

*Combined Financial Statements and  
Independent Auditors' Report*



*As of and For the Year Ended December 31, 2021*

# WEROBOTICS, INC. AND WEROBOTICS

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
WeRobotics, Inc. and WeRobotics

### Opinion

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, 2021, 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.

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, 2021, and the combined changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of WeRobotics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WeRobotics' ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditors' Responsibilities for the Audit of the Combined Financial Statements (continued)

not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in blue ink that reads "Haskell & White LLP".

HASKELL & WHITE LLP

Irvine, California  
June 27, 2022

# WEROBOTICS, INC. AND WEROBOTICS

## Combined Statement of Financial Position As of December 31, 2021

### ASSETS

#### Current assets

Cash and cash equivalents	\$ 1,499,369
Accounts receivable	86,900
Prepaid expenses	34,775

Total current assets 1,621,044

#### Fixed assets

Equipment	173,069
Less: Accumulated depreciation	<u>(165,315)</u>

Net fixed assets 7,754

#### Security deposits

1,630

Total assets \$ 1,630,428

### LIABILITIES AND NET ASSETS

#### Current liabilities

Accounts payable and accrued expenses	\$ 83,871
Deferred revenue	<u>707,507</u>

Total current liabilities 791,378

#### Commitments (Note 3)

#### Net assets

Without donor restrictions	258,911
With donor restrictions	591,797
Accumulated other comprehensive loss	<u>(11,658)</u>

Total net assets 839,050

Total liabilities and net assets \$ 1,630,428

See accompanying notes to combined financial statements  
and independent auditors' report.

## WEROBOTICS, INC. AND WEROBOTICS

### Combined Statement of Activities and Changes in Net Assets For The Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Other Comprehensive Loss</u>	<u>Total</u>
<b>Support and revenues</b>				
Grants and donations	\$ 200,180	\$ 1,283,979	\$ -	\$ 1,484,159
In-kind contributions	792,748	-	-	792,748
Program service fees	623,405	-	-	623,405
Consulting	331,465	-	-	331,465
Other program revenue	37,569	-	-	37,569
Other	13,988	-	-	13,988
Net assets released from donor restrictions	692,182	(692,182)	-	-
Total support and revenues	<u>2,691,537</u>	<u>591,797</u>	<u>-</u>	<u>3,283,334</u>
<b>Expenses</b>				
Program services	2,778,060	-	-	2,778,060
Supporting activities				
General and administrative	238,950	-	-	238,950
Fundraising	139,159	-	-	139,159
Total supporting activities	<u>378,109</u>	<u>-</u>	<u>-</u>	<u>378,109</u>
Total expenses	<u>3,156,169</u>	<u>-</u>	<u>-</u>	<u>3,156,169</u>
<b>Changes in net assets before other items of comprehensive loss</b>	(464,632)	591,797	-	127,165
<b>Other comprehensive loss</b>	<u>-</u>	<u>-</u>	<u>(2,058)</u>	<u>(2,058)</u>
<b>Changes in net assets</b>	<u>(464,632)</u>	<u>591,797</u>	<u>(2,058)</u>	<u>125,107</u>
<b>Net assets, beginning of year, as previously reported</b>	579,543	1,127,280	(9,600)	1,697,223
<b>Prior period adjustment (Note 5)</b>	<u>144,000</u>	<u>(1,127,280)</u>	<u>-</u>	<u>(983,280)</u>
<b>Net assets, beginning of year, as restated</b>	<u>723,543</u>	<u>-</u>	<u>(9,600)</u>	<u>713,943</u>
<b>Net assets, end of year</b>	<u>\$ 258,911</u>	<u>\$ 591,797</u>	<u>\$ (11,658)</u>	<u>\$ 839,050</u>

See accompanying notes to combined financial statements  
and independent auditors' report.

## WEROBOTICS, INC. AND WEROBOTICS

### Combined Statement of Functional Expenses For The Year Ended December 31, 2021

	Supporting Activities			Total Supporting Activities	Total
	Program Services	General and Administrative	Fundraising		
Salaries and benefits	\$ 831,871	\$ 238,621	\$ 114,159	\$ 352,780	\$ 1,184,651
Consultants and contract services	835,761	-	25,000	25,000	860,761
IT services and supplies	792,748	-	-	-	792,748
Equipment	145,557	-	-	-	145,557
Travel	59,876	-	-	-	59,876
Office expense and supplies	32,255	329	-	329	32,584
Marketing	30,970	-	-	-	30,970
Professional fees	20,791	-	-	-	20,791
Depreciation	12,403	-	-	-	12,403
Occupancy	15,828	-	-	-	15,828
<b>Total</b>	<b>\$ 2,778,060</b>	<b>\$ 238,950</b>	<b>\$ 139,159</b>	<b>\$ 378,109</b>	<b>\$ 3,156,169</b>

See accompanying notes to combined financial statements  
and independent auditors' report.

## WEROBOTICS, INC. AND WEROBOTICS

### Combined Statement of Cash Flows For The Year Ended December 31, 2021

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 127,165
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Other items of comprehensive loss	(2,058)
Depreciation expense	12,403
Changes in:	
Accounts receivable	(44,113)
Prepaid expenses	(23,757)
Security deposits	(505)
Accounts payable and accrued liabilities	21,839
Deferred revenue	(277,844)
	<hr/>
<b>Net cash used in operating activities</b>	<b>(186,870)</b>
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<b>Cash flows from investing activities</b>	
Purchases of fixed assets	(4,100)
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<b>Net cash used in investing activities</b>	<b>(4,100)</b>
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<b>Net decrease in cash and cash equivalents</b>	<b>(190,970)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,690,339</b>
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<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,499,369</b>
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See accompanying notes to combined financial statements  
and independent auditors' report.



# WEROBOTICS, INC. AND WEROBOTICS

## Notes to Combined Financial Statements For The Year Ended December 31, 2021

### 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 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 are presented on the accrual basis of accounting and 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. 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 statement of activities 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.

# WEROBOTICS, INC. AND WEROBOTICS

## Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021

### 1. Summary of Significant Accounting Policies and General Information (continued)

#### *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 per depositor. 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 maintained \$136,465 of cash and cash equivalents at financial institutions in foreign countries at December 31, 2021. The Swiss Financial Market Supervisory Authority (FINMA) provides protection of up to CHF 100,000 (\$108,636 at December 31, 2021) 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. There were no such receivables at December 31, 2021.

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 consist 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, 2021 totaled \$12,403.

#### *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.

# WEROBOTICS, INC. AND WEROBOTICS

## Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021

### 1. Summary of Significant Accounting Policies and General Information (continued)

#### *Uncertain Tax Positions*

For the year ended December 31, 2021, 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.

#### *Contributions and Revenue Recognition*

The majority of WeRobotics' revenue is received through awards from foundations, international organizations and other entities. WeRobotics 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 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 in advance of the incurrence of qualifying expenditures are deferred. As of December 31, 2021, WeRobotics recorded \$591,797 of deferred revenue under such agreements (Note 2).

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, 2021, WeRobotics recorded \$115,710 of deferred revenue (contract liabilities) under such agreements.

# WEROBOTICS, INC. AND WEROBOTICS

## Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021

### 1. Summary of Significant Accounting Policies and General Information (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).

#### *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 statement of financial position.

#### *Use of Estimates*

The preparation of 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.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying Combined Statements 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), as well as square footage (such as depreciation, office and occupancy) or other reasonable economic bases.

#### *Economic Uncertainties*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The continued spread of COVID-19, and related variants, has caused significant volatility in U.S. and international markets. There continues to be significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, management is unable to determine if it will have a material impact on future operations.

# WEROBOTICS, INC. AND WEROBOTICS

## Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021

### 1. Summary of Significant Accounting Policies and General Information (continued)

#### *New Accounting Pronouncements*

FASB issued ASU 2019-01, *Leases (Topic 842)*, which 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 statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for non-public entities beginning after December 15, 2021. 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 the accompanying combined financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a non-for-profit entity to present contributed nonfinancial assets in the statement of activities and changes in net assets as a line item that is separate from contributions of cash or other financial assets. ASI 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact that ASU 2020-07 will have on the combined financial statements and related disclosures.

### 2. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2021:

Subject to Expenditure for Specified Purpose:

Program Services	<u>\$ 591,797</u>
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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 during the year ended December 31, 2021:

Purpose Restrictions Accomplished:

Program Services	<u>\$ 692,182</u>
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## WEROBOTICS, INC. AND WEROBOTICS

### Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021

#### 3. Commitments

WeRobotics leases office space for its engineering team in Bern, Switzerland under three separate contracts. Monthly rent required under the leases totaled \$1,536. One lease was terminated in April 2022 and notice of termination has been given on the remaining leases, effective July 31, 2022. Occupancy expense for the years ended December 31, 2021 totaled \$15,828.

In June 2021, WeRobotics entered into a nine-month agreement with an organization to assist with fundraising efforts. WeRobotics paid \$28,000 under this agreement during the year ended December 31, 2021, and \$9,875 is due and payable on March 31, 2022.

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 21,510 (\$23,531) in 2021. WeRobotics' contributions to the plan during the year ended December 31, 2021 totaled CHF 58,143 (\$63,607).

#### 4. 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	\$ 1,499,369
Accounts receivable	86,900
Less: Donor restricted funds	<u>(591,797)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 994,472</u>

WeRobotics has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2021, WeRobotics has financial assets equal to approximately three months of general operating expenses.

#### 5. Prior Period Adjustment

During the preparation of the current year combined financial statements, management determined there were errors in the timing of recognition of certain contributions during the year ended December 31, 2020. As such, a prior period adjustment aggregating \$983,280 was recorded and net assets as of December 31, 2020 have been restated.

## **WEROBOTICS, INC. AND WEROBOTICS**

### **Notes to Combined Financial Statements (continued) For The Year Ended December 31, 2021**

#### **6. Subsequent Events**

In preparing these combined financial statements, WeRobotics has evaluated events and transactions for potential recognition or disclosure through June 27, 2022, the date the combined financial statements were available to be issued.