

*Combined Financial Statements and
Independent Accountants' Review Report*



*As of and for the Year Ended December 31, 2023
(with Summarized Comparative Information as of
and for the Year Ended December 31, 2022)*

WEROBOTICS, INC. AND WEROBOTICS

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
WeRobotics Inc. and WeRobotics

We have reviewed the accompanying combined financial statements of WeRobotics, Inc. (a United States not-for-profit organization) and WeRobotics (a Switzerland not-for-profit organization) (collectively, the "Company"), which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the combined financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the combined financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Company and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

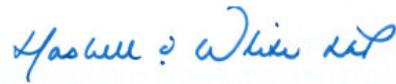
Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT (continued)

Report on Summarized Comparative Information

We have previously audited the Company's 2022 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated March 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Haskell & White LLP". The signature is written in a cursive, flowing style.

HASKELL & WHITE LLP

Irvine, California
July 18, 2024

WEROBOTICS, INC. AND WEROBOTICS

**Combined Statement of Financial Position
As of December 31, 2023**

(with summarized comparative information as of December 31, 2022)

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,289,027	\$ 1,454,942
Receivables	6,535	518,331
Prepaid expenses and other current assets	9,619	39,864
Total current assets	1,305,181	2,013,137
Fixed assets		
Equipment	159,014	156,585
Less: accumulated depreciation	(159,014)	(156,585)
Net fixed assets	-	-
Total assets	\$ 1,305,181	\$ 2,013,137
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 81,283	\$ 20,385
Deferred revenue	610,806	1,264,176
Total current liabilities	692,089	1,284,561
Commitments and contingencies (Note 2)		
Net assets		
Without donor restrictions	585,052	737,144
With donor restrictions	36,100	-
Accumulated other comprehensive loss	(8,060)	(8,568)
Total net assets	613,092	728,576
Total liabilities and net assets	\$ 1,305,181	\$ 2,013,137

See accompanying notes to combined financial statements
and Independent Accountants' Review Report.

WEROBOTICS, INC. AND WEROBOTICS

Combined Statement of Activities and Changes in Net Assets For The Year Ended December 31, 2023

(with summarized comparative information for the year ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Other Comprehensive Income (Loss)	Total	2022
and revenues					
Gifts and donations	\$ 812,277	\$ 80,000	\$ -	\$ 892,277	\$ 901,462
Grants and contributions	597,796	-	-	597,796	804,334
Management service fees	-	-	-	-	120,551
Consulting	47,939	-	-	47,939	305,340
Program revenue	25,759	-	-	25,759	22,938
	1,276	-	-	1,276	13,060
Assets released from donor restrictions	43,900	(43,900)	-	-	-
Total support and revenues	<u>1,528,947</u>	<u>36,100</u>	<u>-</u>	<u>1,565,047</u>	<u>2,167,685</u>
Expenses					
Management services	1,463,718	-	-	1,463,718	2,057,636
Marketing activities	184,245	-	-	184,245	227,607
General and administrative	33,076	-	-	33,076	109,394
Fundraising	-	-	-	-	-
Total supporting activities	<u>217,321</u>	<u>-</u>	<u>-</u>	<u>217,321</u>	<u>337,001</u>
Total expenses	<u>1,681,039</u>	<u>-</u>	<u>-</u>	<u>1,681,039</u>	<u>2,394,637</u>
Changes in net assets from operations	(152,092)	36,100	-	(115,992)	(226,952)
Other financing items					
Gain on sale of fixed assets	-	-	-	-	1,200
Change in net assets before other of comprehensive income	(152,092)	36,100	-	(115,992)	(225,752)
Other comprehensive income	-	-	508	508	3,090
Change in net assets	<u>(152,092)</u>	<u>36,100</u>	<u>508</u>	<u>(115,484)</u>	<u>(222,662)</u>
Assets, beginning of year	737,144	-	(8,568)	728,576	951,238
Assets, end of year	<u>\$ 585,052</u>	<u>\$ 36,100</u>	<u>\$ (8,060)</u>	<u>\$ 613,092</u>	<u>\$ 728,576</u>

See accompanying notes to combined financial statements
and Independent Accountants' Review Report.

WEROBOTICS, INC. AND WEROBOTICS

Combined Statement of Functional Expenses For The Year Ended December 31, 2023

(with summarized comparative information for the year ended December 31, 2022)

	2023						2022
	Program Services	Supporting Activities			Total Supporting Activities	Total	
		General and Administrative	Fundraising				
Salaries and benefits	\$ 471,954	\$ 184,245	\$ 33,076	\$ 217,321	\$ 689,275	\$ 1,058,253	
IT services and supplies	516,490	-	-	-	516,490	818,431	
Grants awarded	226,214	-	-	-	226,214	360,856	
Professional fees	175,406	-	-	-	175,406	43,800	
Travel	33,637	-	-	-	33,637	40,754	
Marketing	16,444	-	-	-	16,444	27,797	
Equipment and depreciation expense	15,974	-	-	-	15,974	18,981	
Office expense and supplies and other	7,599	-	-	-	7,599	25,765	
Total	\$ 1,463,718	\$ 184,245	\$ 33,076	\$ 217,321	\$ 1,681,039	\$ 2,394,637	

See accompanying notes to combined financial statements
and Independent Accountants' Review Report.

WEROBOTICS, INC. AND WEROBOTICS

Combined Statement of Cash Flows For The Year Ended December 31, 2023

(with summarized comparative information for the year ended December 31, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (115,484)	\$ (222,662)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	2,429	7,477
Gain on sale of fixed assets	-	(1,200)
Changes in:		
Accounts receivable	511,796	(431,431)
Prepaid expenses	30,245	(5,089)
Security deposits	-	1,630
Accounts payable and accrued expenses	60,898	(76,298)
Deferred revenue	<u>(653,370)</u>	<u>681,669</u>
Net cash used in operating activities	<u>(163,486)</u>	<u>(45,904)</u>
Cash flows from investing activities		
Purchases of fixed assets	(2,429)	-
Proceeds from sale of fixed assets	<u>-</u>	<u>1,477</u>
Net cash provided by investing activities	<u>(2,429)</u>	<u>1,477</u>
Net decrease in cash and cash equivalents	(165,915)	(44,427)
Cash and cash equivalents, beginning of year	<u>1,454,942</u>	<u>1,499,369</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,289,027</u></u>	<u><u>\$ 1,454,942</u></u>

See accompanying notes to combined financial statements
and Independent Accountants' Review Report.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements For The Year Ended December 31, 2023

1. Purpose and Summary of Significant Accounting Policies

Organization

WeRobotics, Inc. is a United States not-for-profit organization organized under the laws of the State of Delaware with principal operations in California. WeRobotics is an independent association organized under Article 60 of the Switzerland civil code. The two entities are under common control of a board of directors and management, and as a result, are presented collectively as “WeRobotics” or the “Company.”

WeRobotics is an international organization that invests in local experts and entrepreneurs to create opportunity around the use of robotics for positive social impact. WeRobotics achieves its mission through the growing network of “Flying Labs” which are knowledge hubs led entirely by local professionals who scale humanitarian aid, global development, public health and environmental protection efforts through the use of autonomous robotics.

Basis of Presentation

The financial statements of the United States and Switzerland entities have been presented on a combined basis in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810, *Not-for-Profit Entities, Consolidation*. All material intercompany accounts and transactions have been eliminated in combination. The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles in the United States of America (US GAAP).

Comparative Financial Information

The accompanying combined statement of activities and changes in net assets and combined statement of functional expenses include prior year summarized comparative information in total but lacks sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with WeRobotics December 31, 2022 combined financial statements from which the summarized information was derived. Certain amounts in the 2022 statement of functional expenses have been reclassified to conform to the current year presentation.

Net Assets

The accompanying combined financial statements are presented in accordance with FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

1. Purpose and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as “net assets without donor restrictions.” Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in “net assets with donor restrictions,” depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as contributions without donor restrictions when the assets are placed in service.

As of December 31, 2023, net assets with donor restrictions total \$36,100. Such amounts are purpose-restricted by one donor who has also stipulated that such amounts be expended during the twelve month period ending September 30, 2024.

Cash and Cash Equivalents

WeRobotics considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts in the United States are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. At times during the year, WeRobotics maintains cash balances in excess of the FDIC insurance limits. Management believes credit and non-performance risk in these situations to be minimal.

WeRobotics maintained \$1,018,923 of cash and cash equivalents at financial institutions in foreign countries at December 31, 2023. The Swiss Financial Market Supervisory Authority (FINMA) provides protection of up to CHF 100,000 (\$118,857 at December 31, 2023); deposits held by a Swiss branch of a bank are protected by the Depositor Protection Scheme.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

1. Purpose and Summary of Significant Accounting Policies (continued)

Receivables

Grants and donations receivable are recorded at their net realizable value, which approximates fair value. There were zero and \$500,000 of such receivables at December 31, 2023 and 2022, respectively. Receivables also include \$6,535 at December 31, 2023 due under contractual obligations and are also recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed Assets

Fixed assets consist primarily of robotic equipment and purchases in excess of \$2,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful life, generally two to three years (certain robotic equipment have a limited service life, and accordingly are depreciated on an accelerated basis). The cost of maintenance and repairs is recorded as expenses are incurred.

Income Taxes

WeRobotics, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to income taxes on unrelated business income. WeRobotics, Inc. is not a private foundation. WeRobotics is a Swiss not-for-profit public charity organized in accordance with Article 60 of the Swiss Civil Code.

Uncertain Tax Positions

For the year ended December 31, 2023, the Company has analyzed FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

Foreign Currency Translation

The U.S. Dollar is the functional currency for WeRobotics' worldwide operations. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the combined statement of financial position.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

1. Purpose and Summary of Significant Accounting Policies (continued)

Contributions and Revenue Recognition

The majority of WeRobotics' support and revenue is received through awards from foundations, international organizations and other entities. Management performs an analysis of each award to determine whether to apply the contributions guidance or exchange transaction guidance depending on whether the transaction is reciprocal or nonreciprocal. This process requires significant management judgment.

For awards deemed to be contributions, management determines whether the contribution is unconditional or conditional. Unconditional contributions, including promises to give, are recognized when received and are reported as either without donor restrictions or with donor restrictions.

Conditional contributions contain a right of return or release and a barrier. Revenue is recognized when the condition or conditions are satisfied. Typically, these agreements also contain a right of return, or a right of release from obligation, and the recipient has limited discretion over how funds transferred should be spent. As such, WeRobotics recognizes revenue for conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received, or contract assets received, in advance of the incurrence of qualifying expenditures are deferred until conditions are substantially met. As of December 31, 2023, and 2022, WeRobotics recorded \$576,658 and \$1,184,176, respectively, of deferred revenue (advanced payments) under such agreements.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Contributions with donor restrictions that are received and whose restrictions are satisfied in the same year as related funds are expended are reported as contributions without donor restrictions in the accompanying combined financial statements.

Revenues derived from exchange transactions follow FASB ASU 2014-09, *Revenue from Contracts With Customers*, and are recognized as related distinct performance obligations are completed. WeRobotics has identified Training, Program Service Fees, and Consulting as exchange transactions that are subject to FASB ASU 2014-09. Substantially all revenues are recognized over time, as services are provided to customers. As of December 31, 2023, and 2022, WeRobotics recorded \$34,148 and \$80,000, respectively, of deferred revenue (contract liabilities) under such agreements.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

1. Purpose and Summary of Significant Accounting Policies (continued)

In-kind Contributions

In-kind contributions consist of donated information technology services and short-term software licenses. In-kind contributions are recorded at their estimated fair value as of the date of the gift (short-term licenses have been recorded at the donor's "commercial" value).

Functional Allocation of Expenses

The costs of providing programs and other supporting activities have been summarized on a functional basis in the accompanying combined statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses are allocated on a basis of time and effort (such as salaries and benefits), or other reasonable economic bases. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred.

Use of Estimates

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

New Accounting Pronouncement

FASB issued Accounting Standards Update ("ASU") No. 2016-13, *Financial Instruments – Credit Losses* (codified as Accounting Standards Codification 326) on January 1, 2023. ASC 326 adds to GAAP the current expected credit loss ("CECL") model, a measurement model based on expected credit losses, rather than incurred losses, that is applicable to trade receivables but is not applicable to contribution or pledge receivables. Under ASC 326, historical credit loss experience provides the basis for the estimation of expected credit losses, as well as current economic and business conditions, and anticipated future economic events that may impact collectability. The adoption of this ASU did not materially impact the accompanying combined financial statements.

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

2. Commitments and Contingencies

Retirement Benefits

WeRobotics provides retirement benefits to its Swiss employees through the Mandatory LPP Retirement Plan covering all employees that have provided three months of service and have a minimum annual salary of CHF 22,050 (\$26,208) and CHF 22,050 (\$23,853) during the years ended December 31, 2023, and 2022, respectively. WeRobotics' contributions to the plan during the years ended December 31, 2023, and 2022 totaled CHF 34,586 (\$38,515) and CHF 46,074 (\$48,266).

Other Contingencies

From time to time, the Company may be involved in legal and administrative proceedings and claims of various types. The Company recognizes a liability in its financial statements for these matters when a loss is known and is considered probable, and the amount can be reasonably estimated. Management reviews these estimates in each reporting period as additional information becomes known and adjusts the loss estimate when appropriate. If a loss is probable, but the amount of loss cannot be reasonably estimated, the Company discloses the loss contingency and an estimate of possible loss or range of loss (unless such an estimate cannot be made). Gain contingencies are not recognized until they are realized. Legal costs incurred in connection with loss contingencies are expensed in the period incurred.

3. Liquidity and Availability

Financial assets available for use for general expenditures within one year of the combined statement of financial position date comprise the following:

Cash and cash equivalents	\$ 1,289,027
Accounts receivable	6,535
Less: deferred revenue	(610,806)
Less: donor restricted for periods beyond 12 months	<u>(36,100)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 648,656</u>

WEROBOTICS, INC. AND WEROBOTICS

Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2023

3. Liquidity and Availability (continued)

WeRobotics has a policy to structure its financial assets to be available and liquid as its obligations become due. The accompanying combined financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of activities. As of December 31, 2023, the Company had cash and cash equivalents of \$1,289,027, a significant portion of which represents advance payments for future services. Based on the cash and cash equivalents on hand as of December 31, 2023, the Company anticipates having sufficient cash to fund planned programs through at least the next twelve months. However, the acceleration or reduction of cash outflows can significantly impact the timing for the need to seek additional grants and donations to continue its program activities. Although historically the Company has been successful at securing grants and donations, such additional funds may not be available. The accompanying combined financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities or any other adjustments that might be necessary should WeRobotics be unable to continue as a going concern.

4. Subsequent Events

In preparing these combined financial statements, management has evaluated events and transactions for potential recognition or disclosure through July 18, 2024, the date the combined financial statements were available to be issued.