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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended: **April 30, 2020**

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

For the transition period from __________ to __________

Commission File Number: 000-55036

VALUESETTERS, INC.

(Exact name of registrant as specified in its charter)

Utah	**87-0409951**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

745 Atlantic Avenue
Boston, MA 02111

(Address of Principal Executive Offices)

(781) 925-1700

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of each class Name of each exchange on which registered
None Not applicable

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

Common Stock, par value $0.001 per share

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

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 [X]

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer [X] Smaller reporting company [X]
Emerging growth company ☐

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

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

The aggregate market value of registrant's voting and non-voting common equity held by non-affiliates (as defined by Rule 12b-2 of the Exchange Act) computed by reference to the average bid and asked price of such common equity on October 31, 2019 was $3,291,452.

As of August 10, 2020 the registrant has one class of common equity, and the number of shares outstanding of such common equity was 831,269,212.

Documents Incorporated By Reference: None.

TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

FORWARD-LOOKING STATEMENTS

We caution readers that this Form 10-K contains forward-looking statements as that term is defined in the Exchange Act. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other comparable terminology. We hereby qualify all our forward-looking statements by the following cautionary statements. Forward-looking statements are predictions and not guarantees of future performance or events. Forward-looking statements are based on current expectations rather than historical facts and relate to future events or future financial performance. Such statements are based on currently available financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from historical experience and present expectations. Our actual results could differ materially from those stated or implied by such forward-looking statements due to risks and uncertainties associated with our business. Undue reliance should not be placed on forward-looking statements as such statements speak only as of the date on which they are made. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Some of the factors that could affect our financial performance, cause actual results to differ from our estimates, or underlie such forward-looking statements, are set forth below and in various places in this Form 10-K, including under the headings Item 1. “Business” and Item 1A. “Risk Factors” in this Form 10-K. These factors include:

- our future capital needs and our ability to obtain financing;
- anticipated and unanticipated trends and conditions in our industry, including the impact of recent or future regulatory environment;
- recent and future economic conditions, including turmoil in the financial and credit markets;
- the effectiveness of our marketing to maintain existing and attract new customers;
- our ability to contain costs;
- our ability to predict consumer preferences and changes in trends, technology and consumer acceptance of both new designs and newly introduced products;
- changes in the costs of labor and advertising;
- our ability to carry out our business strategies;
- the level of consumer investing in private equity markets;
- our ability to attract early-stage companies to sell private equity securities;
- general economic conditions; and
- other factors set forth in this Form 10-K.

You are cautioned that all forward-looking statements involve risks and uncertainties. We undertake no obligation to amend this Form 10-K or revise publicly these forward-looking statements (other than pursuant to reporting obligations imposed on registrants pursuant to applicable federal securities laws) to reflect subsequent events or circumstances.

ITEM 1. BUSINESS.

Overview

We are a boutique advisory firm, based in Boston, Massachusetts. Our team of experts, including entrepreneurs, angel investors, industry specialists and digital marketing professionals work with companies at all stages to provide assistance with capital raising, strategy, technology consulting, digital marketing, economic development and logistics technology.

We specialize in Regulation Crowdfunding ("Reg CF"), under the provisions of Title III of the JOBS Act of 2012. We believe that new capital raising techniques, such as Reg CF, democratize capital raising, similar to the way that social networks democratize broadcast mechanisms that once belonged only to traditional media. Reg CF is one of three securities exemptions that enable online capital formation. Reg D 506(c) allows an unlimited amount of money to be raised from accredited investors. Reg A+ enables an issuer to raise up to $50 million online from anyone. Reg CF, the smallest of the crowdfunding exemptions, allows issuers to raise up to $1.07 million from non-accredited investors every 12 months.

In March 2020, the Securities and Exchange Commission (the "SEC") proposed meaningful changes to multiple securities exemptions in an effort to provide critical capital needed for emerging companies, from early-stage start-ups seeking seed capital, to companies that are pursuing a course to become a public reporting company. The new proposal intends to create a more rational framework to enhance an entrepreneur's access to capital while preserving important investor protections.

The new regulations, which we anticipate will be implemented before the end of the year, are designed to:

- address, in one broadly applicable rule, the ability of issuers to move from one exemption to another, and ultimately to a registered offering, providing more certainty to issuers raising capital;
- increase the offering limits for Regulation A, Regulation CF, and Rule 504 offerings, and revise certain individual investment limits based on the SEC's experience with the rules, marketplace practices, capital raising trends, and comments received;
- provide greater certainty to issuers and protection to investors by setting clear and consistent rules governing offering communications between investors and issuers, including permitting certain "demo day" activity without running afoul of the prohibition on general solicitation; and
- harmonize certain disclosure and eligibility requirements and bad actor disqualification provisions to reduce differences between exemptions, while preserving or enhancing investor protections.

The SEC proposed revisions to the offering and investment limits, which we believe will have a positive impact on our business. For Reg CF, the new rules include:

- raising the offering limit in Reg CF from $1.07 million to $5 million;
- amending the investment limits for investors in Reg CF offerings by:
    - not applying any investment limits to accredited investors; and
    - revising the calculation method for investment limits for non-accredited investors to allow them to rely on the greater of their annual income or net worth when calculating the limit on how much they can invest.

Reg CF will also benefit from "Testing the Waters" a rule currently utilized under Reg A+, that enables issuers to measure investor demand before spending tens of thousands of dollars on an actual offering. Special Purpose Vehicles (or SPVs) may now be included in Reg CF offers and this inclusion is designed to improve the viability of the exemption while providing greater investor protection.

We believe these actions by the SEC will enhance the value of funding portals and strengthen the online capital raising process in private equity. Consequently, we have negotiated a transaction to acquire an additional interest in our Netcapital investment. Netcapital operates a Title III JOBS Act funding portal, and as of today is one of only a few dozen FINRA approved Reg CF portals. Although we have a verbal agreement, it is possible that the transaction will not occur. Increasing our ownership in online businesses with private equity platforms is a significant component of our business strategy.

For the past three years we have provided consulting services to Netcapital. In addition to the services we provided to Netcapital, we provide consulting services to some of our clients that utilize the Netcapital website to raise money from non-accredited and accredited investors. We believe we have been successful in providing advice and digital marketing services to our clients, who are allowed to advertise their fundraising, in conjunction with advertising provisions contained in the JOBS Act. During fiscal 2020, many high-tech firms have become our clients, including Kingscrowd LLC, Deuce Drone LLC and Watch Party LLC. These companies have contributed to our growth this fiscal year and we own minority positions in them.

Our limited operating history and the uncertain nature of our future operations and the markets we address or intend to address make prediction of our future results of operations difficult.

Development of Business

We were incorporated in the State of Utah in April 1984 under our previous name, DBS Investments, Inc. A change of control of our company occurred in December 2003 and we changed our name to ValueSetters, Inc., when we, in conjunction with a plan of reorganization, merged with Valuesetters L.L.C., an Arizona limited liability corporation.

When the operations failed to generate enough revenue to sustain its business, we terminated operations and looked to invest in another business. In order to take advantage of the increasing game activities on the Internet, on November 23, 2010, we signed a contract to purchase all the assets of NetGames.com, a company that owned several websites and operated a small Internet-based chess game known as Chess.net. In conjunction with the purchase of this website, Vaxstar LLC became the largest owner of our company. Vaxstar LLC also provided a working capital facility to the Company and is our senior secured lender.

As noted above, in 2014, we began our consulting business, and we now own a portion of several companies as a result of our consulting work. Many of these businesses operate solely on the Internet and many use the Internet to raise capital. We believe the value of our ownership interests in several of these companies may be significant. However, over the past several years, we reduced our book value of these investments to zero, based upon asset impairment guidelines, and once an asset has been designated as impaired, it cannot be recorded at its market value.

In addition to the equity stakes we have earned, our consulting business has generated the bulk of our revenues in fiscal 2020.

Competition

We compete with a number of public and private companies that provide assistance with capital raising, strategy, technology consulting, digital marketing, economic development and logistics technology. Most of our competitors have significant financial resources and occupy entrenched positions in the market with name-brand recognition. The majority of our capital raising and digital marketing business is on the Internet.

The barriers to entry into most Internet markets are relatively low, making them accessible to a large number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include but are not limited to reputation, technology, financial stability and resources, proven track record of successful operations, critical mass, and independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors as well as laws and regulations of governmental authority will be established in the future, in addition to our known current competitors.

We face significant competition in every aspect of our business, including from companies that facilitate online capital formation and the sharing of content and information, companies that enable marketers to display advertising, companies that distribute video and other forms of media content, and companies that provide development platforms for applications developers. We compete to attract, engage, and retain customers, to attract and retain marketers, and to attract and retain developers to build compelling applications that integrate with our products.

Increased competition from current and future competitors may in the future materially adversely affect our business, revenues, operating results and financial condition.

Industry Regulation

We are subject, both directly and indirectly, to various laws and regulations relating to our business. If any of the laws are amended, compliance could become more expensive and directly affect our income. We intend to comply with such laws, but new restrictions may arise that could materially adversely affect our Company.

Research and Development

We do not currently have a budget specifically allocated for research and development purposes.

Major Customers

In the year ended April 30, 2020, one customer constituted 47% of our revenues, a second customer constituted 31% of our revenues and a third customer accounted for 13% of our revenues. In the year ended April 30, 2019, one customer constituted 65% of our revenues and a second customer constituted 23% of our revenues.

Corporate Information

We maintain a corporate website with the address http://www.valuesetters.com/ and our chess game maintains a website with the address http://www.chess.net/. We have not incorporated by reference into this Report on Form 10-K the information on any of our websites and you should not consider any of such information to be a part of this document. Our website addresses are included in this document for reference only.

We make available free of charge through our corporate website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports through a link to the EDGAR database as soon as reasonably practicable after we electronically file such material with, or furnish such material to the SEC. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1.800.SEC.0330. In addition, the SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including all of our filings.

Item 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Form 10-K before investing in our common stock. If any of the following risks occur, our business, operating results and financial condition could be seriously harmed.

We have a limited operating history that you can use to evaluate us, and the likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company.

We were incorporated in the State of Utah in April 1984. We have limited revenues to date and limited financial resources. The likelihood of our success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered by a small developing company starting a new business enterprise and the highly competitive environment in which we will operate. Since we have a limited operating history, we cannot assure you that our business will maintain profitability.

Major health epidemics, such as the outbreak caused by a coronavirus (COVID-19), and other outbreaks or unforeseen or catastrophic events could continue to disrupt and adversely affect our operations, financial condition, and business.

The United States and other countries have experienced and may experience in the future, major health epidemics related to viruses, other pathogens, and other unforeseen or catastrophic events, including natural disasters, extreme weather events, power loss, acts of war, and terrorist attacks. For example, there was an outbreak of COVID-19, a novel virus, which has spread to the United States and other countries and declared a global pandemic. The global spread of COVID-19 has created significant volatility and uncertainty in financial markets. There is significant uncertainty relating to the potential impact of COVID-19 on our business. The extent to which COVID-19 impacts our current business plans and our ability to obtain future financing, as well as our results of operations and financial condition, generally, will depend on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken by governments and private businesses to contain COVID-19 or treat its impact, among others. If the disruptions posed by COVID-19 continue for an extensive period of time, our business, results of operations, and financial condition may be materially adversely affected.

Our auditor has expressed substantial doubt as to our ability to continue as a going concern.

Based on our financial history since inception, our auditor has expressed substantial doubt as to our ability to continue as a going concern. At April 30, 2020, we had accumulated losses of $2,642,282. We expect we may incur further losses in the development of our business, all of which casts substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate future profitable operations and/or to obtain the necessary financing to meet our obligations and repay our liabilities arising from normal business operations when they come due. Management anticipates that additional funding will be in the form of equity financing from the sale of common stock. Management may also seek to obtain short-term loans from the directors of our company or from our largest shareholder. There are no current arrangements in place for equity funding and our largest shareholder may not be able to provide us with enough working capital via short-term loans. If we cannot generate sufficient revenues from our services or seek additional funding we may have to delay the implementation of our business plan.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, makes some activities more difficult, time-consuming or costly and increases demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, and such attention could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants who will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors.

We may need to raise additional funds through public or private debt or sale of equity to pay for the costs we incur as a public company. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, we could be forced to discontinue our public reporting.

As a result of disclosure of information in this report and in future filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

We are dependent on a small number of individuals who occupy all corporate positions. Given our lack of employees and executive officers, it may not be possible for us to have adequate internal controls, and we believe that we have material weaknesses in internal controls.

Many of the key responsibilities of our business have been assigned to two individuals. Our ability to implement adequate internal controls depends, in part, on our ability to attract trained professional staff that allows us to segregate duties among several individuals.

The Company's management has evaluated the effectiveness of its internal control over financial reporting as of April 30, 2020 based on the criteria established in a report entitled "2013 - Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission" and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company's management has evaluated and concluded that the Company's internal control over financial reporting was ineffective as of April 30, 2020 and continues to be ineffective as of today, and identified the following material weaknesses:

- There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US ("GAAP"), and the financial reporting requirements of the SEC; and

- There are insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements.

The lack of sufficient internal controls and the time and cost of implementing such controls could delay the development and introduction of, and negatively impact our ability to sell our services, which could adversely affect our financial results and impair our growth.

To help compensate for the lack of full-time employees, the Company also uses outside consultants. We have accounting consultants, acquisition consultants, and sales and marketing consultants for project purposes on a part time basis; three advisors assist us with project evaluations and business development, information and research, technical writing and presentation. At the present time the Company has employment agreements that expire on July 31, 2021 with our Chief Executive Officer and Chief Financial Officer and does not maintain any life insurance policies.

The adoption of new laws or changes to or the application of existing laws relating to Internet commerce may affect the growth of our business.

We may become subject to any number of laws and regulations that may be adopted with respect to the Internet and electronic commerce. New laws and regulations that address issues such as user privacy, pricing, online content regulation, taxation, advertising, intellectual property, information security, and the characteristics and quality of online products and services may be enacted. Current laws, which predate or are incompatible with the Internet and electronic commerce, may be applied and enforced in a manner that restricts the electronic commerce market. The application of such pre-existing laws regulating communications or commerce in the context of the Internet and electronic commerce is uncertain. Moreover, it may take years to determine the extent to which existing laws relating to issues such as intellectual property ownership and infringement, libel and personal privacy are applicable to the Internet.

The adoption of new laws or regulations relating to the Internet, or particular applications or interpretations of existing laws, could decrease the growth in the use of the Internet, decrease the demand for our products and services, increase our cost of doing business or could otherwise have a material adverse effect on our business, revenues, operating results and financial condition.

Our strategy to purchase a portion of early stage companies may provide us with investments that have no liquidity.

It is our strategy to sometimes purchase, at an affordable price, part or all of early-stage companies and cross pollinate the ideas, technology and expertise within these companies to enhance the operations, profits and market share of all the entities. That strategy may result in us diverting management attention and advisory resources to do work for early-stage companies that pay for the work with equity, which becomes impaired in value or never becomes a liquid asset. In addition, some of the companies that we do work for and take an equity position in, do not create revenues for the Company. We only record revenues in exchange for equity if we have access to the entity's audited financial statements or we have a verifiable market value for the equity received. For all of these early-stage companies, the future liquidity and value of our investments cannot be guaranteed, and no market may exist for us to generate gains from our investments in early-stage companies.

Our business depends on the reliability of the infrastructure that supports the Internet and the viability of the Internet.

The growth of Internet usage has caused frequent interruptions and delays in processing and transmitting data over the Internet. There can be no assurance that the Internet infrastructure or the Company’s own network systems will continue to be able to support the demands placed on it by the continued growth of the Internet, the overall online game industry or that of our customers.

The Internet’s viability could be affected if the necessary infrastructure is not sufficient, or if other technologies and technological devices eclipse the Internet as a viable channel.

End-users of our software depend on Internet Service Providers (“ISPs”), online service providers and our system infrastructure for access to the Internet sites that we operate. Many of these services have experienced service outages in the past and could experience service outages, delays and other difficulties due to system failures, stability or interruption. As a result, we may not be able to meet a level of service that we have promised to our subscribers, and we may be in breach of our contractual commitments, which could materially adversely affect our business, revenues, operating results and financial condition.

Game playing and crowdfunding on the Internet is a developing industry and, therefore, we do not know if the market will continue to develop and our products and services will continue to be in demand.

The Internet continues to evolve rapidly and is characterized by an increasing number of market entrants. The demand and acceptance for new products and services are subject to a level of uncertainty and growing competition, and if our games do not receive market acceptance, or if regulations and competition changes for raising capital on the Internet, our business, revenues, operating results and financial condition could be materially adversely affected.

Intense competition could prevent us from increasing our market share and growing our revenues.

We compete with a number of public and private companies, which provide electronic commerce and/or Internet games. Most of our competitors have significant financial resources and occupy entrenched positions in the market with name-brand recognition. We also face challenges from new Internet sites that aim to attract subscribers who seek to play interactive games and obtain ratings and status for superior playing skills. Such companies may be able to attract significantly more subscribers because of new marketing ideas and new game concepts.

The barriers to entry into most Internet markets are relatively low, making them accessible to a large number of entities and individuals. We believe the principal competitive factors in our industry that create certain barriers to entry include but are not limited to reputation, technology, financial stability and resources, proven track record of successful operations, critical mass, independent oversight and transparency of business practices. While these barriers will limit those able to enter or compete effectively in the market, it is likely that new competitors as well as laws and regulations of governmental authority will be established in the future, in addition to our known current competitors.

Increased competition from current and future competitors may in the future materially adversely affect our business, revenues, operating results and financial condition.

Our debt level could negatively impact our financial condition, results of operations and business prospects.

As of April 30, 2020, the principal component of our total debt payable amounted to $1,057,184. Subsequent to April 30, 2020, we borrowed an additional $2,385,800. Our level of debt could have significant consequences to our shareholders, including the following:

- requiring the dedication of a substantial portion of cash flow from operations to make payments on debt, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;
- requiring a substantial portion of our corporate cash reserves to be held as a reserve for debt service, limiting our ability to invest in new growth opportunities;
- limiting the ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate and other activities;
- limiting the flexibility in planning for, or reacting to, changes in the business and industry in which we operate;
- increasing our vulnerability to both general and industry-specific adverse economic conditions;
- putting us at a competitive disadvantage vs. less leveraged competitors; and
- increasing vulnerability to changes in the prevailing interest rates.

Our ability to make payments of principal and interest, or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive and other factors. Our business may not generate sufficient cash flow in the future sufficient to service our debt because of factors beyond our control, including but not limited to our ability to market our products and expand our operations. If we are unable to generate sufficient cash flows, we may be required to adopt one or more alternatives, such as restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We will require our related-party lenders to cooperate with us and, among other things, not demand repayments of principal and interest until the business is capable of making such payments.

We do not expect that we will be able to obtain the funds to pay principal and interest on our related-party debt by utilizing cash flow from operations. We are operating as an early-stage company and our ability to meet these payment obligations will depend on expansion of our revenues and our future financial performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets in which we operate or the ability to raise additional capital in a timely manner. We cannot be certain that our future cash flow from operations will be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If cash flow from operations is insufficient, we may be required to refinance all or part of our existing debt, sell assets, and borrow more money or issue additional equity.

We owe related parties $1,065,315 in accounts and notes payable as of April 30, 2020. We owe our secured lender, Vaxstar LLC (the "Lender"), who is also our largest shareholder, $1,000,000 at April 30, 2020. Our Lender holds a term note bearing interest at an annual rate of 1.25%. We have not paid interest on the note and it accrues each month. We have a loan and security agreement (the "Loan") with the Lender for a maximum amount of $1,250,000. The maturity date of our loan from the Lender is October 31, 2020.

To secure the payment of all obligations to the lender, the Company granted to the Lender a continuing security interest and first lien on all of the assets of the Company.

In connection with the Loan, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures.

We may need to renegotiate our related-party debt if our related-party lenders demand that we begin making principal or interest payments. Any renegotiation may be on less favorable terms or may require that we refinance the related-party debt. We may need to raise additional funds through public or private debt or sale of equity to pay the related-party debt. Such financing may not be available when needed. Even if such financing is available, it may be on terms that are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. No assurance can be given that such funds will be available or, if available, will be on commercially reasonable terms satisfactory to us. There can be no assurance that we will be able to obtain financing if and when it is needed on terms we deem acceptable. If we are unable to obtain financing on reasonable terms, or, if our related-party lender does not continue to cooperate with us, we could be forced to discontinue our operations.

We may make acquisitions or form joint ventures that are unsuccessful.

Our ability to grow is partially dependent on our ability to successfully acquire other companies, which creates substantial risk. In order to pursue a growth by acquisition strategy successfully, we must identify suitable candidates for these transactions; however, because of our limited funds, we may not be able to purchase those companies that we have identified as potential acquisition candidates. Additionally, we may have difficulty managing post-closing issues such as the integration into our corporate structure. Integration issues are complex, time consuming and expensive and, without proper planning and implementation, could significantly disrupt our business, including, but not limited to, the diversion of management's attention, the loss of key business and/or personnel from the acquired company, unanticipated events, and legal liabilities.

We do not expect to pay dividends and investors should not buy our common stock expecting to receive dividends.

We have not paid any dividends on our common stock in the past, and do not anticipate that we will declare or pay any dividends in the foreseeable future. Consequently, you will only realize an economic gain on your investment in our common stock if the price appreciates. You should not purchase our common stock expecting to receive cash dividends. Since we do not pay dividends, and if we are not successful in having our shares listed or quoted on an exchange, then you may have a limited ability to liquidate or receive any payment on your investment. Therefore our failure to pay dividends may cause you to not see any return on your investment even if we are successful in our business operations. In addition, because we do not pay dividends we may have trouble raising additional funds, which could affect our ability to expand our business operations.

Our common stock is considered a penny stock, which is subject to restrictions on marketability, so you may not be able to sell your shares.

The trading of our stock is subject to the penny stock rules adopted by the Securities and Exchange Commission that require brokers to provide extensive disclosure to their customers prior to executing trades in penny stocks. These disclosure requirements may cause a reduction in the trading activity of our common stock, which in all likelihood would make it difficult for our shareholders to sell their securities.

Penny stocks generally are equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system). Penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The broker-dealer must also make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security that becomes subject to the penny stock rules. The additional burdens imposed upon broker-dealers by such requirements may discourage broker-dealers from effecting transactions in our securities, which could severely limit their market price and liquidity of our securities. These requirements may restrict the ability of broker-dealers to sell our common stock and may affect your ability to resell our common stock.

Our future growth depends on our ability to develop and retain customers.

Our future growth depends to a large extent on our ability to effectively anticipate and adapt to customer requirements and offer services that meet customer demands. If we are unable to attract new customers and/or retain new customers, our business, results of operations and financial condition may be materially adversely affected.

We will need to attract, train and retain additional highly qualified senior executives and technical and managerial personnel in the future.

We continue to seek technical and managerial staff members, although we have limited resources to compensate them until we have raised additional capital or developed a business that generates consistent cash flow from operations. We believe it is important to negotiate with potential candidates and, if appropriate, engage them on a part-time basis or on a project basis and compensate them at least partially, with stock-based compensation, when appropriate. There is a high demand for highly trained and managerial staff members. If we are not able to fill these positions, it may have an adverse affect on our business.

We may conduct future offerings of our common stock and pay debt obligations with our common and preferred stock which may diminish our investors' pro rata ownership and depress our stock price.

We reserve the right to make future offers and sales, either public or private, of our securities, including shares of our common stock or securities convertible into common stock at prices differing from the price of the common stock previously issued. In the event that any such future sales of securities are affected or we use our common stock to pay principal or interest on our debt obligations, an investor's pro rata ownership interest may be reduced to the extent of any such future sales.

Item 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

ITEM 2. PROPERTIES

We utilize an office at 745 Atlantic Avenue in Boston, Massachusetts. We currently pay rent of $4,200 a month, and our rent agreement is on a month-to-month basis for approximately 400 square feet in an office-suite location.

ITEM 3. LEGAL PROCEEDINGS

We are currently not involved in any litigation that we believe could have a materially adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our company's or our company's subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

PART II

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

(a) Market Information

Our common stock is currently quoted on the OTC marketplace under the symbol VSTR. The high and low closing price for each quarterly period of our last two fiscal years are listed below.

Fiscal Quarter ended	High Price	Low Price
1st Quarter – May – July 2018	$ 0.0050	$ 0.0012
2nd Quarter – August – October 2018	$ 0.0017	$ 0.0011
3rd Quarter – November 2018 – January 2019	$ 0.0038	$ 0.0010
4th Quarter – February – April 2019	$ 0.0052	$ 0.0017
1st Quarter – May – July 2019	$ 0.0092	$ 0.0022
2nd Quarter – August – October 2019	$ 0.0165	$ 0.0041
3rd Quarter – November 2019 – January 2020	$ 0.0165	$ 0.0041
4th Quarter – February – April 2020	$ 0.0079	$ 0.0021

The quotations set forth in the table above reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Recent Issuances of Unregistered Securities

None

(b) Holders

There are 204 shareholders of record of our common stock.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Pacific American Stock Transfer Company with its business address at 4045 S Spencer Street Suite 403, Las Vegas NV 89119.

(c) Dividends

We have never paid dividends on our Common Stock and do not expect to do so in the foreseeable future.

(d) Securities Authorized for Issuance under Equity Compensation Plans

We currently have no equity compensation plan either approved or not approved by security holders, and there are no securities currently authorized for issuance under any equity compensation plan. However, our Board of Directors has previously approved share-based compensation in lieu of cash compensation to various consultants and employees. Such share-based compensation is recognized at the time of grant equal to the fair value of the stock award at the time of the grant or at the time the award vests, if there is a vesting period.

Item 6. Selected Financial Data.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

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

THE FOLLOWING DISCUSSION OF OUR PLAN OF OPERATION AND RESULTS OF OPERATIONS SHOULD BE READ IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND RELATED NOTES TO THE FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS ANNUAL REPORT. THIS DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS.

Overview

We are a boutique advisory firm, based in Boston, Massachusetts. Our team of experts, including entrepreneurs, angel investors, industry specialists and digital marketing professionals work with companies at all stages to provide assistance with capital raising, strategy, technology consulting and marketing.

We sometimes take equity stakes in promising technology start-ups. We play an active role in growing these companies by providing strategic advice, technology consulting, and help with capital raising.

We specialize in Reg CF offerings, under the provisions of Title III of the JOBS Act of 2012. We believe that new capital raising techniques, such as Reg CF, democratize capital raising, similar to the way that social networks democratize broadcast mechanisms that once belonged only to traditional media. Reg CF is one of three securities exemptions that enable online capital formation. Reg D 506(c) allows an unlimited amount of money to be raised from accredited investors. Reg A+ enables an issuer to raise up to $50 million online from anyone. Reg CF, the smallest of the crowdfunding exemptions, allows issuers to raise up to $1.07 million from non-accredited investors every 12 months.

Our limited operating history and the uncertain nature of our future operations and the markets we address or intend to address make predictions of our future results of operations difficult. Our operations may never generate significant revenues, and we may not consistently achieve profitable operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and related notes to the financial statements included elsewhere in this Form 10-K. This discussion contains forward-looking statements that relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Results of Operations

Fiscal Year 2020 Compared to Fiscal Year 2019

Our revenues for fiscal 2020 increased by $739,946, or 73%, to $1,753,558 as compared to $1,013,612 reported for fiscal 2019. The increase in revenues is attributable to our consulting services. We have expanded our consulting business, which concentrates on providing assistance with capital raising, strategy, technology consulting and marketing.

Our costs of revenues decreased by $14,093, or 56%, to $11,105 in fiscal 2020, from $25,198 in fiscal 2019. These costs primarily represent cloud-based fees that we pay to perform services for our customers.

Stock-based compensation increased by $291,099, or 447%, to $356,252 for fiscal 2020 from $65,153 reported in the prior fiscal year. The increase is primarily attributable to higher values of the price per share of our common stock in fiscal 2020, as compared to fiscal 2019. In addition, a related party consultant and an outside consultant received stock-based compensation in fiscal 2020, but not in fiscal 2019.

Consulting expense decreased by $65,700, or 39%, to $102,600 for fiscal 2020 from $168,300 reported in the prior fiscal year. The decrease is primarily attributable to the compensation for our Chief Marketing Officer.

Our other operating costs in fiscal 2020, including rent, marketing bad debt and general and administrative costs, costs for rent plus general and administrative expenses remained basically the same, increasing by $5,851, or 4.5%, to $136,379 as compared to $130,528 in fiscal 2019.

As a result of the above noted activity, our operating income increased by $522,789, or 84%, in fiscal 2020 to $1,147,222, as compared to $624,433 in fiscal 2019.

Interest expense decreased by $529 to $18,879 for the year ended April 30, 2020, as compared to $19,408 for the prior fiscal year. Our debt balances decreased slightly in fiscal 2020 due to $4,300 in principal payments during the year, which created the small decrease in interest expense.

In fiscal 2020 we incurred a loss on the sale of investments of $527,540. We sold equity we had earned in one of our consulting engagements primarily to take advantage of a realized loss for tax purposes. No realized gains or losses were recognized in fiscal 2019.

Impairment losses increased by $162,952, or 708%, to $185,952 for fiscal 2020 from $23,000 reported in the prior fiscal year. In both years we recognized an impairment loss related to a specific investment that we own. We monitor all our assets for any changes in observable prices from orderly transactions and we record an impairment expense when appropriate.

Liquidity and Capital Resources

At April 30, 2020, we had cash and cash equivalents of $11,206 and negative working capital of $1,057,581 as compared to cash and cash equivalents of $19,110 and negative working capital of $518,875 at April 30, 2019.

Net cash used in operating activities amounted to $3,604 in fiscal 2020, as compared to net cash provided by operating activities of $30,558 in fiscal 2019. The principal source of cash from operating activities was net income of $424,851, adjusted by stock-based compensation of $356,252, a loss on the sale of investments of $527,540 and asset impairment of $185,952. These sources of cash from operating activities were offset by investments of $1,538,980 as a result of contract revenue with major customers.

In fiscal 2019, The principal source of cash from operating activities was net income of $582,880, adjusted by stock-based compensation of $65,153, a bad debt allowance of $6,750 and asset impairment of $23,000. These sources of cash from operating activities, which included an increase in investments of $647,317 as a result of contract revenue with a major customer, NetCapital Systems LLC, were partially offset by changes in assets and liabilities that used cash in the amount of $647,225.

There was no investing activity in fiscal 2020 or in fiscal 2019.

Net cash used in financial activities in fiscal 2020 consisted of principal payments on a related party note totaling $4,300. Net cash used in financing activities in fiscal 2019 consisted of payments on demand notes of $14,940 and on a bank line of credit of $3,163. These uses of cash were offset by a private placement of common stock that amounted to $5,000.

In fiscal 2020 and 2019, there were no expenditures for capital assets. We do not anticipate any capital expenditures in the next fiscal year.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of our company as a going concern. However, we have a substantial amount of debt and we have very limited liquidity. Management anticipates that we will be dependent, for the near future, on additional capital to fund our operating expenses and anticipated growth, which we intend to achieve through consulting services, acquisitions and the further development of game applications. Furthermore, the report of our independent registered public accounting firm expresses doubt about our ability to continue as a going concern.

Our required debt payments for a bank loan, which has a balance of $34,324 at April 30, 2020, have been temporarily suspended because of our limited cash flow. We do continue to pay interest every month, at an interest rate that is approximately 5.5% per annum. We have not paid principal or interest on our secured related-party debt, although we did retire $61,000 in unsecured related party debt by selling investments that we held to the related party. We believe our related-party creditors will not demand payment of our current liabilities to them, in the near future, although each lender may have a change in circumstances and demand payment. Our $1,000,000 secured related party term loan is due on October 31, 2020, and we need to renegotiate the loan. Any demand for payment from a related party will have an adverse impact on our ability to achieve our longer-term business objectives and will adversely affect our ability to continue operating as a going concern.

Failure to generate sufficient revenues or raise additional capital will have an adverse impact on our ability to achieve our longer-term business objectives and will adversely affect our ability to continue operating as a going concern.

New Accounting Standards

The new accounting pronouncements in Note 1 to our financial statements, which are included in this Report, are incorporated herein by reference thereto.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The most significant estimates include:

- revenue recognition and estimating allowance for doubtful accounts;
- valuation of long-lived assets; and
- income tax valuation allowance.

We continually evaluate our accounting policies and the estimates we use to prepare our financial statements. In general, the estimates are based on historical experience, on information from third party professionals and on various other sources and assumptions that are believed to be reasonable under the facts and circumstances at the time such estimates are made. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate, or the use of different estimating methods, could have a material impact on our consolidated results of operations or financial condition.

Actual results could differ from those estimates. Significant accounting policies are described in Note 1 to our financial statements, which are included in this Report. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Certain of our accounting policies are deemed "critical", as they require management's highest degree of judgment, estimates and assumptions. The following critical accounting policies are not intended to be a comprehensive list of all of our accounting policies or estimates:

Revenue Recognition

The Company recognizes service revenue from its consulting contracts and its game website using the five-step model as prescribed by ASC 606:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

Allowance for Doubtful Accounts

For subscribers to our games website, in fiscal 2020 and 2019, we do not maintain allowances for doubtful accounts for estimated losses that result from the inability or unwillingness of our customers to make required payments. We have not carried any accounts receivable in either fiscal year, as we have required our customers to make a non-refundable prepayment for our services.

In order to record the Company's accounts receivable at their net realizable value, the Company must assess their collectibility. A considerable amount of judgment is required in order to make this assessment, including an analysis of historical bad debts and other adjustments, a review of the aging of the Company's receivables, and the current creditworthiness of the Company's customers. Generally, when a customer account reaches a certain level of delinquency, the Company provides an allowance for the related amount receivable from the customer. The Company writes off the accounts receivable balance from a customer and the related allowance established when it believes it has exhausted all reasonable collection efforts. Accounts receivable of $0 and $6,000 were recorded at April 30, 2020 and 2019, respectively, and an allowance for doubtful accounts of $0 and $6,750 were recorded at April 30, 2020 and 2019, respectively.

Impairment of Long-Lived Assets

Financial Accounting Standards Board ("FASB") authoritative guidance requires that certain assets be reviewed for impairment and, if impaired, remeasured at fair value whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Impairment loss estimates are primarily based upon management's analysis and review of the carrying value of long-lived assets at each balance sheet date, utilizing an undiscounted future cash flow calculation. We recognized an impairment loss of $185,952 and $23,000, in the fiscal 2020 and 2019, respectively, as we concluded the carrying amount of the equity that we owned in an early-stage company was not recoverable and we wrote down the value of our investment.

Income Taxes

We estimate the degree to which tax assets and loss carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined that such assets will more likely than not go unused. If it becomes more likely than not that a tax asset or loss carry-forward will be used, the related valuation allowance on such assets is reversed. Based upon several profitable quarters over the past two years, and our ability to generate operating income of $1,147,222 and $624,433 in fiscal 2020 and 2019, respectively, and taxable income in both fiscal years, we have reversed the valuation allowance from April 30, 2019 and recorded a current deferred tax asset of $180,000 as of April 30, 2020. The primary element that impacts the asset calculation relates to operating losses that were generated in the years before our current management team was hired.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Information About Market Risk

We are not subject to fluctuations in interest rates, currency exchange rates or other financial market risks. We have not made any sales, purchases or commitments with foreign entities which would expose us to currency risks.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide information under this item.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements required by this Item are included herein, commencing on page F-1.

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

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Chief Executive Officer (the "PEO") and Chief Financial Officer (the "PFO"), has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in SEC Rule 13a-15(e)) as of April 30, 2020. That evaluation revealed the two material weaknesses identified below (under *(b) Management's Assessment of Internal Control over Financial Reporting*). Based on that evaluation, the PEO and the PFO concluded that, as of April 30, 2020, such controls and procedures were not effective.

(b) Management's Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act Rules 13a-15(f). A system of internal control over financial reporting is a process designed 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.

Under the supervision and with the participation of management, including the PEO and the PFO, the Company's management has evaluated the effectiveness of its internal control over financial reporting as of April 30, 2020, based on the criteria established in a report entitled "2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission" and the interpretive guidance issued by the Commission in Release No. 34-55929. Based on this evaluation, the Company's management has evaluated and concluded that the Company's internal control over financial reporting was ineffective as of April 30, 2020, and identified the following material weaknesses:

- There is a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles in the US ("GAAP"), taxation requirements and the financial reporting requirements of the SEC; and

- There are insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements.

The Company will continue its assessment on a quarterly basis. We plan to hire personnel and resources to address these material weaknesses. We believe these issues can be solved with hiring in-house accounting support and plan to do so as soon as we have funds available for this purpose.

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting. The Company's registered public accounting firm was not required to issue an attestation on its internal controls over financial reporting pursuant to the rules of the SEC. The Company will continue to evaluate the effectiveness of internal controls and procedures on an ongoing basis.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act) during the quarter ended April 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Executive Officers

The following table and biographical summaries set forth information, including principal occupation and business experience, about our directors and executive officers at July 29, 2020.

Our executive officers and directors are as follows:

Name	Age	Position	Officer or Director Since
Cecilia Lenk	65	Chairman of the Board and Chief Executive Officer	July 2017
Thomas H Carmody	73	Director	August 2010
Avi Liss	40	Secretary and Director	August 2010
Steven Geary	52	Director	June 2006
Coreen Kraysler	56	Chief Financial Officer	September 2017
Kathy Kraysler	51	Chief Marketing Officer	May 2018

Our directors serve in such capacity until the first annual meeting of our shareholders and until their successors have been elected and qualified. Our officers serve at the discretion of our board of directors, until their death, or until they resign or have been removed from office.

Executive Officers and Directors

Cecilia Lenk, Chairman of the Board and Chief Executive Officer

Cecilia Lenk is the Chairman of the Board and Chief Executive Officer. She accepted the position on July 28, 2017. For the past five year she has worked as a self-employed business consultant and a town councilor in Watertown, MA.

Ms. Lenk has specialized in technology and health care. Formerly Vice President of Technology and Digital Design at Decision Resources Inc., a global company serving the biopharmaceutical market, she oversaw the implementation of new technologies, products, and business processes. Prior to joining Decision Resources, Cecilia founded a technology firm that built a patented platform for online research. She has managed large-scale technology projects for leading corporations, universities, government agencies, and major non-profit organizations.

Ms. Lenk has a Ph.D. in Biology from Harvard University and a B.A. from Johns Hopkins University in Geography and Environmental Engineering. She has served on a number of non-profit boards, including Chair of the Johns Hopkins Engineering Alumni. She is currently on the Alumni Advisory Board for the Hopkins School of Engineering and is the Chief Executive Officer of our largest shareholder, Vaxstar LLC.

Ms. Lenk brings to our board of directors key leadership experience in high-growth technology companies and possesses a strong mix of strategic, finance, and operating skills.

Thomas Carmody, Director

Thomas Carmody has served as a Director of the Company since August 2010. He has over 40 years experience as a marketing executive. For the past five years he has worked as a self-employed marketing consultant for Summit International LLC. He currently serves on the Board of Directors of Continental Materials Corporation, Chicago, Illinois, and serves on that company's audit committee. Mr. Carmody also served as the Vice President of U.S. Operations and Vice President of the sports division at Reebok International Inc. from 1988 to 1996.

As a long-term marketing expert, Mr. Carmody brings strategic insight and extensive experience with product distribution to our board of directors. He also has significant experience serving on the board of another public company.

Avi Liss, Director and Secretary

Avi Liss has served as a Director and Secretary of the Company since August 2010. From August 2009 to present, he has served as the President of Liss Law, LLC, a law firm specializing in real estate conveyances. Prior to founding Liss Law, he worked as a judicial law clerk for the Honorable Stephen S. Mitchell, a bankruptcy court judge for the Eastern District of Virginia.

Mr. Liss is well qualified to serve as a director of the company due to his knowledge and working experience with legal governance matters.

Steven Geary, Director

Steven Geary has served as a Director of the Company since June 2006. Since 2009, he has served in several management positions at Statera and is currently the Vice President of Strategy and Business Development. From 2008 to 2009, he was the Chief Executive Officer of ImproveSmart, Inc. From April 2006 to June 2008, he served as our President and Chief Operating Officer, and as our Chief Executive Officer from June 2008 to December 2009.

Mr. Geary has significant business development and brand marketing expertise in consumer products and services.

Coreen Kraysler, Chief Financial Officer

Coreen Kraysler has served as the Chief Financial Officer of the Company since September 2017.
Ms. Kraysler is a Chartered Financial Analyst, with over 30 years of investment experience. Formerly a Senior Vice President and Principal at Independence Investments, she managed several 5-star rated mutual funds as well as institutional accounts and served on the Investment Committee. She also worked at Eaton Vance as a Vice President, Equity Analyst on the Large and Midcap Value teams. A specialist in financial services, household and consumer products, she guest lectures at local colleges and universities. She received a B.A. in Economics and French, Cum Laude, from Wellesley College and a Master of Science in Management from MIT Sloan.

Coreen Kraysler is the sister of Kathryn Kraysler, the Company's Chief Marketing Officer

Kathryn Kraysler, Chief Marketing Officer

Kathryn Kraysler has served as the Chief Marketing Officer of the Company since May 2018. She is a Yale M.B.A. with over 20 years of digital marketing, strategy, and analytics experience. She has held Senior Marketing positions at multiple high profile institutions, including PayPal, Dow Jones and MIT, as well as several early-stage companies. Her expertise encompasses a broad range of digital marketing, from demand generation, account based marketing, and inbound marketing, to marketing operations, digital advertising, and analytics.

During the past five years, she has served as the Director of Marketing Operations and Director of Demand Generation, NewStore, Inc., a Senior Digital Marketing Manager at TandemSeven, and a Research and Analytics Manager at PayPal Holdings, Inc.

Kathryn Kraysler is the sister of Coreen Kraysler, the Company's Chief Financial Officer

Director Independence

Our common stock is currently quoted on the OTC Pink market and is not listed on the NASDAQ Stock Market or any other national securities exchange. Accordingly, we are not currently subject to the NASDAQ continued listing requirements or the requirements of any other national securities exchange. Nevertheless, in determining whether a director or nominee for director should be considered "independent" the board utilizes the definition of independence set forth in Rule 4200(a)(15) of the NASDAQ Marketplace Rules. Pursuant to that definition, Avi Liss and Steven Geary are independent members of our Board of Directors.

Involvement in Certain Legal Proceedings

Our directors, executive officers and control persons have not been involved in any of the following events during the past five years:

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

- Any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and

- Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Board Meetings and Committees; Management Matters

Our board of directors took actions on one occasion during the fiscal year ended April 30, 2020. No fees are paid to directors for attendance at meetings or for agreeing to a unanimous consent or the board of directors.

Compensation Committee

Our board of directors does not have a compensation committee.

Nominating Committee

Our board of directors does not have a nominating committee. Our entire board of directors is responsible for this function. Due to the relatively small size of our company and the resulting efficiency of a board of directors that is also limited in size, our board of directors has determined that it is not necessary or appropriate at this time to establish a separate nominating committee. Our board of directors intends to review periodically whether such a nominating committee should be established.

Our board of directors uses a variety of methods for identifying and evaluating nominees for director. It regularly assesses the appropriate size of the board of directors and whether any vacancies exist or are expected due to retirement or otherwise. If vacancies exist, are anticipated or otherwise arise, our board of directors considers various potential candidates for director. Candidates may come to their attention through current members of our board of directors, shareholders or other persons. These candidates are evaluated at regular or special meetings of our board of directors and may be considered at any point during the year.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise that may be desired in order to complement the qualifications that already exist among our board of directors. Among the factors that our directors consider when evaluating proposed nominees are their independence, financial literacy, business experience, character, judgment and strategic vision. Other considerations would be their knowledge of issues affecting our business, their leadership experience and their time available for meetings and consultation on company matters. Our directors seek a diverse group of candidates who possess the background skills and expertise to make a significant contribution to our board of directors, our company and our shareholders.

Audit Committee

Our board of directors does not have an audit committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act of 1934, requires our directors and executive officers, and persons who own more than ten percent of a registered class of our equity securities (“10% Shareholders”), to file with the Commission initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and 10% Shareholders are required by Commission regulation to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of such reports received by us, we believe that for the fiscal year ended April 30, 2019, that our directors and 10% shareholders did comply with Section 16(a) filing requirements.

Code of Ethics

We have adopted a code of business conduct and ethics for our directors, officers and employees, including our Chief Executive Officer. The text of our code is posted on our Internet website at www.valuesetters.com.

Item 11. Executive Compensation.

The following table sets forth, for the fiscal years indicated, all compensation awarded to, earned by or paid to Cecilia Lenk, our Chief Executive Officer, Coreen Kraysler, our Chief Financial Officer and Kathryn Kraysler our Chief Marketing Officer (collectively, the "Named Executives"). We have no other executive officers.

Summary Executive Compensation Table

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)(1)	Option awards ($)	Non-equity incentive plan compensation ($)	Change in pension value and nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Cecilia	2020	0	5,000	112,035	0	0	0	0	117,035
Lenk, CEO	2019	0	7,000	9,063	0	0	0	0	16,063
Coreen	2020	0	15,000	112,035	0	0	0	0	127,035
Kraysler, CFO	2019	0	7,000	9,063	0	0	0	0	16,063
Kathryn	2020	52,000	0	7,061	0	0	0	0	59,061
Kraysler, CMO	2019	120,000	0	2,313	0	0	0	0	122,313

(1) Represents the dollar amount of vested equity awards during the fiscal year.

We have no retirement, pension, profit sharing, stock option or insurance programs or other similar programs.

Outstanding Equity Awards at Fiscal Year End

There are no outstanding equity awards at April 30, 2020.

Stock Option Grants

There were no stock option grants or exercises in fiscal 2020 for Named Executives.

Compensation of Directors

We currently do not compensate our directors for their services as directors.

Employment Agreements

We currently have an employment agreement in place with our Chief Executive Officer and our Chief Financial Officer. The agreements expire on July 31, 2021 and are incorporated by reference to Exhibit 10.1 and Exhibit 10.2 to our Quarterly Report for the quarterly period ended July 31, 2019.

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

The following table sets forth information with respect to the beneficial ownership of shares of our common stock as of July 29, 2020 by:

- each person whom we know beneficially owns more than 5% of any class of equity security;
- each of our directors individually;
- each of our named executive officers individually; and
- all of our current directors and executive officers as a group.

Unless otherwise indicated, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock. Shares of common stock that an individual or group has the right to acquire within 60 days of July 29, 2020, pursuant to the exercise of options or restricted stock are, deemed to be outstanding for the purpose of computing the percentage ownership of such person or group, but are not deemed outstanding for the purpose of calculating the percentage owned by any other person listed.

Name and Address of Beneficial Owner (1)	Amount of Shares and Nature of Beneficial Ownership	Percent of Class*
Vaxstar LLC	271,371,454	32.6%
Cecilia Lenk (3)	45,000,000	5.4%
Coreen Kraysler	45,000,000	5.4%
Steven Geary (3)	20,600,000	2.5%
Tom Carmody (3)	5,000,000	**%
Avi Liss (2,3)	2,000,000	**%
Kathryn Kraysler (4)	2,812,500	**%
Officers and Directors as a group (6 persons)	120,412,500	14.4%

* Based on 831,269,212 shares of common stock outstanding as of July 29, 2020.
** Less than 1%

(1) Unless otherwise noted, the business address of each member of our Board of Directors is c/o Valuesetters Inc. 745 Atlantic Avenue, Boston Massachusetts 02111

(2) Mr. Liss is our Secretary.

(3) Such individual is a current member of the Board of Directors.

(4) Includes 1,250,000 shares that vest within 60 days of July 29, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Our largest shareholder, Vaxstar LLC, is also our working capital lender. As of April 30, 2020, we owe our largest shareholder $1,000,000, under a term note agreement that bears interest at an annual rate of 1.25%. We have not made any principal or interest payments to our working capital lender. Unpaid interest has been accrued and added to the note. Our Chief Executive Officer, Cecilia Lenk, is also the Chief executive Officer of Vaxstar LLC.

In connection with the financing, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell, lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures.

We owe Steven Geary, a director, $31,680 as of April 30, 2020. This obligation is not interest bearing. $16,680 is recorded as a related party trade accounts payable and $15,000 as a related party note payable. We have no signed agreements for the indebtedness to Mr. Geary.

We currently have no equity compensation plan either approved or not approved by security holders, and there are no securities currently authorized for issuance under any equity compensation plan. However, our Board of Directors has previously approved share-based compensation in lieu of cash compensation to various consultants and employees. Such share-based compensation is recognized at the time the shares vest.

Item 14. Principal Accounting Fees and Services.

Fruci & Associates II, PLLC is the Company's independent registered public accounting firm.

The following table presents fees for professional audit services rendered by our independent registered public accounting firm during the past two fiscal years.

	Fiscal 2020	Fiscal 2019
Audit fees	$ 21,000	$ 17,700
Audit related fees		
Tax fees		
All other fees		
Total	$ 21,000	$ 17,700

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Consistent with SEC policies regarding auditor independence, our board of directors has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. In recognition of this responsibility, the board of directors has established a policy to pre-approve all audit and permissible non-audit services provided by the independent auditor.

Prior to engagement of the independent auditor for the next year's audit, management will submit an aggregate of services expected to be rendered during that year for each of four categories of services to the board of directors for approval.

1. ***Audit*** services include audit work performed in the preparation of financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters and reviews of our financials statements included in our Quarterly Reports on Form 10-Q.

2. ***Audit-Related*** services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

3. ***Tax*** services include all services performed by the independent auditor's tax personnel except those services specifically related to the audit of the financial statements, and includes fees in the areas of tax compliance, tax planning, and tax advice.

4. ***Other*** services are those associated with services not captured in the other categories. We generally do not request such services from the independent auditor.

PART IV

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS.

Exhibit Number	Description
2.1	Asset Purchase Agreement, dated November 23, 2010, between Valuesetters, Inc. and NetGames.com, incorporated by reference to Exhibit 2.1 to our Form 10/A dated July 25, 2014.
3.1	Articles of Incorporation of Valuesetters, Inc. filed on April 25, 1984, incorporated by reference to Exhibit 3.1 to our Form 10 dated September 3, 2013.
3.2	Amendment to Articles of Incorporation of Valuesetters, Inc. filed on September 7, 1999, incorporated by reference to Exhibit 3.2 to our Form 10 dated September 3, 2013.
3.3	Amendment to Articles of Incorporation of Valuesetters, Inc. filed on December 4, 2003, incorporated by reference to Exhibit 3.3 to our Form 10 dated September 3, 2013.
3.4	By-Laws of Valuesetters, Inc, incorporated by reference to Exhibit 3.4 to our Form 10 dated September 3, 2013.
10.1	Amended Secured Lending Agreement between Valuesetters, Inc. and Vaxstar LLC incorporated by reference to Exhibit 10.1 to our Form 10/A dated July 25, 2014 and to our Current Report on Form 8-K dated October 31, 2017.
31.1	Certification by the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
31.2	Certification by the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).*
32.1	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification by the Principal Financial Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* filed herewith

SIGNATURES

Pursuant to the requirements of Section 12 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.

Date: August 10, 2020

VALUESETTERS, INC.

By: *_/s/ Cecilia Lenk_*
Cecilia Lenk
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

By: *_/s/ Coreen Kraysler_*
Coreen Kraysler
Chief Financial Officer
(Principal Financial Officer)

/s/ Avi Liss Avi Liss	Secretary and Director	August 10, 2020
/s/ Thomas Carmody Thomas Carmody	Director	August 10, 2019
/s/ Steven Geary Steven Geary	Director	August 10, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Valuesetters, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Valuesetters, Inc. (“the Company”) as of April 30, 2020 and 2019, and the related consolidated statements of operations, stockholders’ equity (deficit), and cash flows for each of the years in the two-year period ended April 30, 2020, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the two-year period ended April 30, 2020, in conformity with accounting principles generally accepted in the United States of America.

Going Concern

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

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Fruci & Associates II, PLLC

We have served as the Company’s auditor since 2017.

Spokane, Washington
August 10, 2020

VALUESETTERS, INC.
Consolidated Balance Sheets

	April 30, 2020	April 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 11,206	$ 19,110
Accounts receivable, net of allowance for doubtful accounts of $0 in 2020 and $6,750 in 2019	—	6,000
Contract assets	—	15,000
Deferred income tax asset	180,000	—
Prepaid expenses	465,555	25,699
Total current assets	656,761	65,809
Deposits	6,300	6,300
Non-current prepaid expenses	143,455	—
Investments at cost	1,406,982	647,317
Total assets	$ 2,213,498	$ 719,426
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable		
Trade	$ 278,752	$ 278,752
Related party	16,680	16,680
Accrued expenses	149,835	131,155
Deferred revenue - current	656	15,711
Notes payable – related parties	15,000	76,100
Secured noted payable to related party	1,000,000	—
Loan payable – bank	34,324	34,324
Interest payable – related party	31,235	24,102
Demand notes payable	7,860	7,860
Total current liabilities	1,534,342	584,684
Long-term secured note payable to related party	—	1,000,000
	1,534,342	1,584,684
Commitments and Contingencies	—	—
Stockholders' equity (deficit):		
Common stock, $.001 par value; 900,000,000 shares authorized, 831,269,212 and 752,519,212 shares issued and outstanding in 2020 and 2019, respectively	831,269	752,519
Capital in excess of par value	2,310,169	1,449,356
Accumulated deficit	(2,462,282)	(3,067,133)
Total stockholders' equity (deficit)	679,156	(865,258)
Total liabilities and stockholders' equity (deficit)	$ 2,213,498	$ 719,426

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.
Consolidated Statements of Operations

	Years Ended April 30, 2020	Years Ended April 30, 2019
Revenues	$ 1,753,558	$ 1,013,612
Costs of revenues	11,105	25,198
Gross profit	1,742,453	988,414
Cost and expenses:		
Consulting fees	102,600	168,300
Marketing	12,863	18,518
Rent	50,769	51,038
Bad debt provision	—	6,750
General and administrative	72,747	54,222
Stock-based compensation	356,252	65,153
Total costs and expenses	595,231	363,981
Income from operations	1,147,222	624,433
Other income (expense)		
Interest expense	(18,879)	(19,408)
Realized loss on sale of investments	(527,540)	—
Impairment loss	(185,952)	(23,000)
Other income	10,000	4,600
Total other income (expense)	(722,371)	(37,808)
Net income before taxes	424,851	586,625
Net income tax (expense) benefit		
Income taxes	(129,000)	(3,745)
Change in deferred tax assets	309,000	—
Net income tax (expense) benefit	180,000	(3,745)
Net income	$ 604,851	$ 582,880
Basic and diluted earnings per share	$ 0.00	$ 0.00
Basic and diluted Weighted average number of shares outstanding	804,568,578	741,721,963

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.
Consolidated Statements of Stockholders' Equity (Deficit)
For the years ended April 30, 2020 and 2019

	Shares	Amount	Capital in Excess of Par Value	Accumulated Deficit	Total Equity (Deficit)
Balance, April 30, 2018	731,694,210	$ 731,694	$ 1,434,328	$ (3,650,013)	$ (1,483,991)
Net loss, July 31, 2018	—	—	—	(7,207)	(7,207)
Q1 stock-based compensation	3,937,501	3,938	2,757	—	6,695
Q1 stock issued for purchase	200,000	200	500	—	700
Balance, July 31, 2018	735,831,711	735,832	1,437,585	(3,657,220)	(1,483,803)
Net loss, October 31, 2018	—	—	—	(20,355)	(20,355)
Q2 stock-based compensation	8,262,501	8,262	3,946	—	12,208
Q2 sale of common stock	2,800,000	2,800	2,200	—	5,000
Balance, October 31, 2018	746,894,212	746,894	1,443,731	(3,677,575)	(1,486,950)
Net income, January 31, 2019	—	—	—	12,391	12,391
Q3 stock-based compensation	2,812,500	2,813	562	—	3,375
Balance, January 31, 2019	749,706,712	749,707	1,444,293	(3,665,184)	(1,471,184)
Net income, April 30, 2019	—	—	—	598,051	598,051
Q4 stock-based compensation	2,812,500	2,812	5,063	—	7,875
Balance, April 30, 2019	752,519,212	752,519	1,449,356	(3,067,133)	(865,258)
Net income, July 31, 2019	—	—	—	24,475	24,475
Q1 stock-based compensation	2,812,500	2,813	16,875	—	19,688
Balance, July 31, 2019	755,331,712	755,332	1,466,231	(3,042,658)	(821,095)
Net income, October 31, 2019	—	—	—	542,451	542,451
Q2 stock-based compensation	75,312,500	75,312	842,031	—	917,343
Balance, October 31, 2019	830,644,212	830,644	2,308,262	(2,500,207)	638,699
Net income, January 31, 2020	—	—	—	595,174	595,174
Q3 stock-based compensation	312,500	313	1,187	—	1,500
Balance, January 31, 2020	830,956,712	830,957	2,309,449	(1,905,033)	1,235,373
Net loss, April 30, 2020	—	—	—	(5577,249)	(557,249)
Q4 stock-based compensation	312,500	312	720	—	1,032
Balance, April 30, 2020	831,269,212	$ 831,269	$ 2,310,169	$ (2,462,282)	$ 679,156

See Accompanying Notes to the Financial Statements

VALUESETTERS, INC.

Consolidated Statements of Cash Flows

	Year Ended April 30, 2020	Year Ended April 30, 2019
Operating activities		
Net income	$ 604,851	$ 582,880
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Stock-based compensation	356,252	65,153
Depreciation	—	—
Impairment of assets	185,952	23,000
Realized loss on sale of investment	527,540	—
Changes in deferred assets	(180,000)	
Provision for bad debts	—	6,750
Changes in non-cash working capital balances:		
Accounts receivable	6,000	(6,000)
Investments	(1,538,980)	(647,317)
Contract receivable	15,000	(280,683)
Other assets	—	—
Accounts payable	—	(235)
Interest payable – related party	16,156	16,112
Accrued expenses	18,680	(9,611)
Deferred revenue	(15,055)	280,509
Cash provided by (used in) operating activities	(3,604)	30,558
Financing activities		
Payments on bank loan	—	(3,163)
Payment on demand note	—	(14,940)
Payment on related party notes	(4,300)	—
Proceeds from sale of common stock	—	5,000
Cash used in financing activities	(4,300)	(13,103)
Increase (decrease) in cash and cash equivalents during the period	(7,904)	17,455
Cash and cash equivalents, beginning of the period	19,110	1,655
Cash and cash equivalents, end of the period	$ 11,206	$ 19,110
Cash paid for:		
Interest	$ 2,723	$ 6,125
Income taxes	$ —	$ —

See Accompanying Notes to the Financial Statements

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentrations

ValueSetters, Inc. ("ValueSetters," "we," "our," or the "Company") is a provider of consulting services, subscription services, advertising and digital goods using technology distribution platforms like the Internet and mobile devices in the media and entertainment markets.

The financial statements are presented in United States dollars and have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company's fiscal year end is April 30.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary after elimination of significant intercompany balances and transactions.

Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the reversal of deferred tax liabilities during the period in which related temporary differences become deductible. Based upon several profitable quarters over the past two years, and the Company's ability to generate operating income of $1,147,222 and $624,433 in fiscal 2020 and 2019, respectively, and taxable income in both fiscal years, the Company recorded a current deferred tax asset of $180,000 as of April 30, 2020, and reduced the valuation allowance to zero dollars, as it is more likely than not that the deferred tax asset will be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the tax authorities. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest related to unrecognized tax benefits in interest expense and penalties in income tax expense. The Company has determined that it had no significant uncertain tax positions requiring recognition or disclosure.

Revenue Recognition under ASC 606

The Company adopted ASC 606 for the year ended April 30, 2019 on a modified retrospective basis. The Company had no material contracts outstanding at the prior year-end, and consequently there were no material effects upon adoption or on prior period activity. The Company recognizes service revenue from its consulting contracts and its game website using the five-step model as prescribed by ASC 606:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as, the Company satisfies a performance obligation.

The Company identifies performance obligations in contracts with customers, which primarily are professional services and subscription services. The transaction price is determined based on the amount the Company expects to be entitled to receive in exchange for transferring the promised services to the customer. The transaction price in the contract is allocated to each distinct performance obligation in an amount that represents the relative amount of consideration expected to be received in exchange for satisfying each performance obligation. Revenue is recognized when performance obligations are satisfied. The Company usually bills its customers before it provides any services, and begins performing services after the first payment is received. Contracts are typically one year or less. For larger contracts, in addition to the initial payment, the Company may allow for progress payments throughout the term of the contract.

Judgments and Estimates

The estimation of variable consideration for each performance obligation requires the Company to make subjective judgments. The Company enters into contracts with customers that regularly include promises to transfer multiple services, such as digital marketing, web-based videos, offering statements, and professional services. For arrangements with multiple services, the Company evaluates whether the individual services qualify as distinct performance obligations. In its assessment of whether a service is a distinct performance obligation, the Company determines whether the customer can benefit from the service on its own or with other readily available resources, and whether the service is separately identifiable from other services in the contract. This evaluation requires the Company to assess the nature of each individual service offering and how the services are provided in the context of the contract, including whether the services are significantly integrated, highly interrelated, or significantly modify each other, which may require judgment based on the facts and circumstances of the contract.

When agreements involve multiple distinct performance obligations, the Company allocates arrangement consideration to all performance obligations at the inception of an arrangement based on the relative standalone selling prices (SSP) of each performance obligation. Where the Company has standalone sales data for its performance obligations which are indicative of the price at which the Company sells a promised service separately to a customer, such data is used to establish SSP. In instances where standalone sales data is not available for a particular performance obligation, the Company estimates SSP by the use of observable market and cost-based inputs. The Company continues to review the factors used to establish list price and will adjust standalone selling price methodologies as necessary on a prospective basis.

Service Revenue

Service revenue from subscriptions to the Company's game website is recognized over time on a ratable basis over the contractual subscription term beginning on the date that the platform is made available to the customer. Payments received in advance of subscription services being rendered are recorded as a deferred revenue. Professional services revenue is recognized over time as the services are rendered. Consequently, when an upfront fee does not relate to the transfer of a promised good or service, the fee is an advance payment for future goods or services and the Company does not recognize the fee as revenue until the future services are provided.

When a contract with a customer is signed, the Company assesses whether collection of the fees under the arrangement is probable. The Company estimates the amount to reserve for uncollectible amounts based on the aging of the contract balance, current and historical customer trends, and communications with its customers. These reserves are recorded as operating expenses against the contract asset (Accounts Receivable).

Contract Assets

Contract assets are recorded for those parts of the contract consideration not yet invoiced but for which the performance obligations are completed. The revenue is recognized when the customer receives services. Contract assets are included in other current assets in the consolidated balance sheets and will be recognized during the succeeding twelve-month period .

Deferred Revenue

Deferred revenues represent billings or payments received in advance of revenue recognition and is recognized upon transfer of control. Balances consist primarily of annual plan subscription services and professional and training services not yet provided as of the balance sheet date. Deferred revenues that will be recognized during the succeeding twelve-month period are recorded as current deferred revenues in the consolidated balance sheets, with the remainder recorded as other non-current liabilities in the consolidated balance sheets.

Costs to Obtain a Customer Contract
Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized as other current or non-current assets and amortized on a straight-line basis over the life of the contract, which approximates the benefit period. The benefit period was estimated by taking into consideration the length of customer contracts, technology lifecycle, and other factors. All sales commissions are recorded as consulting fees within the Company's consolidated statement of operations.

Remaining Performance Obligations
The Company's subscription terms are typically less than one year. All of the Company's revenues in the years ended April 30, 2020 and 2019, which amounted to $1,753,558 and $1,013,612, respectively, are considered contract revenues. Contract revenue as of April 30, 2020 and 2019, which has not yet been recognized, amounted to $656 and $15,711, respectively, and is recorded on the balance sheet as deferred revenue. The Company expects to recognize revenue on all of its remaining performance obligations over the next 12 months.

Costs of Services

Costs of services consist of direct costs that we pay to third parties in order to provide the services that generate revenue.

Earnings Per Share

Earnings per share is computed by dividing net income by the weighted-average number of shares outstanding. To the extent that stock options and convertible debt are anti-dilutive, they are excluded from the calculation of diluted earnings per share. As of April 30, 2019, the Company had stock options outstanding to purchase 18,000,000 shares of common stock at $0.03 per share, which were not considered in the earnings per share calculation because of their anti-dilutive effect. See Note 9. The options expired on May 7, 2019 and no options were outstanding as of April 30, 2020.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. The Company did not have any cash equivalents during fiscal 2020 and 2019. The Company uses one financial institution for its cash balances and on occasion maintains cash balances that exceed federally insured limits.

Stock-Based Compensation

The Company accounts for employee stock-based compensation in accordance with the guidance of FASB ASC Topic 718, Compensation – Stock Compensation which requires all share-based payments to employees, including the vesting of restricted stock grants to employees, to be recognized in the financial statements based on their fair values. The fair value of the equity instrument is charged directly to compensation expense and credited to common stock and capital in excess of par value during the period during which services are rendered.

In June 2018, the FASB issued ASU 2018-07, Improvement to Nonemployee Share-based Payment Accounting, which simplifies the accounting for share-based payments. The company elected early adoption of this ASU, using the modified retrospective approach, so that all stock compensation to employees and nonemployees is treated under the same guidance as in ASC 718. No outstanding stock option grants were required to be revalued upon the adoption of this ASU.

Advertising Expenses

Advertising and marketing expenses are recorded separately in the Statements of Operations and are expensed as incurred.

Investments

Investments are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company holds three investments that are recorded on its balance sheet. The Company owns 2,350,000 membership interest units of Deuce Drone LLC, at a cost of $0.35 per unit, for a total value of $822,500. The Company owns 300,000 membership interest units of Kingscrowd LLC, at a cost of $1.80 per unit, for a total value of $540,000. The Company owns 488 membership interest units of Netcapital Systems LLC, at cost minus impairment of $91.15 per unit, for a total value of $44,482.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. The most significant estimate relates to investments and the accruals for income tax valuation allowance. On a continual basis, management reviews its estimates, utilizing currently available information, changes in facts and circumstances, historical experience and reasonable assumptions. After such reviews, and if deemed appropriate, those estimates are adjusted accordingly. Actual results could differ from those estimates.

Determination of Fair Value

Cash and cash equivalents, accounts receivable, and accounts payable

In general, carrying amounts approximate fair value because of the short maturity of these instruments.

Deferred Revenue

Deferred Revenue represents revenues collected but not earned as of the year end. The Company renders services, or rights to use its software, over a specific time period and revenues are recognized as earned as time passes.

Debt

At April 30, 2020 and 2019, the Company's secured debt was carried at its face value plus accrued interest. Based on the financial condition of the Company, it is impracticable for the Company to estimate the fair value of its debt.

The Company has no instruments with significant off balance sheet risk.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments-Credit Losses*. The new guidance provides better representation about expected credit losses on financial instruments. This update requires the use of a methodology that reflects expected losses and requires consideration of a broader range of reasonable and supportive information to inform credit loss estimates. This ASU is effective for reporting periods beginning after December 15, 2022, with early adoption permitted. The company is studying the impact of adopting the ASU in fiscal year 2023, and what effect it could have. The Company believes the accounting change would not have a material effect on the financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820), which makes modifications to disclosure requirements on fair value measurements. The amendment is effective for public companies with fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its consolidated financial statements.

In August 2018, the FASB issued 2018-15, Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40), which reduces complexity for the accounting for costs of implementing a cloud computing service arrangement. The amendment is effective for public companies with fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company is currently assessing the impact of this pronouncement to its consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07, Improvement to Nonemployee Share-based Payment Accounting, which simplifies the accounting for share-based payments. The company elected early adoption of this ASU, using the modified retrospective approach, so that all stock compensation to employees and nonemployees is treated under the same guidance as in ASC 718.

In December 2019, the FASB issued Accounting Standard Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* (ASU 2019-12), which simplifies the accounting for income taxes. This guidance will be effective for us in the first quarter of 2021 on a prospective basis, and early adoption is permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standards could have a material effect on the accompanying financial statements. As new accounting pronouncements are issued, we will adopt those that are applicable under the circumstances.

2. <u>Going Concern Matters and Realization of Assets</u>

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the ordinary course of business. However, the Company had negative working capital of $1,057,581 as of April 30, 2020. In addition, the Company is not certain how the COVID-19 pandemic will impact its future operations. Furthermore, the Company may not be able to meet its obligations as they become due. Although the Company borrowed an aggregate of $2,385,800 in May and June of 2020 from the U.S. Small Business Administration, and believes it may have the cash resources to fund its continuing operations, it may not be able to generate the cash flow it needs to make debt and interest payments, including a principal payment of $1,000,000 that is due on October 31, 2020 to a related party. Accordingly, the management of the Company has concluded that there is substantial doubt about the Company's ability to continue as a going concern within one year after the date of these financial statements.

The Company may not be able to raise sufficient additional debt, equity or other cash on acceptable terms, if at all. Failure to generate sufficient revenues, achieve certain other business plan objectives or raise additional funds could have a material adverse effect on the Company's results of operations, cash flows and financial position, including its ability to continue as a going concern, and may require it to significantly reduce, reorganize, discontinue or shut down its operations.

In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company which, in turn, is dependent upon the Company's ability to meet its financing requirements on a continuing basis, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in its existence. Management's plans include:

1. Seek to merge its business operations with some of the revenue-generating early-stage companies that it has incubated. The Company already owns a portion of more than a dozen companies, and believes that the combination of some of those entities with ValueSetters will provide an efficient use of fixed overhead and create additional cash flow from operations.

2. Continue to look for software niches and digital products that can be sold via an Internet-based store.

3. Continue to provide consulting services and continue to charge both a cash fee and an equity-based fee, when possible, in exchange for these services.

There can be no assurance that the Company will be able to achieve or maintain cash-flow-positive operating results. If the Company is unable to generate adequate funds from operations or raise sufficient additional funds, the Company may not be able to repay its existing debt, continue to operate its business network, respond to competitive pressures or fund its operations. As a result, the Company may be required to significantly reduce, reorganize, discontinue or shut down its operations. The financial statements do not include any adjustments that might result from this uncertainty.

3. Debt

The following table summarizes components debt as of April 30, 2020 and 2019:

	2020	2019	Interest Rate
Secured lender (affiliate)	$ 1,000,000	$ 1,000,000	1.25%
Notes payable – related parties	15,000	76,100	0.0%
Demand notes payable	7,860	7,860	0.0 – 10.0%
Loan payable – bank	34,324	34,324	5.5%
Total Debt	$ 1,057,184	$ 1,118,284	

As of April 30, 2020 and 2019, the Company owed its principal lender ("Lender") $1,000,000 under a loan and security agreement ("Loan") dated April 28, 2011, that was amended on July 26, 2014 and again on October 31, 2017. The Lender is also the largest shareholder of the Company, owning 271,371,454 shares of common stock, or 32.6% of the 831,269,212 shares issued and outstanding, as of April 30, 2020.

The Loan was amended on October 31, 2017 to change the maturity date to October 31, 2020, reduce the interest rate from 8% to 1.25% per annum, and reduce the default interest rate from 15% to 8% per annum (the "Amendments"). In conjunction with the Amendments, the Lender also agreed to reduce the total debt and accrued interest payable by $453,031 to $1,000,000, in exchange for the Company issuing to the Lender 44,198,246 shares of its common stock. Consequently, upon issuance of the 44,198,246 shares, the Company recorded an increase of $44,198 in common stock and $408,833 in capital in excess of par value.

In connection with the financing, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell, lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures. To secure the payment of all obligations to the Lender, the Company granted to the Lender a continuing security interest and first lien on all of the assets of the Company.

As of April 30, 2020 and 2019, the Company's related-party unsecured notes payable totaled $15,000 and $76,100, respectively. The Company also owes $34,324 as of April 30, 2020 and 2019 to Chase Bank. For the loan from Chase Bank, the Company pays interest only on a monthly basis, which is calculated at a rate of 5.5% per annum.

The debt to Chase Bank had been personally guaranteed by a former Chief Executive Officer and Chairman of the Board (the "Former CEO"). The Former CEO sold shares of the Company to a third-party, and in addition to payments to the Former CEO, the contract of sale required the third-party make monthly payments to Chase Bank to pay down the money owed to Chase Bank. Total payments received from the third-party in fiscal 2020 and 2019 amounted to $0 and $4,600, respectively. The receipt of the $4,600 in fiscal 2019 was recorded as other income.

In fiscal 2020, the Company received a $10,000 advance from the U.S. Small Business Administration ("SBA") in conjunction with an Economic Injury Disaster Loan application. Based upon SBA information regarding the advance payments that were made to U.S. businesses, the Company considers the $10,000 received as a grant and recorded the $10,000 as other income.

Demand notes payable totaled $7,860 as of April 30, 2020 and 2019.

4. Fair Value Measurements

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of financial instruments on a recurring basis.

Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Determination of Fair Value

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Company bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

See Note 1 for a description of valuation methodologies used for assets and liabilities recorded at fair value and for estimating fair value where it is practicable to do so for financial instruments not recorded at fair value (disclosures required by the Fair Value Measurements Topic of the FASB Accounting Standards Codification).

5. Income Taxes

The Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017. Among numerous provisions, the Tax Act reduced the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred, and creates new taxes on certain foreign sourced earnings. As a result of the Tax Act, the Company remeasured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%.

As of April 30, 2020, the Company had net operating loss carryforwards for Federal income tax purposes of approximately $700,000 expiring in the years of 2021 through 2034. Utilization of the net operating losses may be subject to annual limitations provided by Section 382 of the Internal Revenue Code and similar state provisions.

Deferred income taxes 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 and liabilities as of April 30, 2020 and 2019 were as follows:

	2020	2019
Deferred tax assets, net:		
Net operating loss carryforwards	$ 140,000	$ 1,300,000
Asset impairment loss	40,000	—
Deferred tax assets	180,000	1,300,000
Valuation allowance		(1,300,000)
Net deferred assets	$ 180,000	$ —

At April 30, 2020, the Company had net deferred tax assets calculated at an expected rate of 21%, or approximately $180,000. At April 30, 2019, the Company recognized the net deferred asset to the extent of the impact on current book earnings. Effective April 30, 2020, Company management believes that historical, current and expected earnings are sufficient to meet the more likely than not standard to enable the Company to recognize the net deferred tax asset. As allowable under accounting standards, the Company elected to fully remove the valuation allowance as of April 30, 2020.

The following is a reconciliation of the tax provisions for the years ended April 30, 2020 and 2019 with the statutory Federal income tax rates:

	Percentage of Pre-Tax Income	
	2020	2019
Statutory Federal income tax rate	21.0%	21.0%
Loss generating no tax benefit	(21.0)	(21.0)
Effective tax rate	—	—

The Company recorded no interest and penalties relating to unrecognized tax benefits as of and during the years ended April 30, 2020 and 2019. The Company is subject to U.S. federal income tax, as well as taxes by various state jurisdictions. The Company is currently open to audit under the statute of limitations by the federal and state jurisdictions for the years ending April 30, 2018 through 2020.

6. Commitments and Contingencies

Litigation

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability, if any, is not likely to have a material effect on the financial condition, results of operations or liquidity of the Company. However, as the outcome of litigation or legal claims is difficult to predict, significant changes in the estimated exposures could occur. There are no known legal complaints or claims against the Company.

The Company utilizes office space in Boston, Massachusetts, at a cost of approximately $4,200 per month, under a month-to-month lease agreement that allows the company to end its lease by providing 30-day written notice. The lease agreement includes a deposit of $6,300.

7. Stockholders' Equity (Deficit)

The Company is authorized to issue 900,000,000 shares of its common stock, par value $0.001. 831,269,212 and 752,519,212 shares were outstanding as of April 30, 2020 and 2019, respectively.

In fiscal 2020, 78,750,000 shares were issued for stock-based compensation. In fiscal 2019, 17,825,002 shares were issued for stock-based compensation, 2,800,000 shares were issued in conjunction with a private placement memorandum for the private sale of common stock, and 200,000 shares were issued for the purchase of an Internet game company.

For the years ended April 30, 2020 and 2019, the Company recorded $356,252 and $65,153, respectively, in stock-based compensation expense. As of April 30, 2020 and 2019, there was $609,010 and $25,699 of prepaid stock-based compensation expense. The prepaid expense was recorded from the issuance of shares of our common stock. 25 million shares of our common stock, valued at $305,000, were issued on September 7, 2019 for consulting services for the service period from September 7, 2019 to August 31, 2021, which accounts for $205,580 of the prepaid expense at April 30, 2020. The remaining $403,430 in prepaid expenses as of April 30, 2020 is the result of the issuance of 50 million shares of our common stock, valued initially at $610,000, for services of our Chief Executive Officer and Chief Financial Officer for the service period from September 9, 2019 to July 31, 2021. The prepaid balances are being amortized on a straight-line basis over the respective service periods.

On May 7, 2014, the Company granted 5-year stock options that fully vest over a three-year period to three consultants. Each consultant was granted an option to purchase up to 6 million shares of the Company's common stock at a price of $0.03 per share. The Company entered consulting agreements to issue common stock and options to purchase common stock and recorded the applicable non-cash expense in accordance with the authoritative guidance of the Financial Accounting Standards Board. All such stock option grants expired on May 7, 2019 and none of the option holders exercised their option to buy common stock.

The table below presents the components of stock-based compensation expense for the years ended April 30, 2020 and 2019.

Description	April 30, 2020	April 30, 2019
Chief Executive Officer	$ 112,035	$ 9,063
Chief Financial Officer	112,035	9,063
Chief Marketing Officer	7,061	2,313
Related party consultant	49,711	—
Marketing consultant	25,699	34,999
Marketing consultant	—	1,700
Marketing consultant		7,140
Marketing consultant	—	875
Business consultant	49,711	—
Total	$ 356,252	$ 65,153

The table below presents the shares issued as compensation for the years ended April 30, 2020 and 2019:

Description	Year Ended April 30, 2020	Year Ended April 30, 2019
Chief Executive Officer	26,250,000	5,375,000
Chief Financial Officer	26,250,000	5,375,000
Chief Marketing Officer	1,250,000	1,250,000
Related party consultant	12,500,000	—
Business consultant	12,500,000	—
Marketing consultant	—	625,002
Marketing consultant	—	1,000,000
Marketing consultant	—	4,200,000
Total	78,750,000	17,825,002

The table below presents the prepaid compensation expense as of April 30, 2020 and 2019:

Description	Year Ended April 30, 2020	Year Ended April 30, 2019
Chief Executive Officer	$ 201,715	$ —
Chief Financial Officer	201,715	—
Related party consultant	102,790	—
Business consultant	102,790	—
Marketing consultant	—	25,699
Total	$ 609,010	$ 25,699

The following tables present the outstanding and exercisable options, and the new issuances and deletions for the two-year period ended April 30, 2020.

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
As of April 30, 2019					
$0.03	18,000,000	0.02	$ 0.03	18,000,000	$ 0.03
As of April 30, 2020					
	-	-	$ -	-	$ -

	Number of Shares	Exercise Price Per Share	Average Exercise Price
Outstanding April 30, 2018	18,000,000	$ 0.03	$ 0.03
Granted during year ended April 30, 2019	-	-	-
Exercised/canceled during year ended April 30, 2019	-	-	-
Outstanding April 30, 2019	18,000,000	$ 0.03	$ 0.03
Granted during year ended April 30, 2020	-	-	-
Exercised/canceled during year ended April 30, 2020	(18,000,000)	$ 0.03	$ 0.03
Outstanding April 30, 2020	-	$ -	$ -
Options exercisable, April 30, 2020	-	$ -	$ -

8. <u>Earnings Per Common Share</u>

Earnings per common share data was computed as follows:

	2020	2019
Net income	$ 604,851	$ 582,880
Weighted average common shares outstanding	804,568,578	741,721,963
Effect of dilutive securities	—	—
Weighted average dilutive common shares outstanding	804,568,578	741,721,963
Earnings per common share – basic	$ 0.00	$ 0.00
Earnings per common share – diluted	$ 0.00	$ 0.00

No dilutive securities existed as of April 30, 2020. For the year ended April 30, 2019 the Company excluded 18,000,000 shares of common stock issuable upon the exercise of outstanding stock options from the calculation of earnings per share because the exercise price of the stock options was greater than the closing market price of the common stock on April 30, 2019, and the effect would be anti-dilutive.

9. <u>Related Party Transactions</u>

Our largest shareholder, Vaxstar LLC, is also our working capital lender. As of April 30, 2020 and 2019, we owe our largest shareholder $1,000,000, under a term note agreement that bears interest at an annual rate of 1.25%. We have not made any principal or interest payments to our working capital lender. Unpaid interest has been accrued. Our Chief Executive Officer is also the Chief Executive Officer of Vaxstar LLC.

In connection with the financing, the Company has agreed to certain restrictive covenants, including, among others, that the Company may not convey, sell, lease, transfer or otherwise dispose of any part of its business or property, except as permitted in the agreement, dissolve, liquidate or merge with any other party unless, in the case of a merger, the Company is the surviving entity, incur any indebtedness except as defined in the agreement, create or allow a lien on any of its assets or collateral that has been pledged to the Lender, make any loans to any person, except for prepaid items or deposits incurred in the ordinary course of business, or make any material capital expenditures.

Compensation to officers in the years ended April 30, 2020 and 2019 consisted of common stock valued at $231,131 and $20,438, respectively, and cash compensation of $72,000 and $125,000, respectively.

Compensation to a related party consultant in the years ended April 30, 2020 and 2019 consisted of common stock valued at $49,711 and $0, respectively, and cash compensation of $26,200 and $10,000, respectively.

We owe Steven Geary, a director, $31,680 as of April 30, 2020 and 2019. This obligation is not interest bearing. $16,680 is recorded as a related party trade accounts payable and $15,000 as a related party note payable. We have no signed agreements for the indebtedness to Mr. Geary.

As of April 30, 2019, we owed $61,000 to a company controlled by one of our directors. Payment in full was rendered to the related party with cash payments during fiscal 2020 of $4,300 and by the sale of membership interest units (the "Units") of Netcapital Systems LLC ("Netcapital") on April 30, 2020. 722 Units were sold to the related party at a price of $91.15 per Unit for a total of $65,823, which paid off all remaining debt and accrued interest payable to the related party. The price per Unit was similar to an offer to purchase Units directly from Netcapital.

The carrying amount of the 722 Units was $659,186, and the sale resulted in a realized loss of $527,540. Based upon the price of $91.15 per Unit, for the year ended April 30, 2020, the Company recorded an impairment loss of $185,952, which is not tax deductible, on the remaining Units in its possession.

10. Investments

During fiscal 2019, the Company entered into a consulting contract with NetCapital, which allowed the Company to receive up to 1,000 membership interest units of NetCapital in return for consulting services. As of April 30, 2020, 960 membership units were earned. The Company initially earned 709 membership interest units in fiscal 2019 and valued the 709 membership interest units at $647,317, based upon a private sale of Netcapital membership interest units in which an accredited investor purchased Netcapital membership interest units at a per unit price of $913 in an arms-length transaction. Such value was consistent with the standard hourly billing rate of $500 per hour charged by the Company for consulting services. The services rendered by the Company aggregated approximately 1,250 hours.

The Company continued to earn additional membership interest units of Netcapital in fiscal 2020, and for three quarters, recorded the membership interest units at a value of $913 per until. However, as part of a tax-planning strategy, upon receiving notice of a proposed sale of membership interest units by Netcapital, the Company sold 722 Units on April 30, 2020 and incurred a realized loss on the sale of such units of $527,540. As of April 30, 2020, the Company owns 488 units of Netcapital at cost minus impairment value of $91.15 per unit, or $44,482 in total.

On January 2, 2020, the Company entered into a consulting contract with Deuce Drone LLC (“Drone”), which allowed the Company to receive up to 2,350,000 membership interest units of Drone in return for consulting services. The Company earned all 2,350,000 membership interest units in fiscal 2020. The Drone units are valued at $0.35 per unit based on a sales price of $0.35 per unit when the units were earned, or $822,500. Drone is currently selling Drone units for $1.00 per unit on an online funding portal. The Company owns less than 20% of Drone.

In August 2019, the Company entered into a consulting contract with Kingscrowd LLC (“Kingscrowd”), which allowed the Company to receive 300,000 membership interest units of Kingscrowd in return for consulting services. The Kingscrowd units are valued at $1.80 per unit based on a sales price of $1.80 per unit when the units were earned, or $540,000. Kingscrowd units currently trade at a price of $1.80 per unit on a secondary trading platform. The Company owns less than 20% of Kingscrowd.

The following table summarizes the components of investments as of April 30, 2020 and 2019:

	April 30, 2020	April 30, 2019
Netcapital	$ 44,482	$ 647,317
Deuce Drone	822,500	—
Kingscrowd	540,000	—
Total Investments at cost	$ 1,406,982	$ 647,317

The above investments do not have a readily determinable fair value, as identified in ASC 321-10-35-2, and all investments are measured at cost less impairment. The Company monitors the investments for any changes in observable prices from orderly transactions.

During fiscal 2018, the Company acquired a 20% interest in AthenaSoft Corp., an entity that provides programming services and sales to its wholly owned subsidiary, AthenaSoft Inc. The Company has no influence over the operations of AthenaSoft Corp. and recorded its investment at cost, which amounted to $23,000. On April 30, 2019, the Company determined its investment in AthenaSoft Corp. was impaired.

The Company recorded a valuation loss on investments as of April 30, 2020 and 2019 of $185,952 and $23,000, respectively.

11. Concentrations

For the year ended April 30, 2020, the Company had one customer that constituted 47% of its revenues, a second customer that constituted 31% of its revenues and a third customer that accounted for 13% of its revenues. For the year ended April 30, 2019, the Company had one customer that constituted 65% of its revenues and a second customer that constituted 23% of its revenues.

12. Subsequent Events

The Company evaluated subsequent events through the date these financial statements were available to be issued.

On May 6, 2020 the Company borrowed $1,885,800 (the “May Loan”) and on June 17, 2020 the Company borrowed $500,000 (the “June Loan”) from a U.S. Small Business Administration (the "SBA") loan program. The May Loan has an initial terms of two years and an interest rate of 1% per annum.

The June Loan requires installment payments of $2,437 monthly, beginning on June 17, 2021 over a term of thirty years. Interest accrues at a rate of 3.75% per annum. The Company agreed to grant a continuing security interest in its assets to secure payment and performance of all debts, liabilities, and obligations to the SBA. The June Loan was personally guaranteed by the Company’s Chief Financial Officer.

On July 31, 2020 312,500 shares of the Company's common stock vested in accordance with the terms of a stock grant to the Company's Chief Marketing Officer.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cecilia Lenk, certify that:

1. I have reviewed this annual report on Form 10-K of ValueSetters, Inc.;

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 present in this report;

4. I am 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 13-a-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 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 evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financing 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: */s/ Cecilia Lenk*
Cecilia Lenk
Principal Executive Officer,
ValueSetters, Inc.

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Coreen Kraysler, certify that:

1. I have reviewed this annual report on Form 10-K of ValueSetters, Inc.;

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 present in this report;

4. I am 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 13-a-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 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 evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financing 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. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the 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 involved management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2020

By: */s/ Coreen Kraysler*
Coreen Kraysler
Principal Financial Officer
ValueSetters, Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of ValueSetters Inc. (the "Company"), on Form 10-K for the year ended April 30, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Cecilia Lenk, Principal Executive Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) Such Annual Report on Form 10-K for the year ended April 30, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Annual Report on Form 10-K for the year ended April 30, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2020

By: */s/ Cecilia Lenk*
Cecilia Lenk
Principal Executive Officer,
ValueSetters, Inc.

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002

In connection with this Annual Report of ValueSetters Inc. (the "Company"), on Form 10-K for the year ended April 30, 2020, as filed with the U.S. Securities and Exchange Commission on the date hereof, I, Coreen Kraysler, Principal Financial Officer of the Company, certify to the best of my knowledge, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

(3) Such Annual Report on Form 10-K for the year ended April 30, 2020, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(4) The information contained in such Annual Report on Form 10-K for the year ended April 30, 2020, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 10, 2020

By: */s/ Coreen Kraysler*

Coreen Kraysler
Principal Financial Officer
ValueSetters, Inc.