

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended September 30, 2023

OR

**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 **000-55323**

**Mentor Capital, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**77-0395098**

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

**5964 Campus Court, Plano, Texas 75093**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(760) 788-4700**

Securities registered pursuant to Section 12(b) of the Act: **N/A**

Title of each class to be so registered

Trading Symbols (s)

Name of each exchange on which each class is to be registered

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

**Common Stock**

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes . No .

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

At November 10, 2023, there were 22,686,105 shares of Mentor Capital, Inc.'s common stock outstanding and 11 shares of Series Q Preferred Stock outstanding.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements,” as defined in the United States Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities and Exchange Act 1934, as amended. All statements contained in this report, other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “seek,” “look,” “hope,” “intend,” “expect,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, acquisition plans, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions. For example, statements in this Form 10-Q regarding the potential future impact of inflation, interest rate increases, tax increases, tariff increases, recession, climate regulation, the COVID-19 outbreak, economic sanctions, cybersecurity risks, increased risk to oil markets, potential banking crises, future weakness in the credit markets, increased rates of default and bankruptcy, political change, the outbreak of war in Ukraine, and the Israel-Hamas war on the Company’s business and results of operations are forward-looking statements. Moreover, due to our past investments in the cannabis-related industry or other industries, we may be subject to heightened scrutiny, and our portfolio companies may be subject to additional laws, rules, regulations, and statutes. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this Form 10-Q may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

All references in this Form 10-Q to the “Company,” “Mentor,” “we,” “us,” or “our,” are to Mentor Capital, Inc.

MENTOR CAPITAL, INC.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**Mentor Capital, Inc.**

Condensed Consolidated Balance Sheets (Unaudited)

	September 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 470,732	\$ 789,930
Investments in securities, fair value	5,614	
Accounts receivable, net	730,157	633,778
Other receivable	20,374	230,322
Prepaid expenses and other current assets	98,796	66,000
<b>Total current assets</b>	<b>1,325,673</b>	<b>1,720,030</b>
<b>Property and equipment</b>		
Property and equipment	441,077	355,725
Accumulated depreciation and amortization	(259,199)	(208,847)
<b>Property and equipment, net</b>	<b>181,878</b>	<b>146,878</b>
<b>Other assets</b>		
Operating lease right-of-use assets	323,875	370,164
Finance lease right-of-use assets	1,560,757	895,323
Investment in account receivable, net of discount and current portion	224,500	315,309
Security Deposit	22,477	25,575
Long term investments	104,431	94,431
Goodwill	1,426,182	1,426,182
<b>Total other assets</b>	<b>3,662,222</b>	<b>3,126,984</b>
<b>Total assets</b>	<b>\$ 5,169,773</b>	<b>\$ 4,993,892</b>

See accompanying Notes to Financial Statements

**Mentor Capital, Inc.**

Condensed Consolidated Balance Sheets (Unaudited, Continued)

	September 30, 2023	December 31, 2022
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 51,632	\$ 32,092
Accrued expenses	602,529	658,743
Related Party Loans	50,545	-
Economic injury disaster loan, current portion	6,235	3,191
Finance lease liability, current portion	419,073	232,058
Operating lease liability, current portion	67,804	62,861
Current portion of long-term debt	-	29,011
<b>Total current liabilities</b>	<b>1,197,818</b>	<b>1,017,956</b>
<b>Long-term liabilities</b>		
Accrued salary, retirement, and incentive fee - related party	1,173,153	1,153,948
Economic injury disaster loan, net of current portion	51,797	157,869
Finance lease liability, net of current portion	1,069,810	575,852
Operating lease liability, net of current portion	256,071	307,303
Long term debt, net of current portion	-	54,865
<b>Total long-term liabilities</b>	<b>2,550,831</b>	<b>2,249,837</b>
<b>Total liabilities</b>	<b>3,748,649</b>	<b>3,267,793</b>
<b>Commitments and Contingencies</b>	<b>-</b>	<b>-</b>
<b>Shareholders' equity</b>		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; 11 and 11 shares issued and outstanding at September 30, 2023 and December 31, 2022*	-	-
Common stock, \$0.0001 par value, 75,000,000 shares authorized; 22,686,105 and 22,941,357 shares issued and outstanding at September 30, 2023 and December 31, 2022	2,269	2,294
Additional paid in capital	13,078,134	13,085,993
Accumulated deficit	(11,697,286)	(11,345,465)
Non-controlling interest	38,007	(16,723)
<b>Total shareholders' equity</b>	<b>1,421,124</b>	<b>1,726,099</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,169,773</b>	<b>\$ 4,993,892</b>

\*Par value is less than \$0.01.

See accompanying Notes to Financial Statements

**Mentor Capital, Inc.**

## Condensed Consolidated Income Statements (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Revenue</b>				
Service fees	\$ 2,151,811	\$ 1,910,131	\$ 6,432,616	\$ 5,610,158
Finance lease revenue	-	20,168	-	37,659
<b>Total revenue</b>	<b>2,151,811</b>	<b>1,930,299</b>	<b>6,432,616</b>	<b>5,647,817</b>
<b>Cost of sales</b>	<b>1,476,677</b>	<b>1,490,712</b>	<b>4,151,400</b>	<b>3,924,380</b>
<b>Gross profit</b>	<b>675,134</b>	<b>439,587</b>	<b>2,281,216</b>	<b>1,723,437</b>
Selling, general and administrative expenses	867,863	861,628	2,537,644	2,777,865
<b>Operating income (loss)</b>	<b>(192,729)</b>	<b>(422,041)</b>	<b>(256,428)</b>	<b>(1,054,428)</b>
<b>Other income and (expense)</b>				
Employee retention credits	-	-	6,921	1,350,161
Gain (loss) on investments	939	590	715	(39,661)
Interest income	10,730	12,887	27,564	40,632
Interest expense	(29,553)	(20,283)	(76,349)	(58,052)
Gain on asset disposal	-	-	-	56,455
Other income (expense)	1,021	56,128	14,430	58,026
Total other income and (expense)	(16,863)	49,322	(26,719)	1,407,561
<b>Income (loss) before provision for income taxes</b>	<b>(209,592)</b>	<b>(372,719)</b>	<b>(283,147)</b>	<b>353,133</b>
Provision for income taxes	-	800	13,944	47,690
<b>Net income (loss)</b>	<b>(209,592)</b>	<b>(373,519)</b>	<b>(297,091)</b>	<b>305,443</b>
Gain (loss) attributable to non-controlling interest	(36,429)	(134,695)	54,730	329,419
<b>Net income (loss) attributable to Mentor</b>	<b>\$ (173,163)</b>	<b>\$ (238,824)</b>	<b>\$ (351,821)</b>	<b>\$ (23,976)</b>
<b>Basic and diluted net income (loss) per Mentor common share:</b>				
Basic and diluted	\$ (0.008)	\$ (0.010)	\$ (0.015)	\$ (0.001)
<b>Weighted average number of shares of Mentor common stock outstanding:</b>				
Basic and diluted	22,749,918	22,941,357	22,864,781	22,941,357

See accompanying Notes to Financial Statements

**Mentor Capital, Inc.**  
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)  
For the Three Months Ended September 30, 2023 and 2022

	<b>Controlling Interest</b>					<b>Non- controlling equity (deficit)</b>	<b>Totals</b>		
	<b>Preferred stock</b>		<b>Common stock</b>		<b>Additional paid in capital</b>			<b>Accumulated equity (deficit)</b>	<b>Total</b>
	<b>Shares</b>	<b>\$0.0001 par*</b>	<b>Shares</b>	<b>\$0.0001 par</b>					
Balances at June 30, 2023	11	\$ -	22,941,357	\$ 2,294	\$ 13,085,380	\$ (11,524,123)	\$ 1,563,551	\$ 74,436	\$ 1,637,987
Treasury stock buy-backs			(255,252)	(25)	(7,246)		(7,271)		(7,271)
Net income (loss)	-	-	-	-	-	(173,163)	(173,163)	(36,429)	(209,592)
Balance at September 30, 2023	<u>11</u>	<u>\$ -</u>	<u>22,686,105</u>	<u>\$ 2,269</u>	<u>\$ 13,078,134</u>	<u>\$ (11,697,286)</u>	<u>\$ 1,383,117</u>	<u>\$ 38,007</u>	<u>\$ 1,421,124</u>
Balances at June 30, 2022	11	\$ -	22,941,357	\$ 2,294	\$ 13,085,992	\$ (10,659,231)	\$ 2,429,055	\$ 342,930	\$ 2,771,985
Net income (loss)	-	-	-	-	-	(238,824)	(238,824)	(134,695)	(373,519)
Balance at September 30, 2022	<u>11</u>	<u>\$ -</u>	<u>22,941,357</u>	<u>\$ 2,294</u>	<u>\$ 13,085,992</u>	<u>\$ (10,898,055)</u>	<u>\$ 2,190,231</u>	<u>\$ 208,235</u>	<u>\$ 2,398,466</u>

\*Par value of series Q preferred shares is less than \$1.

See accompanying Notes to Financial Statements

**Mentor Capital, Inc.**  
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)  
For the Nine Months Ended September 30, 2023 and 2022

	<b>Controlling Interest</b>				<b>Additional paid in capital</b>	<b>Accumulated equity (deficit)</b>	<b>Total</b>	<b>Non- controlling equity (deficit)</b>	<b>Totals</b>
	<b>Preferred stock</b>		<b>Common stock</b>						
	<b>Shares</b>	<b>\$0.0001 par*</b>	<b>Shares</b>	<b>\$0.0001 par</b>					
Balances at December 31, 2022	11	\$ -	22,941,357	\$ 2,294	\$ 13,085,993	\$ (11,345,465)	\$ 1,742,822	\$ (16,723)	\$ 1,726,099
Treasury stock buybacks	-	-	(255,252)	25	(7,859)	-	(7,884)	-	(7,884)
Net income (loss)	-	-	-	-	-	(351,821)	(351,821)	54,730	(297,091)
Balance at September 30, 2023	<u>11</u>	<u>\$ -</u>	<u>22,686,105</u>	<u>\$ 2,269</u>	<u>\$ 13,078,134</u>	<u>\$ (11,697,286)</u>	<u>\$ 1,383,117</u>	<u>\$ 38,007</u>	<u>\$ 1,421,124</u>
Balances at December 31, 2021	11	\$ -	22,850,947	\$ 2,285	\$ 13,071,655	\$ (10,874,079)	\$ 2,199,861	\$ (121,184)	\$ 2,078,677
Conversion of warrants to common stock	-	-	90,410	9	14,337	-	14,346	-	14,346
Net income (loss)	-	-	-	-	-	(23,976)	(23,976)	329,419	305,443
Balance at September 30, 2022	<u>11</u>	<u>\$ -</u>	<u>22,941,357</u>	<u>\$ 2,294</u>	<u>\$ 13,085,992</u>	<u>\$ (10,898,055)</u>	<u>\$ 2,190,231</u>	<u>\$ 208,235</u>	<u>\$ 2,398,466</u>

\*Par value of series Q preferred shares is less than \$1.

See accompanying Notes to Financial Statements



**Mentor Capital, Inc.**

## Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss)	\$ (297,091)	\$ 305,443
Adjustments to reconcile net (loss) to net cash provided by (used by) operating activities:		
Depreciation and amortization	50,352	51,847
Amortization of right of use asset	269,470	147,419
Gain on asset disposal	-	(26,168)
Bad debt expense	10,198	53,000
Amortization of discount on investment in account receivable	(27,091)	(38,754)
Decrease in accrued investment interest income	-	86,325
(Gain) loss on investment in securities at fair value	(715)	751
Gain on long-term investments	-	(41,326)
Increase (Decrease) in deposits	3,099	(8,000)
Decrease (increase) in operating assets		
Finance leases receivable	-	306,650
Accounts receivable - trade	(106,577)	121,730
Other receivables	209,948	(370,349)
Prepaid expenses and other current assets	(34,305)	(46,722)
Employee advances	1,509	(1,161)
Increase (decrease) in operating liabilities		
Accounts payable	19,541	(11,546)
Accrued expenses	(159,243)	628,177
Deferred revenue	-	(16,308)
Accrued salary, retirement, and benefits - related party	19,205	19,586
Net cash provided by (used by) operating activities	(41,700)	1,160,594
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investment securities	(14,899)	-
Purchases of property and equipment	(85,352)	(24,733)
Down payments on right of use assets	-	(42,675)
Proceeds from investment in receivable	117,900	700
Net cash (used by) investing activities	17,649	(66,708)

See accompanying Notes to Financial Statements

**Mentor Capital, Inc.**

## Condensed Consolidated Statements of Cash Flows (Unaudited, Continued)

	For the Nine Months Ended September 30,	
	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from related party loan	\$ 50,545	\$ 50,000
Proceeds from warrants converted to common stock	-	14,346
Payments on repurchase of stock	(7,884)	-
Payments on related party payable	-	(21,950)
Payments on long-term debt	(83,876)	(21,085)
Payments on finance lease liability	(253,932)	(131,818)
Net cash provided by (used by) financing activities	(295,147)	(110,507)
Net change in cash	(319,198)	983,379
Beginning cash	789,930	453,939
Ending cash	\$ 470,732	\$ 1,437,318
<b>SUPPLEMENTARY INFORMATION:</b>		
Cash paid for interest	\$ 32,425	\$ 8,736
Cash paid for income taxes	\$ 11,224	\$ 6,526
<b>NON-CASH INVESTING AND FINANCING TRANSACTIONS:</b>		
Right of use assets acquired through operating lease liability	\$ -	\$ -
Right of use assets acquired through finance lease liability	\$ 934,905	\$ 251,896
Property and equipment acquired through long-term debt	-	22,480

See accompanying Notes to Financial Statements

## Note 1 - Nature of operations

### Corporate Structure Overview

Mentor Capital, Inc. (“Mentor” or “the Company”), reincorporated under the laws of the State of Delaware in September 2015.

The entity was originally founded as an investment partnership in Silicon Valley, California, by the current CEO in 1985 and subsequently incorporated under the laws of the State of California on July 29, 1994. On September 12, 1996, the Company’s offering statement was qualified pursuant to Regulation A of the Securities Act, and the Company began to trade its shares publicly. On August 21, 1998, the Company filed for voluntary reorganization, and on January 11, 2000, the Company emerged from Chapter 11 reorganization. The Company relocated to San Diego, California, and contracted to provide financial assistance and investment in small businesses. On May 22, 2015, a corporation named Mentor Capital, Inc. (“Mentor Delaware”) was incorporated under the laws of the State of Delaware. A shareholder-approved merger between Mentor and Mentor Delaware was approved by the California and Delaware Secretaries of State and became effective September 24, 2015, thereby establishing Mentor as a Delaware corporation. In September 2020, Mentor relocated its corporate office from San Diego, California, to Plano, Texas.

The Company’s common stock trades publicly under the trading symbol OTCQB: MNTR.

The Company’s broad target industry focus includes energy, facilities operations, and management services with the goal of ensuring increased market opportunities.

Mentor has a 51% interest in Waste Consolidators, Inc. (“WCI”). WCI was incorporated in Colorado in 1999 and operates in Arizona and Texas. It is a long-standing investment of the Company since 2003.

Mentor’s 100% owned subsidiaries, Mentor IP, LLC (“MCIP”), Mentor Partner I, LLC (“Partner I”), Mentor Partner II, LLC (“Partner II”), and TWG, LLC (“TWG”), are headquartered in Plano, Texas.

MCIP holds intellectual property and licensing rights related to one United States and one Canadian patent associated with THC and CBD vape pens. Patent application and national phase maintenance fees were expensed when paid rather than capitalized and therefore, no capitalized assets related to MCIP are recognized on the consolidated financial statements at September 30, 2023 and December 31, 2022. Subsequent to quarter end, on October 24, 2023, MCIP divested its intellectual property and licensing rights related to the United States and the Canadian patents. See Note 20.

On August 27, 2021, the Company and Mentor Partner I entered into a Settlement Agreement and Mutual Release with the G Farma Entities and guarantors (“G Farma Settlers”) to resolve and settle all outstanding claims on an unpaid finance lease receivable and notes receivable of balances of \$803,399 and \$1,045,051, respectively, plus accrued interest (“Settlement Agreement”). On October 12, 2021, the parties filed a Stipulation for Dismissal and Continued Jurisdiction with the Superior Court of California in the County of Marin. The Court ordered that it retain jurisdiction over the parties under Section 664.6 of the California Code of Civil Procedure to enforce the Settlement Agreement until the performance in full of its terms is met.

In August 2022, September 2022, and October 2022, the G Farma Settlers failed to make monthly payments, and failed to cure each default within 10 days’ notice from Company pursuant to the Settlement Agreement. In February 2023, the Company and Mentor Partner I filed a Request for Court Judgment requesting that the stipulated judgment agreed as part of the Settlement Agreement be entered against the G Farma Settlers for (1) the remaining amount of the \$500,000 settlement amount which has not yet been paid by the G Farma Settlers plus \$2,000,000 and all accrued unpaid interest, (2) the Company’s incurred costs, and (3) attorneys’ fees paid by the Company to obtain the judgment. On July 11, 2023, the Court entered judgment against the G Farma Settlers and in favor of Mentor and Partner I in the amount of \$2,539,597, which is comprised of \$2,494,450 of the default settlement amount (calculated as the settlement payment, less payments made by the G Farma Settlers, plus the default addition) plus accrued and unpaid interest of \$40,219, costs of \$1,643, and attorneys’ fees of \$3,285 incurred by Mentor and Mentor Partner I in connection with obtaining the judgment. The judgment also accrues post-judgment interest at the rate of 10% from July 11, 2023 until such time as the judgment is paid in full.

The Company has retained the full reserve on the unpaid notes receivable balance and collections of the unpaid lease receivable balance due to the long history of uncertain payments from G Farma and the G Farma Settlers. Payments from G Farma and G Farma Settlers will be recognized in Other Income as they are received. Recovery payments of \$3,550 and \$2,000 were included in other income in the consolidated financial statements for the year ended December 31, 2022 and 2021, respectively. No recovery payments have received since October 11, 2022. The \$2,539,597 judgment and interest receivable of \$56,358 for the three months and nine months ended September 30, 2023 is fully reserved pending the outcome of the Company’s collection process. See Notes 1, 8, and 18.

## Note 1 - Nature of operations (continued)

On September 27, 2022, Pueblo West Organics, LLC, a Colorado limited liability company (“Pueblo West”) exercised a lease prepayment option and purchased manufacturing equipment from Partner II for \$245,369. On September 28, 2022 Partner II transferred full title to the equipment to Pueblo West. Originally, Mentor contributed \$400,000 to Partner II to facilitate the purchase of manufacturing equipment to be leased from Partner II by Pueblo West under a Master Equipment Lease Agreement dated February 11, 2018, as amended. On March 12, 2019, Mentor agreed to use Partner II earnings of \$61,368 to facilitate the purchase of additional manufacturing equipment to Pueblo West under a Second Amendment to the lease. See Note 8.

On November 18, 2022, following the filing of a declaratory relief action, Mentor received \$459,990 from Electrum Partners, LLC (“Electrum”) pursuant to a certain November 14, 2022 Settlement Agreement and Mutual Release, following the Company’s October 21, 2022 lawsuit against Electrum and the escrow agent in the County of San Mateo. The Company applied \$196,666 to a certain October 30, 2018, Recovery Purchase Agreement, and \$200,000 to an October 31, 2018 and January 28, 2019 Capital Agreement. The Company applied the remaining \$63,324 to its \$194,028 equity interest in Electrum; this resulted in a \$130,704 loss on the Company’s investment in Electrum. See Note 9.

On November 22, 2017 and October 31, 2018, the Company purchased convertible notes in principal face value of \$50,000 and \$25,000, respectively, from NeuCourt, Inc. (“NeuCourt”) that each bore interest at 5% per annum. On November 7, 2019, October 28, 2020, and January 4, 2022, the Company received 25,000, 52,000, and 27,630 warrants covering an aggregate of 105,130 shares of NeuCourt common stock exercisable at \$0.02 per share in exchange for the Company’s agreement to extend the maturity dates of the convertible notes. On July 15, 2022, all principal and accrued interest on the notes were converted into a Simple Agreement for Future Equity (“SAFE”). At September 30, 2023, the SAFE Purchase Amount is \$93,756. See Note 7.

On December 21, 2018, Mentor paid \$10,000 to purchase 500,000 shares of NeuCourt common stock, representing approximately 6.13% of NeuCourt’s issued and outstanding common stock at September 30, 2023.

## Note 2 - Summary of significant accounting policies

### Condensed consolidated financial statements

The unaudited condensed consolidated financial statements of the Company for the nine month period ended September 30, 2023 and 2022 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Regulation S-K. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, such information reflects all adjustments (consisting solely of normal recurring adjustments), which are, in the opinion of management, necessary for the fair presentation of the financial position and the results of operations. Results shown for interim periods are not necessarily indicative of the results to be obtained for a full fiscal year. The balance sheet information as of December 31, 2022 was derived from the audited financial statements included in the Company’s financial statements as of and for the year ended December 31, 2022 included in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 28, 2023. These financial statements should be read in conjunction with that report.

### Basis of presentation

The accompanying consolidated financial statements and related notes include the activity of subsidiaries in which a controlling financial interest is owned. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Significant intercompany balances and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform with the current period presentation.

As shown in the accompanying financial statements, the Company has a significant accumulated deficit of \$11,697,286 as of September 30, 2023. The Company continues to experience negative cash flows from operations.

### Ongoing Capital Formation

The Company may seek to recover unused funds from its affiliated entities, sell one or more investments that management has determined have significantly appreciated, are at the end of their lifecycle or no longer fit within the Company’s desired focus, or raise additional capital to fund its operations. Mentor will continue to attempt to raise capital resources from both related and unrelated parties. Additionally, the Company has 6,250,000 Series D warrants outstanding in which the Company can reset the exercise price substantially below the current market price. These condensed consolidated financial statements do not include any adjustments that might result from repricing the outstanding warrants. Management’s plans include monetizing existing mature business projects and increasing revenues through acquisition, investment, and organic growth. Management anticipates funding new activities by raising additional capital through the sale of equity securities and debt.

### Impact Related to COVID-19 and Global Economic Factors

The effect of the novel coronavirus (“COVID-19”) has significantly impacted the United States and the global economy. COVID-19 and the measures taken by many countries in response have adversely affected and could in the future materially adversely impact the Company’s business, acquisitions plans, results of operations, financial condition, and stock price. The ongoing worldwide economic situation, including the COVID-19 outbreak, economic sanctions, the impact of inflation, interest rate increases, tax increases, tariff increases, recession, climate regulation, cybersecurity risks, increased risk to oil markets, potential banking crises, the outbreak of war in Ukraine, the Israel-Hamas war, future weakness in the credit markets, increased rates of default and bankruptcy, political change, and significant liquidity problems for the financial services industry may impact our financial condition in a number of ways. For example, our current or potential customers, or the current or potential customers of our partners or affiliates, may delay or decrease spending with us, or may not pay us, or may delay paying us for previously purchased products and services. Also, we, or our partners or affiliates, may have difficulties in securing additional financing. Additionally, due to a reduction in expected collections, the collectability of our investment in accounts receivable was impaired by \$116,430 at December 31, 2022, and on February 15, 2022, the terms of the investment were modified, resulting in an additional loss of \$41,930, see Note 3.

Public health efforts to mitigate the impact of COVID-19 have included government actions such as travel restrictions, limitations on public gatherings, shelter-in-place orders, and mandatory closures. These actions have substantially lifted. Supply chain disruptions, inflation, interest rate increases, tax increases, recession, high energy prices, and supply-demand imbalances are expected to continue in 2023. WCI has not experienced an overall reduced demand for services initially anticipated because WCI helps lower monthly service costs paid by its client properties. However, WCI has been directly affected by rapid increases to direct costs of fuel, labor, and landfill usage in 2020, 2021, 2022, and 2023. WCI’s clients may experience a delay in collecting rent from tenants, which may cause slower payments to WCI. WCI closely monitors customer accounts and has not experienced significant delays in the collection of accounts receivable.

We anticipate that current cash and associated resources will be sufficient to execute our business plan for the next twelve months. The ultimate impact of COVID-19 impacts, the outbreak of war in Ukraine, the Israel-Hamas war, and inflation, interest rate increases, tax increases, and a potential recession on our business, results of operations, cybersecurity, financial condition, and cash flows are dependent on future developments, including the political climate, COVID-19, crisis in Ukraine, Israel-Hamas war, government responses, and related drag on the economy, which are uncertain and cannot be predicted at this time.

### Use of estimates

The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements, and the reported amount of revenues and expenses during the reporting period.

## Note 2 - Summary of significant accounting policies (continued)

Significant estimates relied upon in preparing these consolidated financial statements include revenue recognition, accounts and notes receivable reserves, expected future cash flows used to evaluate the recoverability of long-lived assets, estimated fair values of long-lived assets used to record impairment charges related to investments, goodwill, amortization periods, accrued expenses, and recoverability of the Company's net deferred tax assets and any related valuation allowance.

Although the Company regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. Acquisitions and divestitures are not announced until certain. The Company bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the circumstances. Actual results may differ from management's estimates if past experience or other assumptions do not turn out to be substantially accurate.

### Recent Accounting Standards

From time to time, the FASB, or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standard Codifications ("ASCs") are communicated through the issuance of an Accounting Standards Update ("ASU"). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our consolidated financial statements upon adoption.

There were no accounting pronouncements issued during the nine months ended September 30, 2023, that are expected to have a material impact on the Company's condensed consolidated financial statements.

### Concentrations of cash

The Company maintains its cash and cash equivalents in bank deposit accounts, which at times may exceed federally insured Federal Deposit Insurance Corporation limits. The Company has not experienced any losses in such accounts, nor does the Company believe it is exposed to any significant credit risk on cash and cash equivalents. The Company will continue to monitor its accounts and the banking sector for potential financial institution risk.

### Cash and cash equivalents

The Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Company had no short-term debt securities as of September 30, 2023 and December 31, 2022.

### Accounts receivable

Accounts receivable consists of trade accounts arising in the normal course of business and are classified as current assets and carried at original invoice amounts less an estimate for doubtful receivables based on historical losses as a percent of revenue in conjunction with a review of outstanding balances on a quarterly basis. The estimate of the allowance for doubtful accounts is based on the Company's bad debt experience, market conditions, and aging of accounts receivable, among other factors. If the financial condition of the Company's customers deteriorates, resulting in the customer's inability to pay the Company's receivables as they come due, additional allowances for doubtful accounts will be required. At September 30, 2023 and December 31, 2022, the Company has an allowance for doubtful receivables in the amount of \$51,959 and \$53,692, respectively.

### Investments in securities at fair value

Investment in securities consists of debt and equity securities reported at fair value. Under ASU 2016-01, "*Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*," the Company elected to report changes in the fair value of equity investment in realized investment gains (losses), net.

## Note 2 - Summary of significant accounting policies (continued)

### Long term investments

The Company's investments in entities where it is a minority owner and does not have the ability to exercise significant influence are recorded at fair value if readily determinable. If the fair market value is not readily determinable, the investment is recorded under the cost method. Under this method, the Company's share of the earnings or losses of such investee company is not included in the Company's financial statements. The Company reviews the carrying value of its long-term investments for impairment each reporting period.

### Investments in debt securities

At September 30, 2023 and December 31, 2022, the Company held no investments in debt securities. The Company's former investment in debt securities consisted of two convertible notes receivable from NeuCourt, Inc. On July 15, 2022, all principal and accrued interest on the notes were converted into a Simple Agreement for Future Equity ("SAFE"). At September 30, 2023 and December 31, 2022, the SAFE Purchase Amount was \$93,756 and \$83,756, respectively. See Note 7.

### Investment in account receivable, net of discount

The Company's investments in accounts receivable is stated at face value, net of unamortized purchase discount. The discount is amortized to interest income over the term of the exchange agreement. In the fourth quarter of 2020, we were notified that due to the effect of COVID-19 on the estimated receivable, we may not receive the 2020 installment payment or the full 2021 installment payment. Due to a reduction in expected collections, the collectability of our investment in accounts receivable was impaired by \$116,430 at December 31, 2022, and on February 15, 2022, the terms of the investment were modified, resulting in an additional loss of \$41,930, see Note 3.

### Credit quality of notes receivable and finance leases receivable, and credit loss reserve

As our notes receivable and finance leases receivable are limited in number, our management is able to analyze estimated credit loss reserves based on a detailed analysis of each receivable as opposed to using portfolio-based metrics. Our management does not use a system of assigning internal risk ratings to each of our receivables. Rather, each note receivable and finance lease receivable are analyzed quarterly and categorized as either performing or non-performing based on certain factors including, but not limited to, financial results, satisfying scheduled payments, and compliance with financial covenants. A note receivable or finance lease receivable will be categorized as non-performing when a borrower experiences financial difficulty and has failed to make scheduled payments.

### Lessee Leases

We determine whether an arrangement is a lease at inception. Lessee leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria is met: (i) the lease transfers ownership of the asset by the end of the lease term, (ii) the lease contains an option to purchase the asset that is reasonably certain to be exercised, and (iii) the lease term is for a significant part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of these criteria. Our operating leases are comprised of office space leases and office equipment. Fleet vehicle leases entered into prior to January 1, 2019, are classified as operating leases based on an expected lease term of four years. Fleet vehicle leases entered into on or after January 1, 2019, for which the lease is expected to be extended to five years, are classified as finance leases. Our leases have remaining lease terms of one to forty-eight months. Our fleet finance leases contain a residual value guarantee which, based on past lease experience, is unlikely to result in liability at the end of the lease. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments.

## Note 2 - Summary of significant accounting policies (continued)

Costs associated with operating lease assets are recognized on a straight-line basis, over the term of the lease, within cost of goods sold for vehicles used in direct servicing of WCI customers and in operating expenses for costs associated with all other operating leases. Finance lease assets are amortized within cost of goods sold for vehicles used in direct servicing of WCI customers and within operating expenses for all other finance lease assets, on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term. We have agreements that contain both lease and non-lease components. For vehicle fleet operating leases, we account for lease components together with non-lease components (e.g., maintenance fees).

### Property and equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed on the declining balance method over the estimated useful lives of various classes of property. The estimated lives of the property and equipment are generally as follows: computer equipment, 3 to 5 years; furniture and equipment, 7 years; and vehicles and trailers, 4 to 5 years. Depreciation on vehicles used by WCI to service its customers is included in cost of goods sold in the consolidated income statements. All other depreciation is included in selling, general and administrative costs in the consolidated income statements.

Expenditures for major renewals and improvements are capitalized, while minor replacements, maintenance, and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in operations. The Company continually monitors events and changes in circumstances that could indicate that the carrying balances of its property and equipment may not be recoverable in accordance with the provisions of ASC 360, "*Property, Plant, and Equipment*." When such events or changes in circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value of such assets will be recovered through undiscounted expected future cash flows. If the total of the future cash flows is less than the carrying amount of those assets, the Company recognizes an impairment loss based on the excess of the carrying amount over the fair value of the assets.

The Company reviews intangible assets subject to amortization quarterly to determine if any adverse conditions exist or a change in circumstances has occurred that would indicate impairment or a change in the remaining useful life. Conditions that may indicate impairment include, but are not limited to, a significant adverse change in legal factors or business climate that could affect the value of an asset, a product recall, or an adverse action or assessment by a regulator. If an impairment indicator exists, we test the intangible asset for recoverability. For purposes of the recoverability test, we group our amortizable intangible assets with other assets and liabilities at the lowest level of identifiable cash flows if the intangible asset does not generate cash flows independent of other assets and liabilities. If the carrying value of the intangible asset (asset group) exceeds the undiscounted cash flows expected to result from the use and eventual disposition of the intangible asset (asset group), the Company will write the carrying value down to the fair value in the period identified.

### Goodwill

Goodwill of \$1,324,142 was derived from consolidating WCI effective January 1, 2014, and \$102,040 of goodwill was derived from the 1999 acquisition of a 50% interest in WCI. In accordance with ASC 350, "*Intangibles-Goodwill and Other*," goodwill and other intangible assets with indefinite lives are no longer subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that the asset might be impaired.



## Note 2 - Summary of significant accounting policies (continued)

The Company reviews the goodwill allocated to each of our reporting units for possible impairment annually as of December 31, and whenever events or changes in circumstances indicate carrying amount may not be recoverable. In the impairment test, the Company measures the recoverability of goodwill by comparing a reporting unit's carrying amount, including goodwill, to the estimated fair value of the reporting unit. If the carrying amount of a reporting unit is in excess of its fair value, the Company recognizes an impairment charge equal to the amount in excess. To estimate the fair value, management uses valuation techniques which included the discounted value of estimated future cash flows. The evaluation of impairment requires the Company to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and are subject to change as future events and circumstances change. Actual results may differ from assumed and estimated amounts. Management determined that no impairment write-downs were required as of September 30, 2023 and December 31, 2022.

### Revenue recognition

The Company recognizes revenue in accordance with ASC 606, "Revenue from Contracts with Customers," and FASB ASC Topic 842, "Leases." Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to government authorities.

WCI works with business park owners, governmental centers, and apartment complexes to reduce facilities-related costs. WCI performs monthly services pursuant to agreements with customers. Customer monthly service fees are based on WCI's assessment of the amount and frequency of monthly services requested by a customer. WCI may also provide additional services, such as apartment cleanout services, large item removals, or similar services, on an as needed basis at an agreed upon rate as requested by customers. All services are invoiced and recognized as revenue in the month the agreed-on services are performed.

For each finance lease, the Company recognized as a gain the amount equal to (i) the net investment in the finance lease less (ii) the net book value of the equipment at the inception of the applicable lease. At lease inception, we capitalized the total minimum finance lease payments receivable from the lessee, the estimated unguaranteed residual value of the equipment at lease termination, if any, and the initial direct costs related to the lease, less unearned income. Unearned income was recognized as finance income over the term of the lease using the effective interest rate method.

The Company, through its subsidiaries, was the lessor of manufacturing equipment subject to leases under master leasing agreements. The leases contained an element of dealer profit and lessee bargain purchase options at prices substantially below the subject assets' estimated residual values at the exercise date for the options. Consequently, the Company classified the leases as sales-type leases (the "finance leases") for financial accounting purposes. For such finance leases, the Company reported the discounted present value of (i) future minimum lease payments (including the bargain purchase option, if any) and (ii) any residual value not subject to a bargain purchase option as a finance lease receivable on its balance sheet and accrued interest on the balance of the finance lease receivable based on the interest rate inherent in the applicable lease over the term of the lease. For each finance lease, the Company recognized revenue in an amount equal to the net investment in the lease and cost of sales equal to the net book value of the equipment at the inception of the applicable lease.

### Basic and diluted income (loss) per common share

We compute net income (loss) per share in accordance with ASC 260, "Earnings Per Share." Under the provisions of ASC 260, basic net loss per share includes no dilution and is computed by dividing the net loss available to common stockholders for the period by the weighted average number of shares of Common Stock outstanding during the period. Diluted net income (loss) per share takes into consideration shares of Common Stock outstanding (computed under basic net loss per share) and potentially dilutive securities that are not anti-dilutive.

Outstanding warrants that had no effect on the computation of the dilutive weighted average number of shares outstanding as their effect would be anti-dilutive were approximately 6,700,000 and 6,700,000 as of September 30, 2023 and December 31, 2022, respectively. There were no potentially dilutive shares outstanding at September 30, 2023 and December 31, 2022.

Conversion of Series Q Preferred Stock into Common Stock would be anti-dilutive for the nine months ended September 30, 2023 and 2022 and is not included in calculating the diluted weighted average number of shares outstanding.

### Note 3 – Investment in account receivable

On April 10, 2015, the Company entered into an exchange agreement whereby the Company received an investment in an account receivable with annual installment payments of \$117,000 for 11 years through 2026, totaling \$1,287,000 in exchange for 757,059 shares of Mentor Common Stock obtained through the exercise of 757,059 Series D warrants at \$1.60 per share plus a \$0.10 per warrant redemption price.

The Company valued the transaction based on the market value of Company common shares exchanged in the transaction, resulting in a 17.87% discount from the face value of the account receivable. The discount is being amortized monthly to interest over the 11-year term of the agreement. In the fourth quarter of 2020, we were notified that due to the effect of COVID-19 on the estimated receivable, we may not receive the 2020 installment payment or the full 2021 installment payment. Based on management's collection estimates, we recorded an investment loss of (\$139,148) on the investment in account receivable at December 31, 2022. In 2021, the Company reevaluated estimated collections and recorded an investment gain of \$22,718. The loss of (\$41,930) and gain of \$22,718 were reflected in other income on the consolidated income statement for the years ended December 31, 2022 and 2021, respectively.

On February 16, 2022, subject to effecting certain agreed upon payment changes, the parties agreed to modify the terms of the installment payments and the Company retained annual payments of \$100,000 for the remaining four years of the agreement and an additional \$100 per month through the end of the agreement term. The modification was accounted for using the same original discount rate, and a loss of \$41,930 was recognized in the quarter ended March 31, 2022.

On January 10, 2023, the Company received the 2022 annual installment payment of \$117,000. Three additional \$117,000 annual installment payments are due in late 2023, 2024, and 2025. The Company has retained its impairment reserves and recorded losses on investment due to a history of uncertain payments.

The investment in account receivable consists of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Face value*	\$ 285,700	\$ 403,600
Unamortized discount	(61,200)	(88,291)
Net balance	224,500	315,309
Current portion	-	-
Long term portion	\$ 224,500	\$ 315,309

\* On January 10, 2023, the Company received the 2022 annual installment payment of \$117,000. The Company applied the \$117,000 to the face value of its investment in account receivable. Additionally, the Company reduced the face value of its investment in account receivable by an additional \$100 per month for the nine months ended September 30, 2023.

For the three months ended September 30, 2023 and 2022, \$10,484 and \$12,916 of discount amortization is included in interest income, respectively. For the nine months ended September 30, 2023 and 2022, \$27,091 and \$38,754 of discount amortization is included in interest income, respectively.

#### Note 4 – Other receivable

Other receivables consisted of the following:

##### Schedule of other receivables

	September 30, 2023	December 31, 2022
Employee retention tax credits	\$ -	\$ -
Accrued sales tax receivable from customers*	20,374	237,243
Other	-	(6,921)
<b>Total Other receivable</b>	<b>\$ 20,374</b>	<b>\$ 230,322</b>

\* At December 31, 2022 management estimated that WCI's accrued sales tax receivable was \$237,243 out of the remaining \$285,128 that WCI was entitled to collect at year end. As of September 30, 2023, WCI received \$206,671 from WCI customers and management estimates that an additional \$20,374 in accrued sales tax will be received from WCI clients.

In 2022, WCI received an Employee Retention Tax Credit ("ERTC") in the amount of \$1,350,161, in conjunction with WCI's professional employer organization's receipt and application of the same to WCI leased employees. The ERTC was initially established by Section 2301 of Coronavirus Aid, Relief and Economic Security Act of 2020, as amended by Sections 206-207 of the Taxpayer Certainty and Disaster Relief Act and by Division EE of Consolidated Appropriation Act of 2021 and Section 9651 of American Rescue Plan Act of 2021; which was authorized by Section 3134 of the Internal Revenue Code. The Consolidated Appropriation Act of 2021 and American Rescue Plan Act of 2021 amendments to the ERTC program provided eligible employers with a tax credit in an amount equal to 70% of qualified wages (including certain health care expenses) that eligible employers pay their employees after January 1, 2021 through December 31, 2022. The maximum amount of qualified wages taken into account with respect to each employee for each calendar quarter is \$10,000 so that the maximum credit that an eligible employer may claim for qualified wages paid to any employee is \$7,000 per quarter. The credit is taken against an employer's share of social security tax after WCI's professional employer organization files applicable amended quarterly tax filings on Form 941-X for each applicable quarter. The receipt of the tax credit improved WCI's liquidity in 2022, due to the effects of the credit. WCI's professional employer organization's qualification and application of credits for wages paid in 2020 and 2021 does not grant assurances that WCI or WCI's professional employer organization will continue to meet the requirements or that changes in the ERTC regulations including changes in guidance provided by the IRS with respect to the implementation and operation of the ERTC, will not be adopted that could reduce or eliminate the benefits that WCI and WCI's professional employer organization may receive or qualify for.

ERTC income of \$0 and \$1,350,161 was reflected in other income for the three and nine months ended September 30, 2022 in the condensed consolidated income statement. WCI received the ERTC based on qualitative information submitted. During the three months ended September 30, 2022, \$1,272,263 was claimed against current payroll tax liabilities as they became due, and the remaining credit of \$77,898 was included in other receivable in the condensed consolidated balance sheet at September 30, 2022. ERTC income of \$0 is reflected in other income for the three and nine months ended September 30, 2023 in the condensed consolidated income statements.

The December 31, 2021, ERTC balance of \$33,222, was received by Mentor as a refund in the first nine months of 2022. The balance at December 31, 2022 was \$0.

#### Note 5 - Property and equipment

Property and equipment are comprised of the following:

	September 30, 2023	December 31, 2022
Computers	\$ 33,626	\$ 31,335
Furniture and fixtures	27,374	27,374
Machinery and vehicles	380,077	297,016
	441,077	355,725
Accumulated depreciation and amortization	(259,199)	(208,847)
<b>Net Property and equipment</b>	<b>\$ 181,878</b>	<b>\$ 146,878</b>

Depreciation and amortization expense were \$19,181 and \$18,207 for the three months ended September 30, 2023 and 2022, respectively. Depreciation and amortization expense were \$50,352 and \$51,847 for the nine months ended September 30, 2023 and 2022, respectively. Depreciation on WCI vehicles used to service customer accounts is included in the cost of goods sold, and all other depreciation is included in selling, general and administrative expenses in the condensed consolidated income statements.

## Note 6 – Lessee Leases

Operating leases are comprised of office space and office equipment leases. Fleet leases entered into prior to January 1, 2019, are classified as operating leases. Fleet leases entered into on or after January 1, 2019, under ASC 842 guidelines, are classified as finance leases.

Gross right of use assets recorded under finance leases related to WCI vehicle fleet leases were \$2,272,984 and \$1,289,714 as of September 30, 2023, and December 31, 2022, respectively. Accumulated amortization associated with finance leases was \$712,227 and \$442,756 as of September 30, 2023, and December 31, 2022, respectively.

Lease costs recognized in our consolidated statements of operations is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating lease cost included in cost of goods	\$ -	\$ 976	\$ -	\$ 16,904
Operating lease cost included in operating costs	18,398	7,500	60,256	22,200
Total operating lease cost (1)	18,398	8,476	60,256	39,104
Finance lease cost, included in cost of goods:				
Amortization of lease assets	104,383	54,855	269,470	149,687
Interest on lease liabilities	23,394	7,258	56,450	21,116
Total finance lease cost	127,777	62,113	325,920	170,803
Short-term lease cost	-	-	-	-
Total lease cost	\$ 146,175	\$ 70,589	\$ 386,176	\$ 209,907

(1) Right of use asset amortization under operating agreements was \$15,661 and \$7,214 for the three months ended September 30, 2023 and 2022, respectively. Right of use asset amortization under operating agreements was \$46,289 and \$32,847 for the nine months ended September 30, 2023 and 2022, respectively.

Other information about lease amounts recognized in our condensed consolidated financial statements is summarized as follows:

	September 30, 2023	December 31, 2022
Weighted-average remaining lease term – operating leases	4.01 years	4.75 years
Weighted-average remaining lease term – finance leases	3.49 years	4.63 years
Weighted-average discount rate – operating leases	6.0%	6.0%
Weighted-average discount rate – finance leases	7.5%	5.5%

**Note 6 – Lessee Leases (continued)**

Finance lease liabilities were as follows:

	September 30, 2023	December 31, 2022
Gross finance lease liabilities	\$ 1,696,301	\$ 897,849
Less: imputed interest	(207,418)	(89,939)
Present value of finance lease liabilities	1,488,883	807,910
Less: current portion	(419,073)	(232,058)
Long-term finance lease liabilities	<u>\$ 1,069,810</u>	<u>\$ 575,852</u>

Operating lease liabilities were as follows:

	September 30, 2023	December 31, 2022
Gross operating lease liabilities	\$ 366,918	\$ 428,946
Less: imputed interest	(43,043)	(58,782)
Present value of operating lease liabilities	323,875	370,164
Less: current portion	(67,804)	(62,861)
Long-term operating lease liabilities	<u>\$ 256,071</u>	<u>\$ 307,303</u>

Lease maturities were as follows:

Maturity of lease liabilities

12 months ending September 30,	Finance leases	Operating leases
2024	\$ 419,073	\$ 67,804
2025	424,735	74,860
2026	388,723	82,475
2027	251,571	90,670
2028	4,781	8,066
Total	1,488,883	323,875
Less: Current maturities	(419,073)	(67,804)
Long-term liability	<u>\$ 1,069,810</u>	<u>\$ 256,071</u>

## Note 7 – Convertible notes receivable

On November 22, 2017, the Company invested \$25,000 in NeuCourt, Inc. (“NeuCourt”) as a convertible note receivable. The note bore interest at 5% per annum, originally matured November 22, 2019, and was amended to extend the maturity date to November 22, 2021. No payments were required prior to maturity. However, at the time the November 22, 2017 note was extended, interest accrued through November 4, 2019, was remitted to Mentor. As consideration for the extension of the maturity date for the \$25,000 note, a warrant to purchase up to 25,000 shares of NeuCourt common stock at \$0.02 per share was issued to Mentor.

On October 31, 2018, the Company invested an additional \$50,000 as a convertible note receivable in NeuCourt, which bore interest at 5%, originally matured October 31, 2020 and was amended to extend the maturity date to October 31, 2022. As consideration for the extension of the maturity date for the \$50,000 note plus accrued interest of \$5,132, a warrant to purchase up to 52,500 shares of NeuCourt common stock at \$0.02 per share was issued to Mentor. On June 13, 2022, the Company sold \$2,160.80 in note principal to a third party, thereby reducing the principal face value of the note to \$47,839.

Principal and unpaid interest on the Notes could have been converted into a blend of shares of a to-be-created series of Preferred Stock and Common Stock of NeuCourt (i) on the closing of a future financing round of at least \$750,000, (ii) on the election of NeuCourt on the maturity of the Note, or (iii) on the election of Mentor following NeuCourt’s election to prepay the Note.

On July 15, 2022, the November 22, 2017 and October 31, 2018 convertible notes were exchanged for a Simple Agreement for Future Equity (“SAFE”). Prior to the exchange, the Conversion Price for each Note was the lower of (i) 75% of the price paid in the Next Equity Financing, or the price obtained by dividing a \$3,000,000 valuation cap by the fully diluted number of shares. The number of Conversion Shares to be issued on conversion was the quotient obtained by dividing the outstanding principal and unpaid accrued interest on a Note to be converted on the date of conversion by the Conversion Price (the “Total Number of Shares”). The Total Number of Shares consisted of Preferred Stock and Common Stock as follows: (i) That number of shares of Preferred Stock obtained by dividing (a) the principal amount of each Note and all accrued and unpaid interest thereunder by (b) the price per share paid by other purchasers of Preferred Stock in the Next Equity Financing (such number of shares, the “Number of Preferred Stock”) and (ii) that number of shares of Common Stock equal to the Total Number of Shares minus the Number of Preferred Stock.

On July 15, 2022, the Company and NeuCourt, Inc. entered into an Exchange Agreement by which the \$25,000 and \$47,839 principal amounts of the NeuCourt November 22, 2017 and October 31, 2018 convertible notes and accrued unpaid interest in the amounts of \$3,518 and \$9,673, respectively, were exchanged for a Simple Agreement for Future Equity (“SAFE”), a security providing for conversion of the SAFE into shares of NeuCourt common or preferred stock (“Capital Stock”) at some future date. As of July 15, 2022, the Company received SAFEs in the aggregate face amount of \$86,030 (the “Purchase Amount”).

The valuation cap of the SAFE is \$3,000,000 (“Valuation Cap”), and the discount rate is 75% (“Discount Rate”).

If, prior to termination, conversion, or expiration of the SAFE, NeuCourt sells a series of preferred stock (“Equity Preferred Stock”) to investors in an equity financing raising not less than \$500,000, Mentor’s SAFE shall be converted into shares equal to the Purchase Amount divided by the lesser of (x) the price per share of the Equity Preferred Stock multiplied by the Discount Rate and (y) the price per share equal to the Valuation Cap divided by the number of outstanding shares of NeuCourt on a fully diluted, as-converted basis (“Conversion Shares”). The Conversion Shares shall consist of (a) the number of shares of Equity Preferred Stock equal to the Purchase Amount divided by the price per share of the Equity Preferred Stock (“Preferred Stock”) and (b) the number of shares of common stock equal to the Conversion Shares minus the Preferred Stock.

The SAFE will expire and terminate upon i) conversion or ii) repayment. The SAFE may be repaid by NeuCourt upon sixty (60) days prior notice (“Repayment Notice”) to the Company unless the Company elects during that period to convert the SAFE.

**Note 7 – Convertible notes receivable (continued)**

If NeuCourt does not close an equity financing round raising \$500,000 or more prior to expiration or termination of the SAFE, the Company may elect to convert the SAFE into the number of shares of a to-be-created series of preferred stock equal to the (x) Purchase Amount divided by (y) the Valuation Cap divided by the number of outstanding shares of NeuCourt on a fully diluted, as-converted basis (“Default Conversion”). Additionally, if NeuCourt experiences a change of control, initial public offering, ceases operations, or enters into a general assignment for the benefit of its creditors, prior to conversion, termination, or expiration of the SAFE, the Company will receive the greater of (a) a cash payment equal to the Purchase Amount and (b) the value of the shares issuable on Default Conversion.

On July 22, 2022, the Company sold \$989 of the SAFE Purchase Amount to a third party. On August 1, 2022, the Company sold an additional \$1,285 of the SAFE Purchase Amount to a third party, thereby reducing the aggregate outstanding SAFE Purchase Amount to \$83,756.

On January 20, 2023, the Company and NeuCourt entered into a SAFE Purchase Agreement by which the Company invested an additional \$10,000 in the form of a NeuCourt Simple Agreement for Future Equity under the same terms as the previous July 15, 2022 SAFE Purchase Agreement between NeuCourt and the Company, increasing the aggregate SAFE Purchase Amount to \$93,756. At September 30, 2023 and December 31, 2022, the SAFE Purchase Amount was \$93,756 and \$83,756, respectively.

**Note 8 – Finance leases receivable**Partner I

Net finance leases receivable from G Farma remain fully impaired at September 30, 2023 and December 31, 2022. Finance lease revenue recognized on Partner I finance leases at September 30, 2023 and December 31, 2022 was \$0 and \$0, respectively. See Note 18.

Net finance leases receivable, non-performing, consists of the following at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Gross minimum lease payments receivable	\$ 1,203,404	\$ 1,203,404
Accrued interest	-	-
Less: unearned interest	(400,005)	(400,005)
Less: reserve for bad debt	(803,399)	(803,399)
Finance leases receivable	<u>\$ -</u>	<u>\$ -</u>

Partner II

Partner II entered into a Master Equipment Lease Agreement with Pueblo West, dated February 11, 2018, amended November 28, 2018 and March 12, 2019. Partner II acquired and delivered manufacturing equipment as selected by Pueblo West under sales-type finance leases. On September 27, 2022, Pueblo West exercised its lease prepayment option and purchased the manufacturing equipment for \$245,369. On September 28, 2022 Partner II transferred full title to the equipment to Pueblo West. At September 30, 2023 and December 31, 2022, Partner II recognized finance revenue of \$0 and \$37,659, respectively.

## Note 9 - Contractual interests in legal recoveries

### Interest in Electrum Partners, LLC legal recovery

Electrum was the plaintiff in a certain legal action captioned *Electrum Partners, LLC, Plaintiff, and Aurora Cannabis Inc., Defendant*, in the Supreme Court of British Columbia (“Litigation”). See Note 10 in the Company’s Annual Report for the period ended December 31, 2022 on Form 10-K as filed with the Securities and Exchange Commission on March 28, 2023 for a discussion regarding the Company’s former interest in the Litigation.

On November 18, 2022, Electrum repaid \$459,990 to the Company pursuant to a certain November 14, 2022 Settlement Agreement and Mutual Release, following the Company’s October 21, 2022 lawsuit against Electrum and the escrow agent in the County of San Mateo. The Company applied \$196,666 to the Recovery Purchase Agreement, \$200,000 to the Capital Agreements, and the remaining \$63,324 to its \$194,028 equity interest in Electrum, resulting in a net \$130,704 loss on the Company’s March 12, 2014 and April 27, 2017 equity investments in Electrum at December 31, 2022.

## Note 10 – Investments and fair value

The hierarchy of Level 1, Level 2 and Level 3 Assets are listed as following:

	Fair Value Measurement Using				
	Unadjusted Quoted Market Prices (Level 1)	Quoted Prices for Identical or Similar Assets in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)	Significant Unobservable Inputs (Level 3)
	Investment in Securities		Contractual interest Legal Recovery	Investment in Common Stock Warrants	Other Equity Investments
Balance at December 31, 2021	\$ 1,009	\$ -	\$ 396,666	\$ 1,175	\$ 204,028
Total gains or losses					
Included in earnings (or changes in net assets)	(833)	-	-	(833)	-
Purchases, issuances, sales, and settlements					
Purchases	-	-	-	-	-
Issuances	-	-	-	-	-
Sales	(176)	-	-	-	-
Settlements	-	-	(396,666)	-	(194,028)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675</u>	<u>\$ 93,756</u>
Total gains or losses					
Included in earnings (or changes in net assets)	715	-	-	-	-
Purchases, issuances, sales, and settlements					
Purchases	4,899	-	-	-	10,000
Issuances	-	-	-	-	-
Sales	-	-	-	-	-
Settlements	-	-	-	-	-
Balance at September 30, 2023	<u>\$ 5,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,756</u>



**Note 11 - Common stock warrants**

On August 21, 1998, the Company filed for voluntary reorganization with the United States Bankruptcy Court for the Northern District of California, and on January 11, 2000, the Company's Plan of Reorganization was approved. Among other things, the Company's Plan of Reorganization allowed creditors and claimants to receive new Series A, B, C, and D warrants in settlement of their prior claims. The warrants expire on May 11, 2038.

All Series A, B, C, and D warrants have been called, and all Series A, B, and C warrants have been exercised. The Company intends to allow warrant holders or Company designees, in place of original holders, additional time as needed to exercise the remaining Series D warrants. The Company may lower the exercise price of all or part of a warrant series at any time. Similarly, the Company could reverse split the stock to raise the stock price above the warrant exercise price. The warrants are specifically not affected and do not split with the shares in the event of a reverse split. If the called warrants are not exercised, the Company has the right to designate the warrants to a new holder in return for a \$0.10 per share redemption fee payable to the original warrant holders. All such changes in the exercise price of warrants were provided for by the court in the Plan of Reorganization to provide a mechanism for all debtors to receive value even if they could not or did not exercise their warrant. Therefore, Management believes that the act of lowering the exercise price is not a change from the original warrant grants and the Company did not record an accounting impact as the result of such change in exercise prices.

The exercise price in effect at January 1, 2015 through September 30, 2023 for the Series D warrants is \$1.60.

Subsequent to quarter end, on October 14, 2023, our Board of Directors authorized the Company to reset the Series D warrant exercise price to \$0.02. See Note 20.

**Note 11 - Common stock warrants (continued)**

In 2009, the Company entered into an Investment Banking agreement with Network 1 Financial Securities, Inc. and a related Strategic Advisory Agreement with Lenox Hill Partners, LLC regarding a potential merger with a cancer development company. In conjunction with those related agreements, the Company issued 689,159 Series H (\$7) Warrants, with a 30-year life. On November 14, 2022, the 275,647 Series H Warrants of Lenox Hill Partners, LLC were cancelled pursuant to a Settlement Agreement. As of September 30, 2023, and December 31, 2022, there were 413,512 Series H (\$7) Warrants outstanding. The warrants are subject to cashless exercise based upon the ten-day trailing closing bid price preceding the exercise as interpreted by the Company.

As of September 30, 2023, and December 31, 2022, the weighted average contractual life for all Mentor warrants was 14.75 years and 15.5 years, respectively, and the weighted average outstanding warrant exercise price was \$2.11 and \$2.11 per share, respectively.

During the nine months ended September 30, 2022, there were 87,456 Series B and 2,954 Series D warrants exercised and there were no warrants issued. During the nine months ended September 30, 2023 there were zero Series B and Series D warrants exercised there were no warrants issued. The intrinsic value of outstanding warrants at September 30, 2023 and December 31, 2022 was \$0 and \$0, respectively.

The following table summarizes Series B and Series D common stock warrants as of each period:

	<u>Series B</u>	<u>Series D</u>	<u>B and D Total</u>
Outstanding at December 31, 2021	87,456	6,252,954	6,340,410
Issued	-	-	-
Exercised	(87,456)	(2,954)	(90,410)
Outstanding at December 31, 2022	-	6,250,000	6,250,000
Issued	-	-	-
Exercised	-	-	-
Outstanding at September 30, 2023	-	6,250,000	6,250,000

Series E, F, G, and H warrants were issued for investment banking and advisory services during 2009. Series E, F, and G warrants were exercised in 2014. On November 14, 2022, the 275,647 Series H Warrants of Lenox Hill Partners, LLC were cancelled pursuant to a Settlement Agreement. As of December 31, 2022, there were 413,512 Series H (\$7) Warrants outstanding. The following table summarizes Series H (\$7) warrants as of each period:

	<u>Series H \$7.00 exercise price</u>
Outstanding at December 31, 2021	689,159
Issued	-
Canceled	275,647
Exercised	-
Outstanding at December 31, 2022	413,512
Issued	-
Exercised	-
Outstanding at September 30, 2023	413,512

On February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and the Company's Third Amended Plan of Reorganization, the Company announced a minimum 30-day partial redemption of up to 1% of the already outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days paid 10 cents per warrant to redeem the warrant and then exercised the Series D warrant to purchase a share of the Company's Common Stock at the court-specified formula of not more than one-half of the closing bid price on the day preceding the 30-day exercise period. In successive months, the authorized partial warrant redemption amount was recalculated, and the redemption offer repeated according to the court formula. In the Company's October 7, 2016 press release, Mentor stated that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and priced on a random date schedule after the prior 1% redemption was completed to prevent potential third-party manipulation of share prices at month-end. The periodic partial redemptions could continue to be recalculated and repeated until such unexercised warrants are exhausted, or the partial redemption is otherwise paused, or truncated by the Company. For the nine months ended September 30, 2023, and 2022, no warrants were redeemed.

## Note 12 - Warrant redemption liability

The Plan of Reorganization provides the right for the Company to call, and the Company or its designee to redeem warrants that are not exercised timely, as specified in the Plan, by transferring a \$0.10 redemption fee to the former holders. Certain individuals desiring to become a Company designee to redeem warrants have deposited redemption fees with the Company that, when warrants are redeemed, will be forwarded to the former warrant holders through DTCC or at their last known address 30 days after the last warrant of a class is exercised, or earlier at the discretion of the Company. The Company has arranged for a service to process the redemption fees in offset to an equal amount of liability.

In prior years the Series A, Series B, and Series C redemption fees have been distributed through DTCC into holder's brokerage accounts or directly to the holders. All Series A, Series B, and Series C warrants have been exercised and are no longer outstanding.

Once the Series D warrants have been fully redeemed and exercised, the fees for the Series D warrant series will likewise be distributed. Mr. Billingsley has agreed to assume liability for paying these redemption fees and therefore warrant redemption fees received are retained by the Company for operating costs. Should Mr. Billingsley be incapacitated or otherwise become unable to pay the warrant redemption fees, the Company will remit the warrant redemption fees to former holders from amounts otherwise due to Mr. Billingsley from the Company, which are sufficient to cover the redemption fees at September 30, 2023 and December 31, 2022.

## Note 13 - Stockholders' equity

### Common Stock

The Company was incorporated in California in 1994 and was redomiciled as a Delaware corporation, effective September 24, 2015. There are 75,000,000 authorized shares of Common Stock at \$0.0001 par value. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of the stockholders.

### Issuer Purchases of Equity Securities

On August 8, 2014, the Company announced that it was initiating the repurchase of 300,000 shares of its Common Stock (approximately 2% of the Company's common shares outstanding at that time). As of September 30, 2023, and December 31, 2022, 255,252 and 44,748 shares have been repurchased and 255,252 and 44,748 shares have been retired, respectively. During the period July 1, 2023 through September 30, 2023, Mentor repurchased the following shares of Common Stock:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
April 1 through April 30, 2023	0	N/A	44,748	255,252
May 1 through May 31, 2023	0	N/A	44,748	255,252
June 1 through June 30, 2023	22,400	\$ 0.027	67,148	232,852
July 1 through July 31, 2023	232,852	0.029	300,000	0
August 1 through August 31, 2023	0	0	0	0
September 1 through September 30, 2023	0	0	0	0
<b>TOTAL</b>	<b>300,000</b>	<b>\$ 0.029</b>	<b>300,000</b>	<b>0</b>

Subsequent to quarter end, on October 14, 2023, our Board of Directors approved a third stock repurchase plan. See Note 20.

**Note 13 - Stockholders' equity(continued)**

Preferred Stock

Mentor has 5,000,000, \$0.0001 par value, preferred shares authorized.

On July 13, 2017, the Company filed a Certificate of Designation of Rights, Preferences, Privileges and Restrictions of Series Q Preferred Stock ("Certificate of Designation") with the Delaware Secretary of State to designate 200,000 preferred shares as Series Q Preferred Stock, such series having a par value of \$0.0001 per share. Series Q Preferred Stock is convertible into Common Stock, at the option of the holder, at any time after the date of issuance of such share and prior to notice of redemption of such share of Series Q Preferred Stock by the Company, into such number of fully paid and nonassessable shares of Common Stock as determined by dividing the Series Q Conversion Value by the Conversion Price at the time in effect for such share.

The per share "Series Q Conversion Value," as defined in the Certificate of Designation, shall be calculated by the Company at least once each calendar quarter as follows: The per share Series Q Conversion Value shall be equal to the quotient of the "Core Q Holdings Asset Value" divided by the number of issued and outstanding shares of Series Q Preferred Stock. The "Core Q Holdings Asset Value" shall equal the value, as calculated and published by the Company, of all assets that constitute Core Q Holdings which shall include such considerations as the Company designates and need not accord with any established or commonly employed valuation method or considerations. "Core Q Holdings" consists of all proceeds received by the Company on the sale of shares of Series Q Preferred Stock and all securities, acquisitions, and business acquired from such proceeds by the Company. The Company shall periodically, but at least once each calendar quarter, identify, update, account for and value, the assets that comprise the Core Q Holdings.

The "Conversion Price" of the Series Q Preferred Stock shall be at the product of 105% and the closing price of the Company's Common Stock on a date designated and published by the Company. The Series Q Preferred Stock will be available only to accredited, institutional, or qualified investors.

The Company sold and issued 11 shares of Series Q Preferred Stock on May 30, 2018, at a price of \$10,000 per share, for an aggregate purchase price of \$110,000 ("Series Q Purchase Price"). The Company invested the Series Q Purchase Price as capital in Partner II to purchase equipment to be leased to Pueblo West. On September 27, 2022, Pueblo West exercised its lease prepayment option and purchased the manufacturing equipment for \$245,369. On September 28, 2022 Partner II transferred full title to the equipment to Pueblo West. Therefore, the Core Q Holdings at September 30, 2022 and December 31, 2022 include this interest. The Core Q Holdings Asset Value at September 30, 2023 and December 31, 2022 was \$20,843 and \$20,843 per share, respectively. There is \$0 and \$0 contingent liability for the Series Q Preferred Stock conversion at September 30, 2023 and December 31, 2022. At September 30, 2023 and December 31, 2022, the Series Q Preferred Stock could have been converted at the Conversion Price of \$0.053 and \$0.047, respectively, into an aggregate of 4,325,916 and 4,874,525 shares of the Company's Common Stock, respectively. Because there were net losses for the nine-month period ended September 30, 2023 and December 31, 2022, the shares were anti-dilutive and therefore are not included in the weighted average share calculation for that period.

#### Note 14 - Term Loan

Term debt as of September 30, 2023 and December 31, 2022 consists of the following:

	September 30, 2023	December 31, 2022
Bank of America auto loan, interest at 2.49% per annum, monthly principal, and interest payments of \$1,505, maturing July 2025, collateralized by vehicle.	\$ -	\$ 18,427
Bank of America auto loan, interest at 2.24% per annum, monthly principal, and interest payments of \$654, maturing October 2025, collateralized by vehicle.	-	44,529
Bank of America auto loan, interest at 2.84% per annum, monthly principal, and interest payments of \$497, maturing March 2026, collateralized by vehicle.	-	20,920
Total notes payable	-	83,876
Less: Current maturities	-	(29,011)
	<u>\$ -</u>	<u>\$ 54,865</u>

#### Note 15 – Economic Injury Disaster Loan

On July 7, 2020, WCI received an Economic Injury Disaster Loan (“EIDL”) in the amount of \$149,900 through the Small Business Administration (“SBA”) pursuant to Section 7(b) of the Small Business Act, Section 1110 of the Coronavirus Aid, Relief, and Economic Security Act, which was further amended by the Paycheck Protection Program and Health Care Enhancement Act. The loan is secured by all tangible and intangible personal property of WCI, bears interest at 3.75% per annum, initially required monthly installment payments of \$731 beginning July 2021, and matures July 2050. In March 2021 and March 2022, respectively, the SBA extended the deferment period for payments and extended the initial payment until January 7, 2023. During the deferment period, interest continued to accrue and four early monthly payments of \$800 were accepted by the SBA prior to the January 7, 2023 initial payment date.

EIDL loan balances at September 30, 2023 consist of the following:

	September 30, 2023	December 31, 2022
On July 7, 2020, WCI received an Economic Injury Disaster Loan, including accrued interest of \$0 and \$11,160 as of September 30, 2023 and December 31, 2022, respectively. The note is secured by all tangible and intangible personal property of WCI, bears interest at 3.75% per annum, requires monthly installment payments of \$731 beginning July 7, 2022, and matures July 7, 2050.	58,032	161,060
Less: Current maturities	(6,235)	(3,191)
Long-term portion of economic injury disaster loan	<u>\$ 51,797</u>	<u>\$ 157,869</u>

Interest expense on the EIDL Loan for the three months ended September 30, 2023 and 2022 was \$1,361 and \$1,501, respectively.

Interest expense on the EIDL Loan for the nine months ended September 30, 2023 and 2022 was \$4,172 and \$4,418, respectively.

Subsequent to quarter end, WCI’s EIDL Loan was paid in full. See Note 20.

**Note 16 - Accrued salary, accrued retirement, and incentive fee - related party**

The Company had an outstanding liability to its CEO as follows:

	September 30, 2023	December 31, 2022
Accrued salaries and benefits	\$ 938,381	\$ 914,072
Accrued retirement and other benefits	496,425	501,529
Offset by shareholder advance	(261,653)	(261,653)
	<u>\$ 1,173,153</u>	<u>\$ 1,153,948</u>

As approved by a resolution of the Board of Directors in 1998, the CEO will be paid an incentive fee and a bonus which are payable in installments at the CEO's option. The incentive fee is 1% of the increase in market capitalization based on the bid price of the Company's stock beyond the book value at confirmation of the bankruptcy, which was approximately \$260,000. The bonus is 0.5% of the increase in market capitalization for each \$1 increase in stock price up to a maximum of \$8 per share (4%) based on the bid price of the stock beyond the book value at confirmation of the bankruptcy. For the nine months ended September 30, 2023 and 2022, the incentive fee expense was \$0 and \$0, respectively.

Subsequent to quarter end, on October 14, 2023, our Board of Directors increased the CEO's salary. See Note 20.

**Note 17 - Related party transactions**

On December 15, 2020, WCI received a \$20,000 short term loan, which bore interest at 8% per annum, from an officer of WCI, which was reflected as a related party payable at December 31, 2022. On February 15, 2022, the loan plus accrued interest of \$1,950 was paid in full.

On March 12, 2021, Mentor received a \$100,000 loan from its CEO, which bore interest at 7.8% per annum, was compounded quarterly, and was due upon demand. On June 17, 2021 and June 5, 2022, Mentor received additional \$100,000 and \$50,000 loans from its CEO with the same terms as the original loan. On December 1, 2022, the loans plus accrued interest of \$28,024 was paid in full.

On August 10, 2023, Mentor received a \$50,000 loan from its CEO, which bears interest at 7.8% per annum, is compounded quarterly, and is due upon demand. The loan from the related party and accrued interest was reflected as a long-term liability at September 30, 2023. For the three months ended September 30, 2023 and the nine months ended September 30, 2023, the interest expense on the long-term loan from the related party was \$545.

On August 2, 2023, Mentor called a \$1,080,000 note receivable from WCI, a related party, plus accrued interest of \$3,591. On September 6, 2023 WCI satisfied the note and accrued interest in full. WCI's payment consisted of \$66,712 cash and a \$1,016,879 credit from the Company in exchange for surrender of rights to exercise 2,259,732 warrants of the Company at \$0.45 per warrant. The Company recorded the \$1,016,879 warrant credit as a reduction to additional paid in capital in accordance with ASC 480 "Distinguishing Liabilities from Equity Overall." WCI recorded the \$1,016,879 credit as a capital contribution because it was derived from the surrender of the WCI stockholder's rights to exercise the Company's 2,259,732 warrants.

At September 30, 2023 and December 31, 2022, the WCI note consisted of a note at principal face value of \$0 and \$1,080,000, respectively. The note was payable on demand and the other WCI stockholder was permitted to utilize any of his remaining Mentor warrants as currency to partially repay the loan at a rate of \$0.45 per warrant upon the surrender of such remaining unexercised warrants. The note accrued interest at 0.42% per annum with annual interest only payments due. For the three months ended September 30, 2023 and September 30, 2022, the Company recorded interest income of \$0 and \$1,134 from WCI. For the nine months ended September 30, 2023 and September 30, 2022, the Company recorded interest income of \$2,268 and \$3,402 from WCI. The note was issued September 13, 2011 as payment for past amounts owed of \$380,000 and included prepaid amounts of \$700,000 for administrative fees payable to the Company under that certain May 31, 2005 Liquidity Agreement between the Company and WCI. The WCI note receivable and interest on the Company's financials and the Mentor note payable and interest on WCI's financials are eliminated in consolidation.

The deferred balances for the three months and nine ended September 30, 2023 and September 30, 2022 were \$0 and \$345,333, respectively. WCI deferred fees represent deferred administrative fees relating to the paid \$1,080,000 note receivable from WCI, the related party. The deferred balances at September 30, 2023 and December 31, 2022 were \$0 and \$337,333. The Company recognized a total of \$337,333 in deferred fees prior to the three months and nine months ended September 30, 2023. The Company recognized \$2,667 in deferred fees per month and an additional \$318,667 in deferred fees on September 6, 2023, concurrent with WCI's payment of the note to the Company.

The deferred fees on the Company's financials and the deferred asset on WCI's financials are eliminated in consolidation.

Subsequent to quarter end, on October 4, 2023, all of the outstanding shares of WCI stock were sold to Ally Waste Services, LLC. See Note 20.

#### **Note 18 – Commitments and contingencies**

On May 28, 2019, the Company and Mentor Partner I, LLC filed suit against the G Farma Entities and three guarantors to the G Farma agreements, summarized above, in the California Superior Court in and for the County of Marin. The Company primarily sought monetary damages for breach of the G Farma agreements, including promissory notes, leases, and other agreements, to recover collateral under a security agreement and to collect from guarantors on the agreements. The Company obtained, in January 2020, a writ of possession to recover leased equipment within G Farma's possession. On January 31, 2020, all remaining equipment leased to G Farma by Mentor Partner I was repossessed by the Company. In the quarter ended June 30, 2020, the Company sold all of the recovered equipment, with an original cost of \$622,670, for net proceeds of \$249,481, after deducting shipping and delivery costs. All proceeds from the sale of repossessed equipment have been applied to the G Farma lease receivable balance that is fully reserved at September 30, 2023 and December 31, 2022.

On November 4, 2020, the Court granted Mentor Capital, Inc.'s and Mentor Partner I's motion for summary adjudication as to both causes of action against G FarmaLabs Limited for liability for breach of the two promissory notes and one cause of action against each of Mr. Gonzalez and Ms. Gonzalez related to their duties as guarantors of G FarmaLabs Limited's obligations under the promissory notes.

On August 27, 2021, the Company and Mentor Partner I entered into a Settlement Agreement and Mutual Release with the G Farma Entities and guarantors (collectively, "G Farma Settlers") to resolve and settle all outstanding claims ("Settlement Agreement"). The Settlement Agreement requires the G Farma Settlers to pay the Company an aggregate of \$500,000 plus interest, payable monthly as follows: (i) \$500 per month for 12 months beginning on September 5, 2021, (ii) \$1,000 per month for 12 months beginning September 5, 2022, (iii) \$2,000 per month for 12 months beginning September 5, 2023, and (iv) increasing by an additional \$1,000 per month on each succeeding September 5<sup>th</sup> thereafter, until the settlement amount and accrued unpaid interest is paid in full. Interest on the unpaid balance shall initially accrue at the rate of 4.25%, commencing February 25, 2021, and shall be adjusted on February 25<sup>th</sup> of each year to equal the Prime Rate as published in the Wall Street Journal plus 1%. In the event that the G Farma Settlers fail to make any monthly payment and have not cured such default within 10 days of notice from the Company, the parties have stipulated that an additional \$2,000,000 will be immediately added to the amount payable by the G Farma Settlers.

In August, September, and October 2022, the G Farma Settlers failed to make monthly payments, and failed to cure each default within 10 days' notice from Company pursuant to the Settlement Agreement. As a result, \$2,000,000 was added to the amount payable by the G Farma Settlers in accordance with the terms of the Settlement Agreement. The Company and Partner I sought entry of a stipulated judgment against the G Farma Settlers for (1) the remaining amount of the \$500,000 settlement amount which has not yet been paid by the G Farma Settlers plus \$2,000,000 and all accrued unpaid interest, (2) the Company's incurred costs, and (3) attorneys' fees paid by the Company to obtain the judgment. On July 11, 2023, the Court entered judgment against the G Farma Settlers and in favor of Mentor and Partner I in the amount of \$2,539,597, which is comprised of \$2,494,450 of the default settlement amount (calculated as the settlement payment, less payments made by the G Farma Settlers, plus the default addition) plus accrued and unpaid interest of \$40,219, costs of \$1,643, and attorneys' fees of \$3,285 incurred by Mentor and Mentor Partner I in connection with obtaining the judgement. The judgment also accrues post-judgment interest at the rate of 10% from July 11, 2023 until such time as the judgment is paid in full.

The Company has retained the full reserve on the unpaid notes receivable balance and collections of the unpaid lease receivable balance due to the long history of uncertain payments from G Farma and the G Farma Settlers. Payments from the G Farma Settlers will be recognized in Other Income as they are received. Recovery payments of \$0 and \$3,550 are included in other income in the consolidated financial statements for the year ended September 30, 2023 and December 31, 2022, respectively. The \$2,539,597 judgment and interest receivable of \$56,358 for the three months and nine months ended September 30, 2023 is fully reserved pending the outcome of the Company's collection process. See Notes 1, 9, and 20. [See also Notes 8, 9, and 20, to the Company's Annual Report for the period ended December 31, 2022 on Form 10-K filed with the Securities and Exchange Commission on March 28, 2023 for a discussion of the reserve against the finance lease receivable.]

## Note 19 – Segment Information

The Company is an operating, acquisition, and investment business. Subsidiaries in which the Company has a controlling financial interest are consolidated. The Company generally has two reportable segments: 1) the Company’s long-standing investment in WCI, which works with business park owners, governmental centers, and apartment complexes to reduce their facility related operating costs, and 2) a historic segment which includes the cost basis of our former membership interests of Electrum, the reserved contractual interest in the Electrum legal recovery, the former finance lease payments receivable from Pueblo West to Partner II, the former settlement payments receivable from the G Farma Settlers, and the legacy operation of subsidiaries MCIP and Partner I. Additionally, the Company has added new tracking investments in energy securities listed on the NYSE.

	Historic Segment	Facility Operations Related	Corporate and Eliminations	Consolidated
<u>Three months ended September 30, 2023</u>				
Net revenue	\$ -	\$ 2,151,811	\$ -	\$ 2,151,811
Operating income (loss)	(181)	(47,675)	(144,873)	(192,729)
Interest income	-	1	10,729	10,730
Interest expense	-	25,023	4,530	29,553
Property additions	-	46,763	-	46,763
Depreciation and amortization	-	18,754	427	19,181
<u>Three months ended September 30, 2022</u>				
Net revenue	\$ 20,168	\$ 1,910,131	\$ -	\$ 1,930,299
Operating income (loss)	19,507	(314,565)	(126,983)	(422,041)
Interest income	-	-	12,887	12,887
Interest expense	-	10,564	9,719	20,283
Property additions	-	18,334	-	18,334
Depreciation and amortization	-	17,687	520	18,207
<u>Nine months ended September 30, 2023</u>				
Net revenue	\$ -	\$ 6,432,907	\$ (291)	\$ 6,432,616
Operating income (loss)	(1,124)	178,854	(434,158)	(256,428)
Interest income	-	1	27,563	27,564
Interest expense	-	62,770	13,579	76,349
Property additions	-	83,062	2,291	85,353
Depreciation and amortization	-	49,260	1,092	50,352
Total assets	651	3,357,852	1,811,270	5,169,773
<u>Nine months ended September 30, 2022</u>				
Net revenue	\$ 37,659	\$ 5,610,158	\$ -	\$ 5,647,817
Operating income (loss)	33,079	(360,192)	(727,315)	(1,054,428)
Interest income	-	5	40,627	40,632
Interest expense	-	31,743	26,309	58,052
Property additions	-	46,236	-	46,236
Depreciation and amortization	-	50,283	1,564	51,847
Total assets	737,847	3,536,780	1,566,378	5,841,005



**Note 19 – Segment Information (continued)**

The following table reconciles operating segments and corporate-unallocated operating income (loss) to consolidated income before income taxes, as presented in the unaudited condensed consolidated income statements:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Operating loss	\$ (192,729)	\$ (422,041)	\$ (256,428)	\$ (1,054,428)
Employee retention credits	-	-	6,921	1,350,161
Gain (loss) on investments	939	590	715	(39,661)
Interest income	10,730	12,887	27,564	40,632
Interest expense	(29,553)	(20,283)	(76,349)	(58,052)
Gain on asset disposals	-	-	-	56,455
Other income	1,021	56,128	14,430	58,026
Income before income taxes	\$ (209,592)	\$ (372,719)	\$ (283,147)	\$ 353,133

Subsequent to quarter end, on October 4, 2023, the Company sold its 51% interest in WCI. Then, on October 24, 2023, the Company completely divested itself of any cannabis assets or involvement and on October 30, 2023, the Company increased its energy investments. See Note. 20.

**Note 20 – Subsequent events**

Subsequent to quarter-end, on October 4, 2023, the Company sold its 51% interest in Waste Consolidators, Inc. by entering into a Stock Purchase Agreement whereby the shareholders of WCI sold all of the outstanding shares of stock to Ally Waste Services, LLC. In connection with such sale, the Company received net, after WCI debt payoff, \$5,000,000 in cash and a one-year unsecured, subordinated, promissory note in initial principal face amount of \$1,000,000. The note accrues interest at 6% per annum. For more information please see the Company's October 5, 2023 Press Release and its Form 8-K filed with the Securities and Exchange Commission on October 10, 2023. Prior to the sale, WCI's smaller debts and obligations were retired and coincidentally WCI's EIDL Loan was paid in full. The final EIDL Loan payment consisted of \$149,900 principal plus \$7,916 interest.

Subsequent to quarter end, on October 14, 2023, the Board of Directors of the Company approved i) a stock repurchase plan authorizing the Company to repurchase up to 3,000,000 shares of the Company's common stock, ii) an increase of the CEO's annual salary to \$208,000 per year to adjust for inflation, and iii) authorization to reset the Series D warrant strike price to \$0.02 per share.

Subsequent to quarter end, on October 24, 2023 the Company completely divested itself of its last cannabis involvement by causing its subsidiary, Mentor IP, LLC ("MCIP"), to transfer its interest in non-revenue generating patents back to the inventor.

Subsequent to quarter end, on or around October 30, 2023, the Company increased its energy investments in Exxon Mobil Corp., Occidental Petroleum Corp., Chevron Corp., Cameco Corp., a uranium investment, and Arch Resources, Inc., a coal investment, which together now total the majority of the Company's non-cash assets.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion will assist in the understanding of our financial position at September 30, 2023 and the results of operations for the nine months ended September 30, 2023 and 2022. The information below should be read in conjunction with the information contained in the unaudited Condensed Consolidated Financial Statements and related notes to the financial statements included within this Quarterly Report on Form 10-Q for the nine months ended September 30, 2023 and 2022 and our Annual Report on Form 10-K for the year ended December 31, 2022.

### Corporate Background

The Company's common stock trades publicly under the trading symbol OTCQB: MNTR.

The Company was originally founded as an investment partnership in Silicon Valley, by the current CEO in 1985. The partnership acquired a salsa factory, bakery, trucking company, tortilla chip plant, and an athletic club chain. The former investment partnership was incorporated under the laws of the State of California on July 29, 1994 and on September 12, 1996, the Company's offering statement was qualified under Regulation A of the Securities Act of 1933 and began to trade its shares publicly. The Company relocated to San Diego, California, and contracted to provide financial assistance and investment in small businesses. On September 24, 2015, the Company redomiciled from California to Delaware by merging the California Mentor Capital, Inc. corporation into a newly formed Delaware entity, Mentor Capital, Inc. Following the merger, the Company is governed under the laws of the State of Delaware. In September 2020, Mentor relocated its corporate office from San Diego, California, to Plano, Texas.

In the public arena, the Company continues its diverse investment activities. These include acquisition of oil and gas partnerships, New York Stock Exchange gas trading company mini-tender offers, ATM ownership, cancer immunotherapy investment, cannabis equipment financing, intellectual property investment, litigation financing, investment in a dispute resolution company, and discounted funding of annuity-like fund flows. Since 2003, the Company has held an interest in a facilities operation support company, Waste Consolidators Inc., with approximately \$7.6M in annual sales at December 31, 2022. The Company purchased a 50% interest in WCI in 2003 and increased its ownership stake by 1% in 2014. Most recently, from its new Texas base, the Company has signaled a substantial return to its energy roots, starting with a tracking investment in five New York Stock Exchange energy companies in the oil and gas, coal, and uranium markets.

### Acquisitions and investments

#### *Waste Consolidators, Inc. (WCI)*

Waste Consolidators, Inc. ("WCI") is a long-standing investment of which the Company owns a 51% interest and is included in the consolidated financial statements for the nine months ended September 30, 2023 and 2022. WCI works with business park owners, governmental centers, and apartment complexes to reduce their facility related operating costs. WCI's waste management and disposal services include waste consolidation, bulk item pickup, general property maintenance, and one-time clean-up services in Phoenix, Austin, San Antonio, Houston, and Dallas. In the last half of 2020, WCI began expanding its services in Texas from San Antonio and Austin to include Houston, and in November 2021 began services in Dallas. This has led to an increase in selling, general and administrative expenses as WCI positions itself to operate in these newer locations.

#### *Electrum Partners, LLC (Electrum)*

Electrum Partners, LLC ("Electrum") is a Nevada based cannabis consulting, investment, and management company. On November 18, 2022 Mentor received \$459,990 from Electrum in consolidated settlement of one equity, one recovery purchase, and two secured capital agreements.

*Mentor IP, LLC (MCIP)*

On April 18, 2016, the Company formed Mentor IP, LLC (“MCIP”), a South Dakota limited liability company and wholly owned subsidiary of Mentor. MCIP holds interests related to patent rights for an — 80% / 20% domestic and 50% / 50% foreign economic interest with R. L. Larson for THC and CBD vape pens under the provisions of United States patent law and the Patent Cooperation Treaty of 1970, as amended. Patent application and maintenance fees have been expensed when paid and there were no assets related to the MCIP patents represented on the condensed consolidated financial statements at September 30, 2023 and December 31, 2022.

*NeuCourt, Inc.*

NeuCourt, Inc. (“NeuCourt”) is a Delaware corporation that is developing a technology that is expected to be useful to the dispute resolution industry.

On January 20, 2023, the Company and NeuCourt entered into a SAFE Purchase Agreement, increasing the Company’s aggregate SAFE Purchase Amount to \$93,756. At September 30, 2023 and December 31, 2022, the SAFE Purchase Amount was \$93,756 and \$83,756, respectively.

On December 21, 2018, the Company purchased 500,000 shares of NeuCourt Common Stock, approximately 6.13% of the issued and outstanding NeuCourt shares at September 30, 2023.

*Mentor Partner I, LLC*

Mentor Partner I, LLC (“Partner I”) was reorganized under the laws of the State of Texas in February 2021. Partner I originally held the contractual rights to lease payments from G Farma and now the related settlement.

*Mentor Partner II, LLC*

Mentor Partner II, LLC (“Partner II”) was reorganized under the laws of the State of Texas in February 2021. Partner II originally held the contractual rights to lease payments from Pueblo West which was paid off on September 28, 2022.

*TWG, LLC*

On October 4, 2022, the Company formed TWG, LLC (“TWG”), a Texas limited liability company, as a wholly owned subsidiary of Mentor in order to prepare to fulfill certain February 16, 2022 modification agreement performance obligations related to annuity-like installment payments the Company receives from a non-affiliated party.

## **Overview**

The Company maintains a diverse and opportunistic acquisition focus looking beyond its legacy investment in WCI. Mentor's current broad industry priorities include energy, facilities, operations, and management services ensuring market opportunity. In particular, the Company is looking to expand in the classic energy markets.

## **Business Approach**

Our general headquarters functions are aimed at providing accounting, legal, and general business support for our larger investment targets and our majority-owned subsidiaries. We monitor our smaller and less than majority positions for value and investment security. Management also spends considerable effort reviewing possible acquisition candidates on an ongoing basis.

Mentor seeks to take significant positions in target companies to provide public market liquidity for founders, protection for investors, funding for the companies, and to incubate private companies that Mentor believes to have significant potential. When Mentor takes a significant position in its investees, it provides financial management when needed but leaves operating control in the hands of the company founders. Retaining control, receiving greater liquidity, and working with an experienced organization to efficiently develop disclosures and compliance that are similar to what is required of public companies are three potential key advantages to company founders working with Mentor Capital, Inc.

The Company continually works to identify potential acquisitions, investments, and divestitures. While evaluating whether an acquisition or divestiture may be in the best interests of the Company and its shareholders, no transaction will be announced until that transaction is certain.

## **Liquidity and Capital Resources**

The Company's future success depends upon its ability to make a return on its investments, generate positive cash flow, and obtain sufficient capital from non-portfolio-related sources. Management believes they have approximately twelve months of operating resources on hand and can raise additional funds as may be needed to support their business plan and develop an operating, cash flow positive company.

## **Results of Operations**

### **Three Months Ended September 30, 2023, compared to Three Months Ended September 30, 2022**

#### ***Revenues***

Revenue for the three months ended September 30, 2023 was \$2,151,811 compared to \$1,930,299 for the three months ended September 30, 2022 ("the prior year period"), an increase of \$221,512 or 11.48%. This increase is due to a \$97,444 increase in WCI environmental fees, an increase \$77,772 large item removal fees, and a \$57,544 increase in service fees in the current period as compared to the prior year period offset by a (\$20,168) decrease in Partner II finance lease revenue.

### ***Gross profit***

Gross profit for the three months ended September 30, 2023 was \$675,134 compared to \$439,587 for the prior year period, an increase of 53.58%. Cost of goods sold relate to WCI. WCI experienced gross profit of \$687,934 or 31.97% of revenue for the three months ended September 30, 2023, compared to \$466,981 or 24.5% for the prior year period, an increase of \$220,953 with an increase of 7.47% in gross profit as a percentage of revenue. Partner II had gross profit of \$0 for the three months ended September 30, 2023 as compared to \$20,168 in the prior year period. This decrease was due to the early sale of Partner II's leased manufacturing equipment on September 28, 2022. Partner I did not have revenue for the three months ended September 30, 2023 and 2022.

The increase in WCI gross profit percentage was due to an 11.48% increase in added revenue streams related to WCI including environmental fees of \$97,444 and mattress surcharge fees of \$34,147 which were not charged in the prior year period, an a \$57,544 increase in service fees and a \$77,772 large item removal fees. WCI's cost of goods sold decreased by (\$14,035) or (0.94%). WCI's increase in revenue was partially offset by a \$10,253 increase in contract labor expense, a \$19,616 increase in WCI wages, and a \$21,168 net increase in WCI enterprise fleet lease expenses.

The decrease in Partner II gross profit over the prior year period was due to the early sale of Partner II's leased manufacturing equipment on September 28, 2022.

### ***Selling, general and administrative expenses***

Our selling, general and administrative expenses for the three months ended September 30, 2023 was \$867,863 compared to \$861,628 for the prior year period, an increase of \$6,235. We experienced a (\$200,000) decrease in WCI management fees and a (\$195,952) decrease in administrative expenses, partially offset by a \$68,940 increase of in professional fees, an \$33,159 increase in salaries, and an increase of \$10,898 in WCI office rental costs resulting in an increase in other selling, general and administrative expenses of 0.72%, for the three months ended September 30, 2023 as compared to the prior year period.

### ***Other income and expense***

Other income and expense, net, totaled (\$16,863) for the three months ended September 30, 2023 compared to \$49,322 for the prior year period, a decrease of (\$66,185). The decrease is due to a (\$2,157) decrease in interest income and a (\$55,107) decrease in other income partially offset by a (\$9,270) decrease in interest expense and a \$349 gain on investment for the three months ended September 30, 2023.

### ***Net results***

The net result for the three months ended September 30, 2023 was net loss attributable to Mentor of (\$173,163) or (\$0.008) per Mentor common share compared to a net loss attributable to Mentor in the prior year period of (\$238,824) or (\$0.010) per Mentor common share. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

## **Nine Months Ended September 30, 2023, compared to Nine Months Ended September 30, 2022**

### ***Revenues***

Revenue for the nine months ended September 30, 2023 was \$6,432,616 compared to \$5,647,817 for the nine months ended September 30, 2022 (“the prior year period”), an increase of \$784,799 or 13.90%. This increase is due to an increase of \$289,709 in WCI environmental fees and an increase of \$104,794 mattress surcharge fees which were not charged in the prior year period, plus a \$245,093 increase in large item removal fees, and a \$247,340 increase in WCI service fees, in the current period as compared to the prior year period offset by a (\$37,659) decrease in Partner II finance lease revenue and a decrease of (\$69,979) in WCI fees.

### ***Gross profit***

Gross profit for the nine months ended September 30, 2023 was \$2,281,216 compared to \$1,723,437 for the prior year period, an increase of \$557,779 or 32.36%. Cost of goods sold relates to WCI. WCI experienced gross profit of \$2,304,729 or 35.83% of revenue for the nine months ended September 30, 2023, compared to \$1,746,212 or 31.13% for the prior year period, an increase of \$558,517 with an increase of 4.70% as a percentage of revenue. Partner II had gross profit of \$0 for the nine months ended September 30, 2023 as compared to \$37,659 for the prior year period. This (\$37,659) decrease was due to the early sale of Partner II’s leased manufacturing equipment on September 28, 2022. Partner I did not have revenue for the nine months ended September 30, 2023 and 2022.

The increase in WCI gross profit percentage was due to an 8.77% increase in added revenue streams related to WCI including environmental fees of \$289,709 and mattress surcharge fees of \$104,794 which were not charged in the prior year period, plus a \$247,340 increase in service fees and a \$245,093 increase large item removal fees partially offset by a (\$69,979) decrease in WCI fees. WCI’s cost of goods sold increased by \$227,020 or 5.78%. WCI’s increase in revenue was partially offset by a \$19,679 increase in contract labor expense and a \$190,580 increase in WCI wages.

The (\$37,659) decrease in Partner II gross profit over the prior year period was due to the early sale of Partner II’s leased manufacturing equipment on September 28, 2022.

### ***Selling, general and administrative expenses***

Our selling, general and administrative expenses for the three months ended September 30, 2023 was \$2,537,664 compared to \$2,777,865 for the prior year period, a decrease of (\$240,221). We experienced a (\$357,500) decrease in WCI management fees and a (\$248,602) decrease in professional fees, partially offset by a \$161,361 increase in salaries, and an increase of \$38,056 in WCI office rental costs, resulting in a decrease in other selling, general and administrative expenses of (8.65%) for the nine months ended September 30, 2023 as compared to the prior year period.

### ***Other income and expense***

Other income and expense, net, totaled (\$26,719) for the nine months ended September 30, 2023 compared to \$1,407,561 for the prior year period, a decrease of (\$1,434,280). The decrease is primarily due to WCI’s one-time \$1,350,161 employee retention tax credit reported in the nine months ended September 30, 2022. Additionally, the decrease is due to a (\$13,068) decrease in interest income and a (\$43,596) decrease in other income offset by a (\$18,279) decrease in interest expense for the nine months ended September 30, 2023.

### ***Net results***

The net result for the nine months ended September 30, 2023 was net loss attributable to Mentor of (\$351,821) or (\$0.015) per Mentor common share compared to a net loss attributable to Mentor in the prior year period of (\$23,976) or (\$0.001) per Mentor common share. Management will continue to make an effort to lower operating expenses and increase revenue and gross margin. The Company will continue to look for acquisition opportunities to expand its portfolio in companies that are positive for operating revenue or have the potential to become positive for operating revenue.

### ***Liquidity and Capital Resources***

Since our reorganization, we have raised capital through warrant holder exercise of warrants to purchase shares of Common Stock. At September 30, 2023 we had cash and cash equivalents of \$470,732 and working capital of \$127,854.

Operating cash inflows in the nine months ended September 30, 2023 was (\$41,700), including (\$297,091) of net income, increased by non-cash depreciation and amortization of \$50,352, non-cash amortization on right of use assets of \$269,470, non-cash bad debt expense of \$10,198, gain on investments of \$715, a decrease in operating assets of \$70,575, and an increase in operating liabilities of (\$120,497), partially offset by non-cash amortization of discount on investment in account receivable of (\$27,091), and an increase in deposits of \$3,099.

Cash inflows from investing activities in the nine months ended September 30, 2023 were \$17,649 due to the collection on investment receivable of \$117,900, offset by purchases of property and equipment of \$85,352 and purchases of investment securities of \$14,899.

Net outflows from financing activities during the nine months ended September 30, 2023 were (\$295,147) consisting of payments on the re-purchase of stock of (\$7,884), payments on long-term debt of (\$83,876) and payments on finance lease liability of (\$253,932), offset by proceeds from related party loans of \$50,545.

We will be required to raise additional funds through financing, additional collaborative relationships, or other arrangements until we are able to raise revenues to a point of positive cash flow.

In addition, on February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and the Company's court-approved Plan of Reorganization, the Company announced a minimum 30 day partial redemption of up to 1% of the already outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. Company designees that applied during the 30 days paid 10 cents per warrant to redeem the warrant and then exercised the Series D warrant to purchase a share at the court specified formula of not more than one-half of the closing bid price on the day preceding the 30 day exercise period. In the Company's October 7, 2016 press release, Mentor stated that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and be priced on a random date to be scheduled after the prior 1% redemption is completed to prevent potential third party manipulation of share prices at month-end. The periodic partial redemptions may continue to be recalculated and repeated until such unexercised warrants are exhausted, or the partial redemption is otherwise temporarily paused, suspended, or truncated by the Company.

For the nine months ended September 30, 2023, there were no redemptions of Series D Warrants. There were no redemptions of Series D Warrants in 2022. We believe that if warrants are redeemed and exercised, partial warrant redemptions would provide monthly cash in excess of what is required for monthly operations for an extending period of time while we are exploring other major sources of funding for further acquisitions.

#### **Disclosure About Off-Balance Sheet Arrangements**

We do not have any transactions, agreements, or other contractual arrangements that constitute off-balance sheet arrangements.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

As a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information called for by this item.

**Item 4. Controls and Procedures.****Evaluation of disclosure controls and procedures**

Management, with the participation of our chief executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management’s evaluation, our chief executive officer and principal financial officer concluded that, as of September 30, 2023, our disclosure controls and procedures are designed at a reasonable assurance level and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our managers, including our chief executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in internal control over financial reporting.**

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2023 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.



## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings.

#### *G FarmaLabs Limited*

On August 27, 2021, the Company and Mentor Partner I settled certain litigation with G FarmaLabs Limited, a Nevada corporation, and certain of its affiliates (the “G Farma Settlers”). The G Farma Settlers partially performed, and then breached, the Settlement Agreement.

Consequently, in February 2023, the Company and Mentor Partner I filed a Request for Entry of Judgment requesting that the Court enter an agreed stipulated judgment be entered against the G Farma Settlers for (1) the remaining amount unpaid of \$500,000 promised, all accrued interest thereon, and an additional \$2,000,000 agreed in the Settlement Agreement, (2) the Company’s incurred costs, and (3) attorneys’ fees paid by the Company to obtain the judgment. On July 11, 2023, the Court entered judgment against the G Farma Settlers and in favor of Mentor and Partner I in the amount of \$2,539,597, which is comprised of \$2,494,450 of the default settlement amount (calculated as the settlement payment, less payments made by the G Farma Settlers, plus the default addition) plus accrued and unpaid interest of \$40,219.09, costs of \$1,642.64, and attorneys’ fees of \$3,285 incurred by Mentor and Mentor Partner I in connection with obtaining the judgement. The judgment also accrues post-judgment interest at the rate of 10% from July 11, 2023 until such time as the judgment is paid in full.

The Company has retained the reserve on the unpaid notes receivable balance and collections of the unpaid lease receivable balance due to the long history of uncertain payments from G Farma and the G Farma Settlers. Payments recovered will be reported as Other income in the consolidated income statements. See Notes 1, 8, and 18 to this Quarterly Report and Notes 8, 9, and 20 to Company’s Annual Report for the period ended December 31, 2022 on Form 10-K filed with the Securities and Exchange Commission on March 28, 2023. The \$2,539,597 judgment and interest receivable of \$56,358 for the three months and nine months ended September 30, 2023 is fully reserved pending the outcome of the Company’s collection process.

### Item 1A. Risk Factors.

In addition to other information in this Quarterly Report on Form 10-Q, the following risk factors should be carefully considered in evaluating our business since it operates in a highly changing and complex business environment that involves numerous risks, some of which are beyond our control. The following discussion highlights a few of these risk factors, any one of which may have a significant adverse impact on our business, operating results, and financial condition.

As a result of the risk factors set forth below and elsewhere in this Form 10-Q and in our Form 10-K, and the risks discussed in our Rule 15c2-11 and other publicly disclosed submissions, actual results could differ materially from those projected in any forward-looking statements.

We face significant risks, and the risks described below may not be the only risks we face. Additional risks that we do not know of or that we currently consider immaterial may also impair our business operations. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be harmed, and the trading price of our Common Stock could decline.

***Variable financial conditions can be challenging.***

Management has noted challenging financial conditions. During the nine months ended September 30, 2023, and the years ended December 31, 2022 and 2021, we experienced significant operating, liquidity, and cash flows challenges. If we are unable to make a future return on our investments to generate positive cash flow and cannot obtain sufficient capital from portfolio and non-portfolio-related sources to fund operations and pay liabilities in a timely manner, we may face extreme operating difficulties. Securing additional sources of financing to enable us to continue investing in our target markets will be difficult, and there is no assurance of our ability to secure such financing. A failure to obtain additional financing, or to generate capital from the sale of operating businesses and assets, or to generate positive cash flow from operations could prevent us from making expenditures that are needed to pay current obligations, allow us to hire additional personnel, and continue to seek out and invest in new companies.

***A failure to obtain financing could prevent us from executing our business plan***

We anticipate that current cash resources and opportunities will be sufficient for us to execute our business plan for twelve months after the date these financial statements are issued. It is possible that if future financing or capital formation is not obtained, we will not be able to operate. We believe that securing substantial additional sources of financing is possible, but there is no assurance of our ability to secure such financing. A failure to obtain additional financing could prevent us from making necessary expenditures for advancement and growth to partner with businesses and hire additional personnel. If we raise additional financing by selling equity, or convertible debt securities, the relative equity ownership of our existing investors could be diluted, or the new investors could obtain terms more favorable than previous investors. If we raise additional funds through debt financing, we could incur significant borrowing costs and be subject to adverse consequences in the event of a default.

***Management voluntarily transitioned to a fully reporting company and spends considerable time meeting the associated reporting obligations.***

Management operated Mentor Capital, Inc. as a non-reporting public company for over 26 years and voluntarily transitioned to reporting company status subject to financial and other SEC-required disclosures. Prior to such voluntary transition, management had not been required to prepare and make such required disclosures. As a reporting company, we have been subject to the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, and other securities rules and regulations. If we were listed on an Exchange, we would be subject to the rules of the Exchange on which we were listed. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating activities. Preparing and filing periodic reports imposes a significant expense, time, and reporting burden on management. This distraction can divert management from its operation of the business to the detriment of core operations.

***Investors may suffer risk of dilution following exercise of warrants for cash.***

As of September 30, 2023, the Company had 22,686,105 outstanding shares of its Common Stock trading at approximately \$0.041 per share. As of the same date, the Company also had 6,250,000 outstanding Series D warrants exercisable for shares of Common Stock at \$1.60 per share. These Series D warrants do not have a cashless exercise feature. The Company anticipates that the warrants may be increasingly exercised anytime the per share price of the Company's Common Stock is greater than \$1.60 per share. Exercise of these Series D warrants may result in immediate and potentially substantial dilution to current holders of the Company's Common Stock. In addition, the Company has 413,512 outstanding Series H warrants with a per share exercise price of \$7.00 held by an investment bank and its affiliates. These \$7.00 Series H warrants include a cashless exercise feature. Current and future shareholders may suffer dilution of their investment and equity ownership if any of the warrant holders elect to exercise their warrants.

Beginning on February 9, 2015, in accordance with Section 1145 of the United States Bankruptcy Code and in accordance with the Company's court-approved Plan of Reorganization, the Company announced that it would allow for partial redemption of up to 1% per month of the outstanding Series D warrants to provide for the court specified redemption mechanism for warrants not exercised timely by the original holder or their estates. On October 7, 2016, the Company announced that the 1% redemptions which were formerly priced on a calendar month schedule would subsequently be initiated and priced on a random date to be scheduled after the prior 1% redemption is complete to prevent potential third-party manipulation of share prices during the pricing period at month-end. Company designees that apply during the redemption period must pay 10 cents per warrant to redeem the warrants and then exercise the Series D warrant to purchase a share of the Company's Common Stock at a maximum of one-half of the closing bid price on the day preceding the 1% partial redemption. The 1% partial redemption may continue to be periodically recalculated and repeated according to the court formula until such unexercised warrants are exhausted, or the partial redemption is otherwise suspended or truncated by the Company. There were no warrant redemptions in the third quarter of 2023 or in fiscal 2022.

***Our business model is to partner with or acquire other companies.***

We do not manufacture or sell products or services. Rather, we aim to find businesses whose products, managers, technology, or other factors we like and acquire or invest in those businesses. While we are open to investing in a diverse portfolio of entities across multiple industries, there is no certainty that we will find suitable partners or that we will be able to engage in transactions on advantageous terms with the partners we identify. There is also no certainty that we will be able to consummate a transaction on favorable terms or any transaction at all. To date, several of our acquisitions/investments have not turned out well for us.

***We may have to work harder to introduce rigor in our transactions.***

Many of the people and entities with whom we engage may not be used to operating in business transactions in a public environment. Therefore, in order to discharge our fiduciary and disclosure obligations we may have to work harder to satisfy good business practices. Entities and persons operating in private industry may be unaccustomed to entering into detailed written agreements or keeping financial records according to GAAP or reading or interpreting the tax and sales tax code appropriately. Additionally, entities and persons with whom we engage may not pay particular attention to the obligations including their obligations associated with employee retention tax credit and economic injury disaster loan programs with which they have agreed in written contracts. We have experienced or may experience differences of this manner with several different entities with whom we do business, including several entities which failed to comply with common law contractual obligations, which led us into litigation and other legal remedies.

***Our actual results could differ materially from those anticipated in our forward-looking statements.***

This Form 10-Q contains forward-looking statements within the meaning of the federal securities laws that relate to future events or future financial performance. When used in this report, you can identify forward-looking statements by terminology such as “believes,” “anticipates,” “seeks,” “looks,” “hopes,” “plans,” “predicts,” “expects,” “estimates,” “intends,” “will,” “continue,” “may,” “potential,” “should,” and similar expressions. These statements are only expressions of expectation. Our actual results could, and likely will, differ materially from those anticipated in such forward-looking statements as a result of many factors, including those set forth above and elsewhere in this report and including factors unanticipated by us and not included herein. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Neither we nor any other person assumes responsibility for the accuracy and completeness of these statements. Accordingly, we caution readers not to place undue reliance on these statements. Where required by applicable law, we will undertake to update any disclosures or forward-looking statements.

***If we are unable to protect our intellectual property, our competitive position would be adversely affected.***

We and our partners and subsidiaries intend to rely on patent protection, trademark and copyright law, trade secret protection and confidentiality agreements with our employees and others to protect our intellectual property. Despite our precautions, unauthorized third parties may copy our and our affiliates’ and partners’, products and services or reverse engineer or obtain and use information that we regard as proprietary. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our, and our affiliates’ and partners’ proprietary rights may not be adequate, and third parties may infringe or misappropriate our and our affiliates’ and partners’ patents, copyrights, trademarks, and similar proprietary rights. If we, or our affiliates and partners, fail to protect intellectual property and proprietary rights, our business, financial condition, and results of operations would suffer. We believe that neither we nor our affiliates and partners infringe upon the proprietary rights of any third party, and no third party has asserted an infringement claim against us. It is possible, however, that such a claim might be asserted successfully against us in the future. We may be forced to suspend our operations to pay significant amounts to defend our rights, and a substantial amount of the attention of our management may be diverted from our ongoing business, all of which would materially adversely affect our business.

***We depend on our key personnel and may have difficulty attracting and retaining the skilled staff and outside professionals we need to execute our growth plans.***

Our success will be dependent largely upon the personal efforts of our Chief Executive Officer, Chet Billingsley. The loss of Mr. Billingsley could have a material adverse effect on our business and prospects. Currently, we have two full-time employees, and we substantially rely on the services provided by outside professionals. To execute our plans, we will have to retain our current employees and work with outside professionals that we believe will help us achieve our goals. Competition for recruiting and retaining highly skilled employees with technical, management, marketing, sales, product development, and other specialized training is intense. We may not be successful in employing and retaining such qualified personnel. Specifically, we may experience increased costs in order to retain skilled employees. If we are unable to retain experienced employees and the services of outside professionals as needed, we will be unable to execute our business plan.

***Founder and CEO Chet Billingsley, along with other members of the Company Board of Directors, have considerable control over the company through their aggregate ownership of approximately 13.66% of the outstanding shares of the Company's Common Stock on a fully diluted basis.***

As of September 30, 2023, Mr. Billingsley owned approximately 7.45% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Together with other members of the Company's Board of Directors, management of the Company owns approximately 13.66% of the outstanding shares of the Company's Common Stock on a fully diluted basis. Mr. Billingsley also holds 2,047,274 Series D warrants, exercisable at \$1.60 per share. Additionally, Robert Meyer, David Carlile, and Lori Stansfield, directors of the Company, hold an aggregate of 631,455 Series D warrants exercisable at \$1.60 per share. Due to the large number of shares of Common Stock owned by Mr. Billingsley and the directors of the Company, management has considerable ability to exercise control over the Company and matters submitted for shareholder approval, including the election of directors and approval of any merger, consolidation or sale of substantially all of the assets of the Company. Additionally, due to his position as CEO and Chairman of the Board, Mr. Billingsley has the ability to control the management and affairs of the Company. The Company's directors and Mr. Billingsley owe a fiduciary duty to our shareholders and must act in good faith in a manner each reasonably believes to be in the best interests of our shareholders. As shareholders, Mr. Billingsley and the other directors are entitled to vote their shares in their own interests, which may not always be in the interests of our shareholders generally.

***We face rapid change.***

The market for our partners' and subsidiaries' products and services is characterized by rapidly changing laws, technologies, and the introduction of new products and services. We believe that our future success will depend in part upon our ability to invest in companies that develop and enhance products and services offered in the energy, staffing, operations, manufacturing, management services, and dispute resolution industries. There can be no assurance that our partners and subsidiaries will be able to develop and introduce new products and services or enhance initial products in a timely manner to satisfy customer needs, achieve market acceptance or address technological changes in our target markets. Failure to develop products and services and introduce them successfully and in a timely manner could adversely affect our competitive position, financial condition, and results of operations.

***If we experience rapid growth, we will need to manage such growth well.***

We may experience substantial growth in the size of our staff and the scope of our operations, resulting in increased responsibilities for management. To manage this possible growth effectively, we will need to continue to improve our operational, financial and management information systems, will possibly need to create departments that do not now exist, and hire, train, motivate and manage a growing number of staff. Due to a competitive employment environment for qualified accounting, technical, marketing, and sales personnel, we expect to experience difficulty in filling our needs for qualified personnel. There can be no assurance that we will be able to effectively achieve or manage any future growth, and our failure to do so could delay product development cycles and market penetration or otherwise have a material adverse effect on our financial condition and results of operations.

***We could face product liability risks and may not have adequate insurance.***

Our partners' and affiliates' products may be used for medical or other sensitive purposes. We may become the subject of litigation alleging that our partners' and affiliates' products were ineffective or unsafe. Thus, we may become the target of lawsuits from injured or disgruntled customers or other users. We intend to, but do not now, carry product and liability insurance, but in the event that we are required to defend more than a few such actions, or in the event we are found liable in connection with such an action, our business and operations may be severely and materially adversely affected.

***There is a limited market for our Common Stock.***

Our Common Stock is not listed on any exchange and trades on the OTC Markets OTCQB system. As such, the market for our Common Stock is limited and is not regulated by the rules and regulations of any exchange. Several of our past investments were in cannabis-related businesses which opened us up to further scrutiny by brokers before they would accept our shares. Freely trading shares of even fully reporting OTCBQ companies receive careful scrutiny by brokers who may require legal opinion letters, proof of consideration, medallion guarantees, or expensive fee payments before accepting or declining share deposits. Further, the price of our Common Stock and its volume in the market may be subject to wide fluctuations. Our stock price could decline regardless of our actual operating performance, and stockholders could lose a substantial part of their investment as a result of industry or market-based fluctuations. Our stock may trade relatively thinly. If a more active public market for our stock is not sustained, it may be difficult for stockholders to sell shares of our Common Stock. Because we do not now pay cash dividends on our Common Stock, stockholders may not be able to receive a return on their shares unless they are able to sell them. The market price of our Common Stock will likely fluctuate in response to a number of factors, including but not limited to the following:

- sales, sales cycle, and market acceptance or rejection of our affiliates' products;
- our ability to engage with partners who are successful in selling products;
- economic conditions within the markets;
- the timing of announcements by us or our competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof;
- domestic and international economic, business, and political conditions;
- justified or unjustified adverse publicity; and
- proper or improper third-party short sales or other manipulation of our stock.

***We have a long business and corporate existence.***

We began in Silicon Valley in 1985 as a limited partnership and operated as Mentor Capital, LP until we incorporated as Main Street Athletic Clubs, Inc. in California in 1994. We were privately owned until September 1996; our Common Stock began trading on the Over The Counter Pink Sheets on March 12, 1997. Our merger and acquisition and business development activities have spanned many business sectors, and we went through a bankruptcy reorganization in 1998. In late 2015, we reincorporated under the laws of the State of Delaware. We have operated in several different industries over our existence but do not have brand recognition within any one industry. We are continuing to shift the types of entities with whom we are interested in partnering.

***Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 could have a material adverse effect on our stock price.***

Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC require annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to adequately maintain compliance with, or maintain the adequacy of, our internal control over financial reporting, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC. If we cannot favorably assess our internal controls over financial reporting, investor confidence in the reliability of our financial reports may be adversely affected, which could have a material adverse effect on our stock price.

***We have indemnified our officers and directors.***

We have indemnified our officers and directors against possible monetary liability to the maximum extent permitted under California and Delaware law. The managers of Mentor Partner I, LLC, Mentor Partner II, LLC, and TWG, LLC have been indemnified to the maximum extent permitted under Texas law.

***The worldwide economy could impact the Company in numerous ways.***

The effects of negative worldwide economic events, such as the impact of inflation, interest rate increases, tariff increases, recession, potential banking crises, cybersecurity risks, the outbreak of war in Ukraine, the Israel-Hamas war, product and labor shortages, increased risk to oil markets, and a global economic slowdown may cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy, political change, impact levels of consumer spending, and may impact our business, operating results, or financial condition. The ongoing worldwide economic situation, future weakness in the credit markets, and significant liquidity problems for the financial services industries may also impact our financial condition in a number of ways. For example, current or potential customers may delay or decrease spending with us, or our partners and affiliates may not pay us, or our partners or affiliates may delay paying us or our partners or affiliates for previously purchased products and services. Also, we may have difficulties in securing additional financing.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

On January 11, 2022, our Chief Executive Officer, Chet Billingsley, exercised 87,456 Series B warrants and 2,954 Series D warrants at \$0.11 per share and \$1.60 per share, respectively. Mr. Billingsley paid the Company \$14,347 in cash. This increased Mr. Billingsley's share ownership by 90,410 common shares, increased the Company's outstanding shares to 22,941,357, and decreased the Company's Series B and Series D outstanding warrants to 0 and 6,250,000, respectively. This sale of 90,410 shares of common stock was made in reliance on 11 U.S.C. § 1145 and Section 3(a)(7) of the Securities Act of 1933, as amended.

Other than as stated above, there have been no other unregistered securities sold within the past three years.

**Item 3. Defaults Upon Senior Securities and Use of Proceeds.**

None.

**Item 4. Mine Safety Disclosures.**

None.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

The following exhibits are filed as part of this report:

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).</a>
3.2	<a href="#">Bylaws of the Company (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).</a>
4.1	<a href="#">Instrument Defining Rights of Security Holders. (A copy of our Bankruptcy Plan of Reorganization, including Mentor's Sixth Amended Disclosure Statement, incorporated by reference to Exhibit 4 of our Registration Statement on Form 10, filed with the SEC on November 19, 2014.)</a>
4.2	<a href="#">Description of assumed warrants to purchase shares of Mentor's Common Stock (Incorporated by reference to Mentor's Definitive Information Statement on Schedule 14C filed with the SEC on July 10, 2015).</a>
4.3	<a href="#">Certificate of Designations of Rights, Preferences, Privileges and Restrictions of Series O Preferred Stock (Incorporated by reference to Exhibit 4.3 to Mentor's Quarterly Report on Form 10-Q for the Period Ended September 30, 2017, filed with the SEC on November 9, 2017)</a>
10.1	<a href="#">Mentor Capital, Inc. Loan Agreement dated August 10, 2023 (Loan from Chet Billingsley)</a>
31.1	<a href="#">Certification of the Chief Executive Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of the Principal Financial Officer required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101	XBRL Exhibits
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



**SIGNATURES**

Pursuant to the requirements 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.

Mentor Capital, Inc.

Date: November 10, 2023

By: /s/ Chet Billingsley  
Chet Billingsley, Chief Executive Officer

Date: November 10, 2023

By: /s/ Chet Billingsley  
Chet Billingsley, Principal Financial Officer

## LOAN AGREEMENT

THIS LOAN AGREEMENT ("**Agreement**") dated this 10<sup>th</sup> day of August 2023 (the "**Effective Date**") between Chet Billingsley, an individual (the "**Lender**") and Mentor Capital, Inc., a Delaware corporation (the "**Borrower**").

WHEREAS, the Borrower wishes to borrow funds for its expenses, and the Lender wishes to loan the Borrower money to pay for its costs.

NOW, THEREFORE, in consideration of the Lender loaning certain monies (the "**Loan**") to the Borrower, and the Borrower repaying the Loan with interest to the Lender, both parties agree to keep, perform and fulfill the promises and conditions set out in this Agreement:

1. **Loan Amount**. The Lender promises to loan **Fifty Thousand and 00/100 Dollars (\$50,000.00)** to the Borrower, and the Borrower promises to repay the principal amount, with interest on the unpaid principal at an interest rate of **seven point eight percent (7.8%) per annum** compounded quarterly to the Lender on demand.
2. **Payment**. The Borrower will **immediately repay** this Loan to the Lender within **thirty (30) days** of the Borrower's receipt of the Lender's demand.
3. **Governing Law** This Agreement will be construed by and governed by the laws of the State of Texas.
4. **Costs** All costs, expenses and expenditures including, without limitation, the full legal costs incurred by enforcing this Agreement as a result of any default by the Borrower, will be added to the principal then outstanding and will immediately be paid by the Borrower.
5. **Binding Effect** This Agreement will pass to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Borrower and Lender. The Borrower waives presentment for payment, notice of non-payment, protest, and notice of protest.
6. **Amendments** This Agreement may only be amended or modified by a written instrument executed by both the Borrower and the Lender.
7. **Severability** The clauses and paragraphs in this Agreement are intended to be read and construed independently of each other. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.
8. **General Provisions** Headings are inserted for the convenience of the parties only and are not to be considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

9. **Entire Agreement** This Agreement constitutes the entire agreement between the parties and there are no further items or provisions, either oral or otherwise.

IN WITNESS WHEREOF, the parties have duly affixed their signatures as of the Effective Date.

**LENDER:**

Chet Billingsley,  
an individual

By: \_\_\_\_\_

Chet Billingsley

**BORROWER**

Mentor Capital, Inc.  
a Delaware corporation

By: \_\_\_\_\_

Chet Billingsley, CEO

**Quarter ended September 30, 2023**  
**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF**  
**THE SARBANES-OXLEY ACT OF 2002**

I, Chet Billingsley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mentor Capital, 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 presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and 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 involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2023

/s/ CHET BILLINGSLEY  
Chet Billingsley  
Chief Executive Officer  
Principal Financial Officer

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**Certification of Chief Executive Officer and Principal Financial Officer  
Certification Pursuant to 18 U.S.C. Section 1350, as Amended,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Chet Billingsley, Chief Executive Officer and Principal Financial Officer of Mentor Capital, Inc. (the "Company"), hereby certify pursuant to Rule 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code that to my knowledge:

1. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2023, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2023

*/s/ CHET BILLINGSLEY*  
Chet Billingsley  
Chief Executive Officer  
Principal Financial Officer

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