

COMBINED FINANCIAL STATEMENTS

WEROBOTICS INC.

AND WEROBOTICS

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

WEROBOTICS INC. AND WEROBOTICS

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WeRobotics, Inc.
Wilmington, Delaware

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of WeRobotics, Inc. and WeRobotics (a Swiss not-for-profit) (collectively, "WeRobotics"), which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of WeRobotics as of December 31, 2020 and 2019, and the combined changes in its net assets, combined functional expenses and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

May 25, 2021

WEROBOTICS INC. AND WEROBOTICS
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS		<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	1,690,339	\$ 1,476,704
Grants and donations receivable		-	517,200
Other accounts receivable		42,787	-
Prepaid expenses		<u>11,018</u>	<u>4,784</u>
Total current assets		<u>1,744,144</u>	<u>1,998,688</u>
FIXED ASSETS			
Equipment		169,827	167,595
Less: Accumulated depreciation		<u>(153,770)</u>	<u>(167,595)</u>
Net fixed assets		<u>16,057</u>	<u>-</u>
NONCURRENT ASSETS			
Security deposits		<u>1,125</u>	<u>508</u>
TOTAL ASSETS	\$	<u>1,761,326</u>	\$ <u>1,999,196</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	62,032	\$ 50,167
Deferred revenue		<u>2,071</u>	<u>-</u>
Total liabilities		<u>64,103</u>	<u>50,167</u>
NET ASSETS			
Without donor restrictions		569,943	504,940
With donor restrictions		<u>1,127,280</u>	<u>1,444,089</u>
Total net assets		<u>1,697,223</u>	<u>1,949,029</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,761,326</u>	\$ <u>1,999,196</u>

WEROBOTICS INC. AND WEROBOTICS

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and donations	\$ 73,380	\$ 899,694	\$ 973,074
In-kind contributions	756,093	-	756,093
Training	6,063	-	6,063
Program service fees	282,080	-	282,080
Other program revenue	53,393	-	53,393
Consulting	84,771	-	84,771
Other	2,282	-	2,282
Net assets released from donor restrictions	<u>1,216,503</u>	<u>(1,216,503)</u>	<u>-</u>
Total support and revenue	<u>2,474,565</u>	<u>(316,809)</u>	<u>2,157,756</u>
EXPENSES			
Program Services	<u>2,070,554</u>	<u>-</u>	<u>2,070,554</u>
Supporting Services:			
General and Administrative	179,901	-	179,901
Fundraising	<u>159,107</u>	<u>-</u>	<u>159,107</u>
Total supporting services	<u>339,008</u>	<u>-</u>	<u>339,008</u>
Total expenses	<u>2,409,562</u>	<u>-</u>	<u>2,409,562</u>
Changes in net assets	65,003	(316,809)	(251,806)
Net assets at beginning of year	<u>504,940</u>	<u>1,444,089</u>	<u>1,949,029</u>
NET ASSETS AT END OF YEAR	<u>\$ 569,943</u>	<u>\$ 1,127,280</u>	<u>\$ 1,697,223</u>

WEROBOTICS INC. AND WEROBOTICS

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants and donations	\$ 61,332	\$ 1,657,215	\$ 1,718,547
In-kind contributions	297,040	-	297,040
Training	5,276	-	5,276
Program service fees	750,677	-	750,677
Other program revenue	3,983	-	3,983
Consulting	57,268	-	57,268
Other	7,778	-	7,778
Net assets released from donor restrictions	<u>1,341,126</u>	<u>(1,341,126)</u>	<u>-</u>
Total support and revenue	<u>2,524,480</u>	<u>316,089</u>	<u>2,840,569</u>
EXPENSES			
Program Services	<u>1,898,646</u>	<u>-</u>	<u>1,898,646</u>
Supporting Services:			
General and Administrative	221,471	-	221,471
Fundraising	<u>126,310</u>	<u>-</u>	<u>126,310</u>
Total supporting services	<u>347,781</u>	<u>-</u>	<u>347,781</u>
Total expenses	<u>2,246,427</u>	<u>-</u>	<u>2,246,427</u>
Changes in net assets	278,053	316,089	594,142
Net assets at beginning of year	<u>226,887</u>	<u>1,128,000</u>	<u>1,354,887</u>
NET ASSETS AT END OF YEAR	<u>\$ 504,940</u>	<u>\$ 1,444,089</u>	<u>\$ 1,949,029</u>

WeROBOTICS INC. AND WeROBOTICS

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and benefits	\$ 681,450	\$ 179,791	\$ 158,953	\$ 338,744	\$ 1,020,194
Consultants and contract services	477,990	-	-	-	477,990
Equipment	35,862	-	-	-	35,862
Depreciation	-	-	-	-	-
Travel	23,188	-	154	154	23,342
Professional fees	21,881	-	-	-	21,881
Marketing	32,127	-	-	-	32,127
Occupancy	16,428	-	-	-	16,428
IT services and supplies	756,093	-	-	-	756,093
Office expense and supplies	25,535	110	-	110	25,645
TOTAL	<u>\$ 2,070,554</u>	<u>\$ 179,901</u>	<u>\$ 159,107</u>	<u>\$ 339,008</u>	<u>\$ 2,409,562</u>

WeROBOTICS INC. AND WeROBOTICS

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Salaries and benefits	\$ 530,074	\$ 200,040	\$ 122,850	\$ 322,890	\$ 852,964
Consultants and contract services	614,362	-	-	-	614,362
Equipment	56,220	811	-	811	57,031
Depreciation	75,961	-	-	-	75,961
Travel	142,642	44	3,370	3,414	146,056
Professional fees	48,020	16,402	-	16,402	64,422
Marketing	122,600	624	-	624	123,224
Occupancy	20,348	-	-	-	20,348
IT services and supplies	273,040	-	-	-	273,040
Office expense and supplies	15,379	3,550	90	3,640	19,019
TOTAL	<u>\$ 1,898,646</u>	<u>\$ 221,471</u>	<u>\$ 126,310</u>	<u>\$ 347,781</u>	<u>\$ 2,246,427</u>

WEROBOTICS INC. AND WEROBOTICS

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (251,806)	\$ 594,142
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	-	75,961
Decrease (increase) in:		
Grants and donations receivable	517,200	(517,200)
Other accounts receivable	(42,787)	201
Prepaid expenses	(6,234)	50,995
Security deposits	(617)	(508)
Increase in:		
Accounts payable and accrued liabilities	11,865	23,875
Deferred revenue	<u>2,071</u>	<u>-</u>
Net cash provided by operating activities	<u>229,692</u>	<u>227,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(16,057)</u>	<u>(25,327)</u>
Net cash used by investing activities	<u>(16,057)</u>	<u>(25,327)</u>
Net increase in cash and cash equivalents	213,635	202,139
Cash and cash equivalents at beginning of year	<u>1,476,704</u>	<u>1,274,565</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,690,339</u>	<u>\$ 1,476,704</u>

WEROBOTICS INC. AND WEROBOTICS

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

WeRobotics, Inc. is a 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 and thereby are presented collectively as "WeRobotics".

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 two entities have been combined in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. All material intercompany accounts and transactions have been eliminated in combination. The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (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. 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 revenue 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 Statements 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 revenue without donor restrictions when the assets are placed in service.

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 are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, WeRobotics maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

WEROBOTICS INC. AND WEROBOTICS

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Cash and cash equivalents (continued) -

WeRobotics maintained \$406,405 and \$184,187 of cash and cash equivalents held at financial institutions in foreign countries at December 31, 2020 and 2019, respectively. The Swiss Financial Market Supervisory Authority (FINMA) provides protection of up to CHF 100,000 (approximately \$112,475 at December 31, 2020 and \$102,975 at December 31, 2019) per client; deposits held by a Swiss branch of a bank are protected by the Depositor Protection Scheme.

Receivables -

Grants and donations receivable are 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.

Other accounts receivable include amounts 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 consists primarily of robotic equipment, and acquisitions 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. Depreciation expense for the year ended December 31, 2019 totaled \$75,961; there was no depreciation expense during the year ended December 31, 2020.

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 tax on unrelated business income. WeRobotics, Inc. is not a private foundation. WeRobotics is a Swiss not-for-profit public charity organized in accordance with Art. 60 et seqq. of the Swiss Civil Code.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, WeRobotics has documented its consideration of 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.

Revenue recognition -

The majority of WeRobotics' revenue is received through awards from foundations, international organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received. WeRobotics performs an analysis of each award to determine if the revenue streams follow the contributions rules or if considered an exchange transaction depending on whether the transaction is reciprocal or nonreciprocal.

WEROBOTICS INC. AND WEROBOTICS

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue recognition (continued) -

For awards qualifying under the contributions rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying combined financial statements.

Awards qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Typically, these agreements also contain a right of return or right of release from obligation provision and the entity has limited discretion over how funds transferred should be spent. As such, WeRobotics recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. WeRobotics has not received any contributions which are considered to be conditional commitments for support during the years ended December 31, 2020 and 2019.

Revenue classified as an exchange transaction follow ASU 2014-09, *Revenue from Contracts With Customers*, and is recorded when the performance obligations are met; the revenue is recognized as "without donor restrictions" and the transaction price is based on the criteria stipulated in the agreements. Income is recorded upon the achievement of performance milestones, and revenue is then invoiced to customers. WeRobotics has received revenue (including Training, Program Service Fees, and Consulting) which met the aforementioned criteria during the years ended December 31, 2020 and 2019, and has properly recognized such income in accordance with ASU 2014-09. As of December 31, 2020, WeRobotics recorded \$2,071 of deferred revenue under such agreements.

In-kind contributions -

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

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 Statements of Financial Position.

Use of estimates -

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America 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.

WEROBOTICS INC. AND WEROBOTICS

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a basis of time and effort (such as salaries and benefits) as well as square footage (such as depreciation, office and occupancy) or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact WeRobotics' operations. The overall potential impact is unknown at this time.

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. WeRobotics plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying combined financial statements.

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose:		
Program Services	\$ <u>1,127,280</u>	\$ <u>1,444,089</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Program Services	\$ <u>1,216,503</u>	\$ <u>1,341,126</u>

3. LEASE COMMITMENTS

WeRobotics leases temporary office space for its engineering team in Bern, Switzerland. The space is for specific engineering projects. Monthly rent required under the lease totals \$1,536. The lease may be terminated by giving three months notice, effective at the end of the month. Occupancy expense for the years ended December 31, 2020 and 2019 totaled \$16,428 and \$20,348, respectively.

WEROBOTICS INC. AND WEROBOTICS

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

4. RETIREMENT PLAN

WeRobotics provides retirement benefits to its Swiss employees through the Mandatory LPP Retirement Plan ("the Plan") covering all employees that have provided three months of service and have a minimum annual salary of CHF 21,330 (\$23,990). WeRobotics matches 2/3 (with employees contributing 1/3) to the Plan. Contributions to the plan during the years ended December 31, 2020 and 2019 totaled CHF 40,226 (\$42,840) and CHF 31,929 (\$32,880), respectively.

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Combined Statements of Financial Position date comprise the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,690,339	\$ 1,476,704
Grants and donations receivable	-	517,200
Other accounts receivable	42,787	-
Less: Donor restricted funds	<u>(1,127,280)</u>	<u>(1,444,089)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS

FOR GENERAL EXPENDITURES WITHIN ONE YEAR \$ **605,846** \$ **549,815**

WeRobotics has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2020, WeRobotics has financial assets equal to approximately three months of general operating expenses.

6. SUBSEQUENT EVENTS

In preparing these combined financial statements, WeRobotics has evaluated events and transactions for potential recognition or disclosure through May 25, 2021, the date the combined financial statements were issued.