures

The Company does not currently have an audit committee serving and as a result its board of directors performs the duties of an audit committee. The board of directors will evaluate and approve in advance, the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services. The Company does not rely on pre- approval policies and procedures.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) Exhibits

3.1	<u>Certificate of Incorporation (incorporated by reference to Registration Statement on Form 10-12G filed on October 10, 2012 (File No.: 000-54830))</u>
3.2	<u>Bylaws (incorporated by reference to Registration Statement on Form 10-12G filed on October 10, 2012 (File No.: 000-54830))</u>
31.1*	<u>Certification of Principal Executive Officer required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
31.2*	<u>Certification of Principal Financial and Accounting Officer required by Rule 13a-14(1) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
32.1*	<u>Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</u>
32.2*	<u>Certification of Principal Financial and Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and Section 1350 of 18 U.S.C. 63</u>
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema Document
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

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

SUNSTOCK, INC.

Dated: April 3, 2024

By: /s/ Jason C. Chang
Jason C. Chang
President, Chief Executive Officer and Chief Financial Officer
(Principal Executive and Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

Dated: April 3, 2024

By: /s/ Jason C. Chang
Chairman of the Board of Directors

Dated: April 3, 2024

By: /s/ Ramnik Clair
Ramnik Clair
Director

FINANCIAL STATEMENTS

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Consolidated Statements of Operations for the Years Ended December 31, 2023 and 2022	F-3
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Sunstock, Inc. and Subsidiary

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sunstock, Inc. and Subsidiary (“the Company”) as of December 31, 2023 and 2022, and the related consolidated statements of operations, convertible preferred stock and changes in stockholders’ equity, and cash flows for each of the years in the two-year period ended December 31, 2023, 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, 2023 and 2022 and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, 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, among others, 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.

Revenue Recognition

As discussed in Note 1 to the consolidated financial statements, the Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control over a product to a customer when a point-of-sale transaction is completed. The manner in which the Company records revenue transactions in the accounting records required significant additional effort to test and obtain sufficient audit evidence for revenue recognized during the year.

Our audit procedures related to revenue recognition, included the following, among others:

- Analyzed the Company’s revenue recognition policy and its adherence to the principles of ASC 606 *Revenue from Contracts with Customers*.
- Vouched a sample of revenue transactions during the year and after year end.
- Performed analytical procedures on revenue activity and performed reconciliations to cash receipts.



Fruci & Associates II, PLLC – PCAOB ID #05525
We have served as the Company’s auditor since 2022.

Spokane, Washington

SUNSTOCK, INC.
CONSOLIDATED BALANCE SHEETS

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ASSETS		
Current assets		
Cash	\$ 13,790	\$ 16,691
Inventory – coins	1,272,999	950,637
Inventory – precious metals	814,574	801,022
Prepaid expenses	9,327	5,155
Total Current Assets	<u>2,110,690</u>	<u>1,773,505</u>
Property and equipment-net	203	424
Right of use lease asset	37,120	11,114
Total assets	<u>\$ 2,148,013</u>	<u>\$ 1,785,043</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 564,933	\$ 480,137
Operating lease liability – current	-	11,114
SBA loan – current	8,368	5,047
Right of use lease liability – current	16,233	-
Loan payable - related parties	25,681	6,000
Total Current Liabilities	<u>615,215</u>	<u>502,298</u>
SBA loan	141,632	144,953
Right of use lease liability – non-current	20,887	-
Total liabilities	<u>777,734</u>	<u>647,251</u>
Stockholders' equity		
Preferred stock, \$0.001 par value, 20,000,000 shares authorized, 0 and 0 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	-	-
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 5,021,857 and 4,815,857 shares issued and outstanding as of December 31, 2023 and December 31, 2022, respectively	502	481
Additional paid - in capital	67,279,869	67,053,289
Accumulated deficit	<u>(65,910,092)</u>	<u>(65,915,978)</u>
Total stockholders' equity	<u>1,370,279</u>	<u>1,137,792</u>
Total liabilities and stockholders' equity	<u>\$ 2,148,013</u>	<u>\$ 1,785,043</u>

The accompanying notes are an integral part of the consolidated financial statements

SUNSTOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years ended December 31,	
	2023	2022
Revenues	\$ 12,397,189	\$ 13,013,682
Cost of revenue	12,041,893	12,735,272
Gross profit	<u>355,296</u>	<u>278,410</u>
Operating expenses		
Professional fees	119,992	113,328
Compensation	-	820
Lawsuit judgment	77,863	-
Other operating expenses	<u>31,266</u>	<u>35,895</u>
Total operating expenses	229,121	150,043
Operating profit	126,175	128,367
Other income (expense):		
Gain (loss) on sale of precious metals	-	56,709
Unrealized gain in precious metals	13,553	21,445
Interest expense	(5,772)	(5,772)
Interest expense - related party	(2,070)	(14,105)
Loss from settlement of debt with related party	(123,600)	(3,867,927)
Gain on debt extinguishment	-	30,250
Total other income (expense)	<u>(117,889)</u>	<u>(3,779,400)</u>
Income (loss) before income tax	8,286	(3,651,033)
Income tax	<u>2,400</u>	<u>800</u>
Net income (loss)	<u>\$ 5,886</u>	<u>\$ (3,651,833)</u>
Income (loss) per share – basic and diluted	<u>\$ 0.00</u>	<u>\$ (0.87)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>4,924,783</u>	<u>4,209,501</u>

The accompanying notes are an integral part of the consolidated financial statements

SUNSTOCK, INC.

CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK AND CHANGES IN STOCKHOLDERS' EQUITY

	Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance at December 31, 2021 (audited)	-	\$ -	4,126,387	\$ 412	\$62,778,644	\$ (62,264,145)	\$ 514,911
Issuance of common stock for related party notes payable	-	-	689,470	69	4,274,645		4,274,714
Net loss	-	-	-	-	-	(3,651,833)	(3,651,833)
Balance at December 31, 2022 (audited)	-	\$ -	4,815,857	\$ 481	\$67,053,289	\$ (65,915,978)	\$ 1,137,792
Balance at December 31, 2022 (audited)	-	\$ -	4,815,857	\$ 481	\$67,053,289	\$ (65,915,978)	\$ 1,137,792
Issuance of common stock for related party notes payable	-	-	206,000	21	226,580		226,601
Net income	-	-	-	-	-	5,886	5,886
Balance at December 31, 2023 (audited)	-	\$ -	5,021,857	\$ 502	\$67,279,869	\$ (65,910,092)	\$ 1,370,279

The accompanying notes are an integral part of the unaudited condensed and consolidated financial statements

SUNSTOCK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years ended	
	December 31, 2023	December 31, 2022
OPERATING ACTIVITIES		
Net income (loss)	\$ 5,886	\$ (3,651,833)
Adjustments to reconcile net loss to net cash used in operating activities		
Unrealized (gain) loss in precious metals	(13,553)	(21,445)
Depreciation	221	861
Loss from settlement of debt with related party	123,600	3,867,927
Gain on extinguishment of debt	-	(30,250)
(Gain) loss on sale of precious metals	-	(56,709)
Changes in operating assets and liabilities		
Inventories – coins and precious metals	(322,362)	(280,839)
Prepaid expenses	(4,172)	500
Accounts payable and accrued expenses	90,318	(101,376)
Net cash used in operating activities	(120,062)	(273,164)
INVESTING ACTIVITIES		
Cash used in investing activities	-	-
FINANCING ACTIVITIES		
Proceeds from note payable from related parties	117,161	259,687
Net cash provided by financing activities	117,161	259,687
Net change in cash	(2,901)	(13,477)
Cash, beginning of period	16,691	30,168
Cash, end of period	\$ 13,790	\$ 16,691
SUPPLEMENTAL DISCLOSURE OF CASH FLOW ACTIVITIES:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH		
Shares issued in exchange for related party debt	\$ 103,000	\$ 3,106,120
Extinguishment of debt	\$ -	\$ 30,250

The accompanying notes are an integral part of the consolidated financial statements

SUNSTOCK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Sunstock, Inc. (“Sunstock” or “the Company”) was incorporated on July 23, 2012, as Sandgate Acquisition Corporation, under the laws of the State of Delaware to engage in any lawful corporate undertaking, including, but not limited to, selected mergers and acquisitions. In July 2013, the Company implemented a change of control by issuing shares to new shareholders, redeeming shares of existing shareholders, electing new officers and directors and accepting the resignations of its then existing officers and directors. In connection with the change of control, the shareholders of the Company and its board of directors unanimously approved the change of the Company’s name from Sandgate Acquisition Corporation to Sunstock, Inc. On July 18, 2013, Jason Chang and Dr. Ramnik S Clair were named as directors of the Company.

On October 22, 2018, Sunstock, Inc. acquired all assets and liabilities of Mom’s Silver Shop, Inc. (the “Retail Store”) located in Sacramento, California.

The Company’s business plan includes the buying, selling and distribution of precious metals, primarily gold. The Company emphasizes investment in enduring assets that we believe may provide ‘resource to retail’ conversion upside. Our current goal is to provide our shareholders with an exceptional opportunity to capture value in the precious metals sector without incurring many of the costs and risks associated with actual mining operations. The Company’s long-term goal is to grow to meet the requirements to become an Authorized Purchaser of bullion coins from the United States Mint. Such would allow the Company to purchase bullion coins at a discount to what it is currently paying to individuals and other coin shops selling bullion coins. The Company is currently unable to estimate when it might meet the requirements.

BASIS OF PRESENTATION

The summary of significant accounting policies presented below is designed to assist in understanding the Company’s consolidated financial statements (“financial statements”). Such financial statements and accompanying notes are the representations of the Company’s management, who are responsible for their integrity and objectivity. These accompanying policies conform to accounting principles generally accepted in the United State of America (“GAAP”) in all material respects, and have been consistently applied in preparing the accompanying financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company places its cash with high quality banking institutions. The Company did not have cash balances in excess of the Federal Deposit Insurance Corporation limit as of December 31, 2023 and 2022.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

INVENTORY - COINS

The Company acquires collectible coins from both companies and individuals and then marks them up for resale. The inventory is recorded at lower of cost or market or net realizable value. Inventory can fluctuate in relation to when it is purchased and when it is sold. Collectible coins inventory was \$1,272,999 at December 31, 2023 compared to \$950,637 at December 31, 2022.

At each balance sheet date, the Company evaluates its ending inventory quantities on hand and on order and records a provision for excess quantities and obsolescence. Among other factors, the Company considers historical demand and forecasted demand in relation to the inventory on hand, competitiveness of product offerings, market conditions and product life cycles when determining obsolescence and net realizable value. In addition, the Company considers changes in the market value of components in determining the net realizable value of its inventory. Provisions are made to reduce excess or obsolete inventories to their estimated net realizable values. Once established, write-downs are considered permanent adjustments to the cost basis of the excess or obsolete inventories.

INVENTORY – PRECIOUS METALS

Inventories of precious metals and coins held for investment at December 31, 2023 include \$814,574 of gold and silver bullion and bullion coins and \$801,022 at December 31, 2022 and are acquired and initially recorded at fair market value. The fair market value of the bullion and bullion coins is comprised of two components: 1) published market values attributable to the costs of the raw precious metal, and 2) a published premium paid at acquisition of the metal. The premium is attributable to the additional value of the product in its finished goods form and the market value attributable solely to the premium may be readily determined, as it is published by multiple reputable sources such as Kitco and Apmex. The Company’s inventory is subsequently recorded at fair market values on a quarterly basis. The fair value of the inventory is determined using pricing and data derived from the markets on which the underlying commodities are traded. Precious metals commodities inventories are classified in Level 1 of the valuation hierarchy as defined later in this section. The Company has continuously experienced a shortage of cash and has had significantly past due obligations. While the Company’s preference is to hold the silver and gold bullion to achieve long-term gains, the bullion is available to pay current obligations should the Company not be able to raise cash through issuance of stock or notes payable. Thus, the Company believes that including the silver bullion in current assets under inventory is appropriate.

The change in fair value of the precious metals was included in the financial statements herein as recorded on the Company’s Statements of Operations as an unrealized gain in precious metal of \$13,553 for the year ended December 31, 2023 and an unrealized gain of \$21,445 for the year ended December 31, 2022.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 5 years. Any leasehold improvements are amortized at the lesser of the useful life of the asset or the lease term.

LONG-LIVED ASSETS

The Company reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the fair value of the related asset. No impairment charges were incurred during the years ended December 31, 2023 and 2022. There can be no assurance, however, that market conditions will not change or demand for the Company’s services will continue, which could result in impairment of long-lived assets in the future.

REVENUE RECOGNITION

The Company’s principal activities from which it generates revenue are product sales. Revenue is measured based on considerations specified in a contract with a customer. A contract exists when it becomes a legally enforceable agreement with a customer. These contracts define each party’s rights, payment terms and other contractual terms and conditions of the sale. Consideration is typically paid at time of sale via credit card, check, or cash when products are sold direct to consumers.

A performance obligation is a promise in a contract to transfer a distinct product to the customer, which for the Company is transfer of a product to customers. Performance obligations promised in a contract are identified based on the goods that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract, whereby the transfer of the goods is separately identifiable from other promises in the contract. The Company has concluded the sale of product and related shipping and handling are accounted for as the single performance obligation.

The transaction price of a contract is allocated to each distinct performance obligation and recognized as revenue when or as the customer receives the benefit of the performance obligation. The transaction price is determined based on the consideration to which the Company will be entitled to receive in exchange for transferring goods to the customer. We do not issue refunds.

The Company recognizes revenue when it satisfies a performance obligation in a contract by transferring control over a product to a customer when product is shipped based on fulfillment by the Company or when a point-of-sale transaction is completed. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of product sales. The Company does not accept returns.

INCOME TAXES

The Company accounts for income taxes and the related accounts under the liability method. Deferred tax assets and liabilities are determined based on the differences between the financial statement carrying amounts and the income tax bases of assets and liabilities. A valuation allowance is applied against any net deferred tax asset if, based on available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Therefore, the Company has recorded a full valuation allowance against the net deferred tax assets. The Company’s income tax provision consists of state minimum taxes.

The Company recognizes any uncertain income tax positions on income tax returns at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

There are no unrecognized tax benefits included in the balance sheet that would, if recognized, affect the effective tax rate.

The Company’s policy is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had \$0 accrued for interest and penalties on each of the Company’s balance sheets at December 31, 2023 and 2022.

INCOME (LOSS) PER COMMON SHARE

Basic income (loss) per share represents income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted income (loss) per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income (loss) that would result from the assumed issuance. As of December 31, 2023 and December 31 2022, there were no dilutive potential common shares.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures the fair value of certain of its financial assets on a recurring basis. A fair value hierarchy is used to rank the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets and liabilities, unadjusted quoted prices in the markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2023 and 2022, the Company’s financial instruments include cash, inventory – coins, inventory – precious metals, and accounts payable and accrued expenses. The carrying amount of cash, inventory – coins, inventory – precious metals, and accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments. Inventory – precious metals is at fair value measured under the Level 1 category.

PRINCIPLES OF CONSOLIDATION

We consolidate entities that we control due to ownership of a majority voting interest. All intercompany balances and transactions have been eliminated in consolidation.

NOTE 2 – GOING CONCERN

The Company has rarely posted net income since inception. It has an accumulated deficit of \$65,910,092 as of December 31, 2023. The Company’s continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations, which it has not been able to accomplish to date, and /or obtain additional financing from its stockholders and/or other third parties. Therefore, there is substantial doubt about the Company’s ability to continue as a going concern.

These audited and consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, successfully locating and negotiate with an entity for the combination of that target company with the Company.

There is no assurance that the Company will ever be profitable. The audited and consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

In early 2020, the Company had discussions with a third party in regards to raising funds through a private placement of equity. Those discussions with that third party have since been terminated. The Company intends to initiate discussions with an undetermined third party in regards to raising funds through a private placement of equity which, if it occurs, will provide the Company with funds to expand its operations and likely eliminate the going concern issue.

NOTE 3 – RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed all Accounting Standards Updates issued by the Financial Accounting Standards Board for the year ended December 31, 2023.

In October 2023, FASB issued Accounting Standards Update (ASU) 2023-06, *Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative. Codification subtopic 260-10, Earnings per Share – Overall*, requires disclosure of the methods used in the diluted earnings-per-share computation for each dilutive security and clarifies that certain disclosures should be made during interim periods. The following disclosures are required:

- 1 A reconciliation of the numerators and denominators of the basic and diluted per-share computations for income from continuing operations.
- 2 The effect that has been given to preferred dividends in arriving at income available to common shareholders in computing basic EPS.
- 3 Securities (including those issuable pursuant to contingent stock agreements) that could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the period(s) presented.
- 4 The methods used in the diluted EPS computation for each type of dilutive instrument (for example, treasury stock method, if-converted method, two-class method, or reverse treasury stock method).

The Company adopted the amendment as of December 31, 2023.

NOTE 4 – PROPERTY AND EQUIPMENT

	December 31, 2023	December 31, 2022
Furniture and equipment	\$ 58,460	\$ 58,460
Less – accumulated depreciation	(58,257)	(58,036)
	<u>\$ 203</u>	<u>\$ 424</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$221 and \$861, respectively.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	December 31, 2023	December 31, 2022
Lawsuit judgment	\$ 338,171	\$ 260,308
Accrued consultant fees	133,649	131,500
Accrued interest payable related party	12,726	16,176
Accrued interest payable	20,208	14,436
Accrued audit fees	14,934	8,089
Accrued dividends - preferred stock	36,326	36,326
Expenses owed related party	-	4,631
Other accrued expenses	8,919	8,671
	<u>\$ 564,933</u>	<u>\$ 480,137</u>

As of December 31, 2023 and 2022, there were no Series A convertible preferred stock outstanding.

There is, as of December 31, 2023, \$36,326 in accrued dividends on the preferred stock.

NOTE 6 - RELATED PARTY ACTIVITY

During the year ended December 31, 2023, the Company was provided loans totaling \$117,161 by the Company’s chief executive officer. The loans bear interest at 6% per annum. There was \$12,726 in accrued interest at December 31, 2023.

During the year ended December 31, 2023, \$103,000 in notes payable and accrued interest to the Company’s chief executive officer were converted to 206,000 shares of the Company’s common stock valued at \$226,600 based on the closing price on grant date. \$123,600 was recorded as loss on settlement of related party debt on the accompanying statement of operations as of December 31, 2023.

During the year ended December 31, 2022, the Company was provided loans totaling \$259,687 by the Company’s chief executive officer. The loans bear interest at 6% per annum. There was \$16,176 in accrued interest at December 31, 2022.

During the year ended December 31, 2022, \$406,787 in notes payable to the Company’s chief executive officer were converted to 689,470 shares of the Company’s common stock valued at \$4,274,714 based on the closing price on the grant date. \$3,867,927 was recorded as loss on settlement of related party debt on the accompanying statement of operations as of December 31, 2022.

As of December 31, 2023, the Company has \$36,326 in accrued dividends on preferred stock, of which \$19,141 are due to the Company’s chief executive officer.

NOTE 6 - RELATED PARTY ACTIVITY (CONTINUED)

The following table is a summary of the activity for Loan payable- related parties for the years ended December 31, 2023 and December 31, 2022:

Balance at 12/31/2021	\$	153,100
Loan increases		259,687
Loan principal converted to common stock		(406,787)
Balance at 12/31/2022		6,000
Loan increases		117,161
Loan principal converted to common stock		(97,480)
Balance at 12/31/2023	\$	25,681

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Company leases space for Mom’s Silver Shop. The lease was for five years and began in October 2018 and runs through September 2023. The lease called for payments of \$1,305.60 per month for the first year, with a 3% increase per year for years two through five. The lease expired in September 2023 and the Company operated on a month-to-month lease until a new lease was signed on February 16, 2024. The new lease is through January 31, 2026 and calls for \$1,469 per month from November 2023 through January 2024, \$0 for February 2024 (February 2024 rent is allocated equally in the March 2024 through January 2026 rent), \$1,628 per month from March 2024 through January 2025, and \$1,673 per month from February 2025 through January 2026. 4.95% was used in the calculation of the present value of the right of use lease asset and liability.

LITIGATION

On August 21, 2020, Boustead Securities, LLC (“Boustead”) filed suit against Sunstock, Inc. (“Sunstock”) in the County of Orange, California. Boustead is an investment banking firm engaged by Sunstock on September 19, 2019 to raise equity. Boustead maintained that Sunstock owes it 87,179 shares of Preferred Stock Warrants and 9,231 shares of Common Stock Warrants. Boustead also sought general damages, interest, and costs of the suit. Sunstock believed that Boustead had not fulfilled its obligations in raising equity and vigorously contested the suit. Sunstock hired an arbitrator but there was no resolution between Sunstock and Boustead. The matter went to trial in September 2021 and on November 2, 2021 the Court determined that Sunstock owed Boustead \$260,308 for warrants issued that Sunstock did not honor. \$260,308 was accrued and is shown as part of accounts payable and accrued expenses in the balance sheet.as of December 31, 2022. See detail in Note 5 above. The warrants are no longer outstanding (see Note 9). All other monetary claims by Boustead were dismissed by the Court. The \$260,308 is to be paid in cash. The Company filed an appeal of the judgment on December 9, 2021. On August 17, 2023, the Court found that Sunstock owed Boustead \$338,171 for damages, attorney’s fees and costs. Sunstock has accrued an additional \$77,863. \$77,863 shows in the December 31, 2023 statement of operations under lawsuit judgment in operating expenses and \$338,171 shows in the December 31, 2023 balance sheet as part of accounts payable and accrued expenses. See detail in Note 5 above.

In December 2020, a former employee of Sunstock filed a claim with the California Labor Commission regarding claimed back pay owed. A preliminary hearing was held on January 4, 2021 and the Company is currently awaiting the next step.

INDEMNITIES AND GUARANTEES

The Company has made certain indemnities and guarantees, under which it may be required to make payments to a guaranteed or indemnified party, in relation to certain actions or transactions. The Company indemnifies its directors, officers, employees and agents, as permitted under the laws of the State of Delaware. In connection with its facility leases, the Company has agreed to indemnify its lessors for certain claims arising from the use of the facilities. The duration of the guarantees and indemnities varies, and is generally tied to the life of the agreement. These guarantees and indemnities do not provide for any limitation of the maximum potential future payments the Company could be obligated to make. Historically, the Company has not been obligated nor incurred any payments for these obligations and, therefore, no liabilities have been recorded for these indemnities and guarantees in the accompanying balance sheets.

NOTE 8 – SBA LOAN

In June 2020, the Company received a \$150,000 loan (less \$100 expense) from the Small Business Administration (“SBA”). The loan is for thirty years, interest is 3.75% per annum, and payments of \$745 are monthly beginning twenty-four months after closing.

	Remaining Loan Payments
2024	\$ 23,095
2025	8,940
2026	8,940
2027	8,940
thereafter	200,405
Total remaining loan payments	250,320
Less: imputed interest	(100,320)
Total loan liability	150,000
Less: current portion	(8,368)
Long term loan liability	\$ 141,632
Weighted average remaining loan term	26.4 years

The remaining loan payments in the above table include both principal and interest.

NOTE 9 – PPP LOAN

In February and May 2021, the Company received a \$15,125 loan and a \$15,125 loan from the federal Paycheck Protection Program (“PPP”), respectively. The loans are for five years, interest is 1.0% per annum, and no payments are due until maturity. The two loans of \$15,125 each have been forgiven.

NOTE 10- STOCKHOLDER’S EQUITY

COMMON STOCK

The Company is authorized to issue 100,000,000 shares of common stock and 20,000,000 of preferred stock.

During the year ended December 31, 2023, the Company issued 206,000 shares of its common stock to its chief executive officer for the conversion of \$103,000 of related party notes payable and accrued interest.

During the year ended December 31, 2022, the Company issued 689,470 shares of its common stock to its chief executive officer for the conversion of \$406,787 of related party notes payable.

NOTE 11 - INCOME TAXES

The Company is subject to taxation in the United States of America and the state of California. The provision for income taxes for the years ended December 31, 2023 and 2022 is summarized below:

	December 31, 2023	December 31, 2022
Current:		
Federal	\$ -	\$ -
State	2,400	800
Total current	2,400	800
Deferred:		
Federal	-	-
State	-	-
Total deferred	-	-
Income tax provision	\$ 2,400	\$ 800

A reconciliation of income taxes computed by applying the statutory U.S. income tax rate to the Company’s income (loss) before income taxes to the income provision is as follows:

	December 31, 2023	December 31, 2022
U.S. federal statutory tax rate	21.0000%	21.0000%
State tax benefit, net	35.8959%	(0.0277)%
Stock based compensation	0.0000%	0.0000%
Other	0.0000%	0.0000%
Change in valuation allowance	(366.6457)%	(21.0000)%
Effective income tax rate	(309.7498)%	0.0277%

NOTE 11 - INCOME TAXES (CONTINUED)

Deferred tax assets and liabilities reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company’s deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
NOL's	\$ 1,736,000	\$ 1,770,000
State taxes	-	-
Inventory and other reserves	-	-
Depreciation and amortization	-	-
NQ stock option expense	14,698,000	14,698,000
Total deferred tax assets	16,434,000	16,468,000
Valuation allowance	(16,434,000)	(16,468,000)
Net deferred tax assets	\$ -	\$ -

Realization of deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. Accordingly, the net deferred tax assets have been fully offset by a valuation allowance. The valuation allowance decreased by approximately \$34,000 for the year ended December 31, 2023.

As of December 31, 2023, the Company had net operating loss carryforwards for federal income tax purposes of approximately \$1,319,000. Net operating loss carryforwards for the years 2017 and prior expire beginning in the year 2035. Any operating loss carryforwards for the years 2018 and beyond may be carried forward indefinitely. As of December 31, 2023, the Company had net operating loss carryforwards for state income tax purposes of approximately \$417,000 which expire beginning in the year 2035.

Utilization of the net operating losses may be subject to substantial annual limitation due to federal and state ownership change limitations provided by the Internal Revenue Code and similar state provisions. Such annual limitations could result in the expiration of the net operating losses ad credits before their utilization. The Company has not performed an analysis to determine the limitation of the net operating loss carryforwards.

The Company has not filed any federal or state tax returns since its inception, but intends to file them in 2024.

NOTE 12 – SUBSEQUENT EVENTS

The Company follows the guidance in FASB ASC Topic 855, *Subsequent Events* (“ASC 855”), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. ASC 855 sets forth (i) the period after the balance sheet date during which management of a reporting entity evaluates events or transactions that may occur for potential recognition or disclosure in the audited condensed and consolidated financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its condensed and consolidated financial statements, and (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date.

A new lease modification was signed on February 16, 2024. The new lease modification is from November 1, 2023 through January 31, 2026 and calls for \$1,469 per month from November 2023 through January 2024, \$0 for February 2024 (February 2024 rent is allocated equally in the March 2024 through January 2026 rent), \$1,628 per month from March 2024 through January 2025, and \$1,673 per month from February 2025 through January 2026.

CERTIFICATION PURSUANT TO SECTION 302

I, Jason C. Chang, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2023 of Sunstock, Inc. (formerly Sandgate Acquisition Corporation).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 3, 2024

/s/ Jason C. Chang

Jason C. Chang

President

(Principal Executive Office)

CERTIFICATION PURSUANT TO SECTION 302

I, Jason C. Chang, certify that:

1. I have reviewed this Form 10-K for the year ended December 31, 2023 of Sunstock, Inc. (formerly Sandgate Acquisition Corporation).
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 3, 2024

/s/ Jason C. Chang
Jason C. Chang
Chief Financial Officer
(Principal Accounting Officer)

CERTIFICATION PURSUANT TO SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of Sunstock Inc. (formerly Sandgate Acquisition Corporation (the “Company”)), hereby certify to my knowledge that:

The Report on Form 10-K for the year ended December 31, 2023 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 3, 2024

/s/ Jason C. Chang

Jason C. Chang
President
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of Sunstock Inc. (formerly Sandgate Acquisition Corporation (the “Company”)), hereby certify to my knowledge that:

The Report on Form 10-K for the year ended December 31, 2023 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 3, 2024

/s/ Jason C. Chang

Jason C. Chang
Chief Financial Officer
(Principal Accounting Officer)
