

QUARTERLY  
FINANCIAL STATEMENTS

September 30, 2021

The Keller Manufacturing  
Company, Inc. and Subsidiary

(An Indiana Corporation)

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TRADING SYMBOL: KMFI

CUSIP NUMBER: [48767A208](#)

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**THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(unaudited)

	As of September 30,	As of June 30,
	2021	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 173,107	\$ 166,363
Receivables, net	119,728	140,010
Prepaid Insurance	3,419	5,861
Capitalized, other assets	15,184	11,084
Investment in Subsidiaries	\$ 30,000	\$ 30,000
<b>Total assets</b>	<b>\$ 341,438</b>	<b>\$ 353,318</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Accounts Payable	\$ 43,858	\$ 99,775
Accrued expenses	581,529	581,529
Accrued interest expense	428,985	427,472
Mortgage Notes, bonds payable in less than 1-year	822,050	822,050
Loans from Shareholders	1,766,919	1,766,919
Other Current Liabilities	101,003	51,284
<b>Total liabilities</b>	<b>\$ 3,744,344</b>	<b>\$ 3,749,030</b>
Commitments and contingencies	-	-
<b>Stockholders' deficit:</b>		
Preferred stock, no par value; 0 shares authorized, 0 shares issued and outstanding, respectively	-	-
Common stock, no par value; 40,000,000 shares authorized, 6,575,520 shares issued and outstanding, respectively	604,055	604,055
Additional paid-in capital	63,381	63,381
Accumulated deficit	(4,070,341)	(4,063,148)
<b>Total stockholders' deficit</b>	<b>(3,402,905)</b>	<b>(3,395,712)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 341,438</b>	<b>\$ 353,318</b>

**THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited)

**For the Three  
Months Ended  
September 30, 2021**

<b>Revenue</b>	
Logistics	\$ 209,006
<b>Expenses</b>	
Costs of Goods Sold	\$ 180,811
Selling, General and Administrative	33,357
Total costs and expenses	<u>\$ 214,168</u>
<b>Operating Income (Loss)</b>	<b>\$ (5,162)</b>
<b>Other (Expense)</b>	
Interest expense	2,031
<b>Total Other Expense</b>	<u>2,031</u>
<b>Income/(Loss) from Operations Before Income Tax Provisions</b>	<u>(7,194)</u>
Provision for Income Taxes	-
<b>Net Income/(Loss)</b>	<b><u>\$ (7,194)</u></b>
Earnings per share:	
Basic	<u>\$ (0.00)</u>
Diluted	<u>\$ (0.00)</u>
Weighted average shares outstanding:	
Basic	6,575,520
Diluted	<u>6,575,520</u>

**THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT**  
**For the Three Months Ended September 30, 2021**

	Preferred Stock		Common Stock		Additional Paid In Capital	Accumulated Deficit	Total Stockholders Deficit
	Shares	Par	Shares	Par			
<b>Balance, June 30, 2021</b>	-	\$ -	6,575,520	604,055	\$ 63,381	\$(4,063,148)	\$(3,395,712)
Net Income/(Loss)	-	-	-	-	-	(7,194)	(7,194)
<b>Balance, September 30, 2021</b>	-	\$ -	<b>6,575,520</b>	<b>\$ 604,055</b>	<b>\$ 63,381</b>	<b>\$(4,063,148)</b>	<b>\$(3,402,905)</b>

**THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	<b>For the Three Months Ended September 30, 2021</b>
<b>Cash flows from operating activities:</b>	
Net Income/(Loss)	\$ (7,194)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>	
Changes in operating assets and liabilities:	
Prepaid Insurance	2,442
Accounts Receivables	27,182
Accounts Payable	(6,199)
Loans Receivable	(11,000)
Accrued interest expenses	1,512
Net cash used in operating activities	13,938
<b>Cash flows from investing activities:</b>	
Capitalized Brand Expenses	-
Net provided from investing activities	-
<b>Cash flows from financing activities:</b>	
Proceeds from notes payable	-
Net provided from financing activities	-
(Decrease) in cash and cash equivalents	13,938
Cash and cash equivalents at beginning of period	166,363
<b>Cash and cash equivalents at end of period</b>	<b>\$ 173,107</b>
<b>Supplemental disclosures of cash flow information:</b>	
Cash paid for interest	\$ -
Cash paid for income taxes, net of refunds	\$ -



## **Note-A Basis of Presentation and Description of Business**

### **Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, the unaudited condensed financial statements contain all adjustments consisting only of normal recurring accruals considered necessary to present fairly the Company's financial position for all periods presented.

### **Note B Summary of Significant Accounting Policies**

The Company follows generally accepted accounting principles as outlined in the Financial Accounting Standards Codification. Significant policies are as follows:

**Principles of Consolidation** The accompanying consolidated financial statements include the accounts of The Keller Manufacturing Company, Inc. and its majority owned subsidiary PDD, Inc. All significant intercompany balances and transactions have been eliminated.

**Cash and Cash Equivalents** Cash and Cash equivalents are defined as cash in banks and investment instruments having maturities of three months or less from their acquisition date.

**Accounts Receivable** Accounts receivable are reported at the outstanding balances less an allowance for doubtful accounts, if necessary. Accounts receivable are written off when all collection efforts have been exhausted. Management believes all accounts are collectible, thus no allowance is deemed necessary at **June 30, 2021 and September 30, 2021**.

**Investment in THV Holdings, LLC & TA Logistics, Inc.** The Company owned a 12.5% interest in THV. The investment is being accounted for using the equity method since the Company had representation on the Board of Directors and participate acted in policy-making decisions. On July 8, 2015, THV Holdings, LLC filed for Bankruptcy the case #15-32211-ACS. On December 4<sup>th</sup> 2020, the company purchased 100% of the issued and outstanding shares of TA Logistics, Inc., a South Carolina Corporation.

**Stock-Based Compensation** The Company has a stock-based compensation plan, which is described more fully in Note-G. The Company measure compensation expense using the intrinsic value-based method. Under the intrinsic value-based method of accounting for stock option plans, compensation costs is the excess, if any, of the quoted market price of the stock at the grant over the amount an employee must pay to acquire the stock.

**Income Taxes** The Company is taxed as a C corporation under the Internal Revenue Code and applicable state and local statutes. The accompanying consolidated statements of operations include a provision for its taxes under federal, state and local laws.

General accepted accounting principles require the Company to recognize tax assets and liabilities for the expected future tax consequences of events that have been recognized in the financial statements and tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted rates. Valuation allowances are established, if necessary, to reduce the deferred tax assets the amounts that will more likely than not be realized. Income tax expense is the current tax payable or refundable for the period or minus the net change in the deferred tax and liabilities.



**Issuer Certification**

**Note-B Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continued)**

Certain transaction may be subject to accounting methods for federal income tax purposes which differ from that accounting used in the preparation of these consolidated financial statements. Consequently, the net income or loss for federal income tax purposes may differ significantly from the net income or loss in these consolidated financial statements.

**Accounting for Uncertain Income Tax Positions** Generally accepted accounting principles prescribe a comprehensive model for how a corporation should measure, recognize, present and disclose in its financial statements uncertain tax positions only if it's more likely than not that the position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statement from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company's open audit periods are December 31, 2016 through 2018. In evaluating the Company's taxable income, future taxable income and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Management determined there were no uncertain tax positions and not accrue any associated interest or penalties related to those factors for the years ended December 31, 2020 and 2019. Accordingly, there was no impact to the accompanying consolidated financial statements.

**Note C --- Notes Payable**

The Company's notes payable consist of the following at December 31: During 2016, two stockholders obtained a term note that repaid two bank loans personally guaranteed by them. The term note accrues interest at a rate of 2% annually, is unsecured and due on demand. As of December 31, 2018 and 2017, the loan balance is \$822,050 and \$822,050, respectively.

**Note D --- Note(s) Payable to Stockholders**

The Company entered into notes payable agreement with stockholders for \$1,535,243 and \$1,535,243 as of December 31, 2018 and 2017, respectively. The notes bear interest at the prime rate (3.25% as of December 31, 2018 and 2017) minus 1% and renew annually on June 5. Interest expense under these agreements was \$320,732 and \$291,870 as of December 31, 2018 and 2017, respectively.

**Note E --- Income Taxes**

The Components of deferred tax assets and liabilities are as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>Deferred tax non-current assets</b>	\$ 4,027,896	\$ 3,954,009
<b>Net operating loss carryforwards</b>	(4,027,896)	(3,954,009)
<b>Net Deferred Tax Long-Term Assets</b>	\$ -	\$ -

**Note E --- Income Taxes (Continued)**

The Company has net operating loss carryforwards of approximately \$26 million, of which the majority will expire in 2023 through 2033.

A valuation allowance is provided when it is more likely than not that some portion of the deferred tax assets will not be realized. During the year ended December 31, 2020 and 2019 and based on management estimates of the future taxable income, a valuation allowance was provided to reduce deferred tax assets based upon the uncertainty surrounding the ability to utilize the net operating loss carryforwards before they expire. The Company determined that a valuation allowance of 100% of the value of the deferred tax asset was needed as of December 2020 and 2019.

**Note-G --- Stock Options and Warrants**

In August 2003, the Board of Directors approved The Keller Manufacturing Company, Inc. Amended and Restated 2003 Stock Option Plan (the "Plan"). Under the terms of the Plan, the Company at its discretion is authorized to grant options of up to 585,000 common shares to key management employees. The maximum terms of the stock options are ten years, and are fully vested at the end of 48-months (25% every 12-months). The 14,828 outstanding warrants expire on September 4, 2023. There was no activity surrounding stock options and warrants during 2020 and 2019 respectively.

The following is a summary of the options and warrants under the Plan:

	<b>Shares</b>	<b>Weighted Average Exercise Price Per Share</b>	<b>Weighted Average Exercise Price</b>
<b>December 31, 2016</b>	14,828	\$ .01	\$ .01
<b>December 31, 2017</b>	14,828	.01	.01
<b>Outstanding and exercise at; December 31, 2018</b>	0	0	0
<b>Warrants granted in 2018</b>	0	0	0
<b>Warrants exercised in 2018</b>	0	0	0
<b>Balance at December 31, 2018</b>	<u>14,828</u>	<u>\$ .01</u>	<u>\$ .01</u>

**Note-H --- Going Concern**

At September 30, 2021, the Company had an accumulated deficit of \$4,070,341 which includes net loss of \$42,445 for 2021 as of September 30, 2021. The Company also has liabilities exceeding assets in excess of \$3,402,905 at September 30, 2021. These factors created an uncertainty about the Company's ability to continue as a going concern.

**Note-I --- Subsequent Events**

In August 2019, the company issued 463,762 warrants to two individuals that issued a personal guarantee on our debt. The warrants have a life of 10 years, exercise price of \$.01, and vest immediately.

I, Douglas W. Rink, Chief Executive Officer, certify that;

1. We have reviewed the quarterly financial statements for the period of September 30<sup>th</sup> 2021 pertaining to The Keller Manufacturing Company, Inc. and Subsidiaries.
2. Based on my knowledge, the disclosure statement 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 periods covered by this disclosure statement, and
3. Based on my knowledge, the financial statements, and other financial included or incorporated by reference in the disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

September 14<sup>th</sup> 2021

/s/ Douglas W. Rink, CEO