Financial Statements
September 30, 2019 and 2018

CU*NorthWest, Inc.

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Independent Auditor's Report

To the Board of Directors
CU*NorthWest, Inc.
Liberty Lake, Washington

Report on the Financial Statements
We have audited the accompanying financial statements of CU*NorthWest, Inc., which comprise the balance sheet as of September 30, 2019, and the related statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CU*NorthWest, Inc. as of September 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of CU*NorthWest, Inc. as of September 30, 2018, were audited by other auditors, whose report dated November 13, 2018, expressed an unmodified opinion on those statements.

Eide Bailly LLP

Spokane, Washington
December 13, 2019

	2019	2018
Assets		
Current Assets		
Cash	$ 864,594	$ 676,922
Certificates of deposit	-	200,000
Accounts receivable	374,546	299,424
Income taxes receivable	18,000	3,857
Note receivable from Site-Four, LLC	15,145	-
Prepaid expenses and other	59,809	38,134
Total current assets	1,332,094	1,218,337
Property and Equipment	115,784	38,259
Intangibles and Other Assets		
Goodwill	120,000	120,000
Other receivable from related party	347,291	347,291
Investment in Site-Four, LLC	52,771	36,780
Note receivable from Site-Four, LLC	-	20,000
Certificates of deposit	200,000	-
	720,062	524,071
	$ 2,167,940	$ 1,780,667

	2019	2018
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of capital lease obligations	$ 24,338	$ 1,929
Accounts payable	109,143	103,581
Accrued liabilities	86,042	67,519
Deferred revenue	86,398	16,704
Patronage dividend payable	-	125,000
Total current liabilities	305,921	314,733
Long-term Liabilities		
Capital lease obligations, less current portion	48,586	6,303
Deferred compensation	45,415	13,358
Deferred rent	24,436	29,034
Deferred income taxes	21,000	28,900
Total liabilities	445,358	392,328
Stockholders' Equity		
Common stock; Class A, no par value; authorized 150 shares; issued and outstanding, 25 and 21 shares at September 30, 2019 and 2018, respectively	-	-
Common stock; Class B, no par value; authorized 1 share; issued and outstanding, 1 share	-	-
Additional paid-in capital	1,519,823	1,139,823
Retained earnings	202,759	248,516
Total stockholders' equity	1,722,582	1,388,339
	$ 2,167,940	$ 1,780,667

	2019	2018
Revenue	$ 4,711,630	$ 4,116,684
Cost of Revenue	1,942,070	1,504,264
Gross Profit	2,769,560	2,612,420
Operating Expenses	2,845,703	2,424,472
Operating Income (Loss)	(76,143)	187,948
Other Income (Expense)		
Interest income	4,472	3,062
Interest expense	(120)	(140)
Loss on disposal of equipment	-	(5,476)
Equity in earnings of Site-Four, LLC	15,991	10,605
Total other income (expense)	20,343	8,051
Net Income (Loss) Before Patronage Dividends and Income Taxes	(55,800)	195,999
Patronage Dividends	-	(125,000)
Net Income (Loss) Before Income Taxes	(55,800)	70,999
Benefit from (Provision for) Income Taxes	10,043	(32,331)
Net Income (Loss)	$ (45,757)	$ 38,668

	Common Stock		Additional Paid-In	Retained	
	Shares	Amounts	Capital	Earnings	Total
Balance, September 30, 2017	21	$ -	$ 1,026,706	$ 209,848	$ 1,236,554
Net income	-	-	-	38,668	38,668
Issuance of common stock	2	-	172,000	-	172,000
Redemption of common stock	(1)	-	(58,883)	-	(58,883)
Balance, September 30, 2018	22	-	1,139,823	248,516	1,388,339
Net loss	-	-	-	(45,757)	(45,757)
Issuance of common stock	4	-	380,000	-	380,000
Balance, September 30, 2019	26	$ -	$ 1,519,823	$ 202,759	$ 1,722,582

	2019	2018
Operating Activities		
Net income (loss)	$ (45,757)	$ 38,668
Adjustments to reconcile net income (loss) to net cash used for operating activities		
Depreciation	37,773	32,913
Loss on disposal of equipment	-	5,476
Equity in earnings of Site-Four, LLC	(15,991)	(10,605)
Deferred income taxes	(7,900)	1,700
Changes in assets and liabilities		
Accounts receivable	(75,122)	(27,236)
Prepaid expenses and other	(21,675)	8,221
Accounts payable	5,562	13,085
Accrued and other liabilities	(9,324)	(124,282)
Income taxes	(14,143)	22,544
Net Cash used for Operating Activities	(146,577)	(39,516)
Investing Activities		
Purchase of property and equipment	(31,763)	-
Purchase of certificates of deposit	(200,000)	(200,000)
Proceeds from certificates of deposit	200,000	-
Payments from note receivable	4,855	-
Issuance of other receivable from related party	-	(347,291)
Net Cash used for Investing Activities	(26,908)	(547,291)
Financing Activities		
Payments on capital lease obligations	(18,843)	(2,050)
Issuance of common stock	380,000	172,000
Redemption of common stock	-	(58,883)
Net Cash from Financing Activities	361,157	111,067
Net Change in Cash	187,672	(475,740)
Cash, Beginning of Year	676,922	1,152,662
Cash, End of Year	$ 864,594	$ 676,922
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	$ 120	$ 140
Income taxes	12,000	10,000
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Equipment additions under capital lease obligations	$ 83,535	$ 10,081

Note 1 - Principal Business Activity and Significant Accounting Policies

Principal Business Activity

CU*NorthWest, Inc. (the Company) provides automated processing services for credit unions throughout the Northwest United States. The Company also markets a software product and provides support to customers. The Company is organized as a credit union service organization (CUSO) and a co-operative.

Concentrations of Credit Risk

The Company maintains its cash accounts in various deposit accounts, some of which are held at shareholder credit unions, the balances of which are periodically in excess of federally insured limits.

Certificates of Deposit

Certificates of deposit are recorded at cost, which approximates fair market value. The interest rate on the certificate is 2.6% and matures July 2021.

Receivables and Credit Policy

Trade receivables due from customers are uncollateralized customer obligations due under normal trade terms requiring payment within 15 days from the invoice date. Trade receivables are stated at the amount billed to the customer. The Company does not charge interest on overdue customer account balances. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The Company estimates an allowance for doubtful accounts based upon an evaluation of the current status of receivables, historical experience, and other factors as necessary. It is reasonably possible that the Company's estimate of the allowance for doubtful accounts will change. As of September 30, 2019 and 2018, there was no allowance for doubtful accounts.

The note receivable represents amounts from obligations due from a related party, Site-Four, LLC which the Company is a stockholder, under extended payments terms exceeding one year. The note carries an interest rate of 2.0%, with payments applied first to unpaid interest balances and any remainder to the principal balance. The note matures on December 31, 2019. The Company evaluates the collectability of the balances based upon historical experience and the specific circumstances of individual notes, with an allowance for uncollectible amounts being provided if necessary.

The other receivable from related party consists of an obligation due from the Chief Executive Officer (CEO) under extended payment terms exceeding one year. The note carries no interest rate and amounts are forgiven as the CEO vests over time and fully vests on February 28, 2029, see Note 7.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to seven years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at September 30, 2019 and 2018.

Goodwill

Goodwill represents costs in excess of purchase price over the fair value of the assets of businesses acquired, including other identifiable intangible assets.

Goodwill is not amortized, rather potential impairment is considered on an annual basis, or more frequently upon the occurrence of an event or when circumstances indicate that the amount of goodwill is greater than its fair value. As of September 30, 2019, the carrying value of the Company's goodwill was not considered impaired.

Investment in Site-Four, LLC

The equity method of accounting is used when the Company has a 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted for the Company's share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Company has less than a 20% interest, and in which it does not have the ability to exercise significant influence over the investee, are initially recorded at cost, and periodically reviewed for impairment.

Income Taxes

Income taxes are provided for the tax effects of transactions reporting in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, goodwill, and accrued expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. As of September 30, 2019 and 2018, the unrecognized tax benefits accrual was zero. The Company will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

Patronage Dividends

Patronage dividends reflect discretionary distributions to shareholders, as approved by the Board of Directors. These distributions are limited to a portion of the net earnings of the Company from business done with their shareholders, and are allocated to individual shareholders based upon the volume of business done with the Company.

Revenue Recognition

The Company recognizes revenues in the period in which services are rendered, or upon shipment of the product.

Deferred revenue consists of advance payments from customers, in the form of cash, for revenue to be recognized in the following years.

Sales Taxes

The Company recognizes revenue from product sales net of sales taxes. Cost of revenue includes sales taxes.

Advertising Costs

Advertising costs are expensed as incurred. Such costs were $231,601 and $168,565, respectively, for the years ended September 30, 2019 and 2018.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through December 13, 2019, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment at September 30, 2019 and 2018, consists of the following:

	2019	2018
Equipment	$ 299,538	$ 211,967
Software	15,259	9,847
Furniture and fixtures	94,578	91,365
	409,375	313,179
Software in progress	19,101	-
Less accumulated depreciation	(312,692)	(274,920)
	$ 115,784	$ 38,259

Depreciation expense totaled $37,773 and $32,913 for the years ended September 30, 2019 and 2018, respectively.

Note 3 - Investment in Site-Four, LLC

Investment in Site-Four, LLC is recorded on the equity method. The Company's share of net earnings from equity method investments, totaling $15,991 in 2019 and $10,605 in 2018, is included in other income in the accompanying financial statements.

Summary financial information for Site-Four, LLC as of September 30, 2019 and 2018 is as follows:

	2019	2018
Current assets	$ 281,957	$ 243,019
Land, buildings, and equipment	68,637	56,657
Total assets	$ 350,594	$ 299,676
Current liabilities	$ 105,141	$ 93,307
Noncurrent liabilities	45,600	60,000
Equity	199,853	146,369
Total liabilities and equity	$ 350,594	$ 299,676
Total revenue	$ 872,278	$ 768,814
Total expenses	(818,795)	(712,048)
Net income	$ 53,483	$ 56,766

Note 4 - Leases

The Company leases office space and equipment under various short and long-term leases. The leases expire at various dates through January 2023.

Future minimum lease payments are as follows:

Years Ending December 31,	Capital Leases	Operating Leases
2020	$ 27,293	$ 124,623
2021	27,293	127,993
2022	18,471	10,689
2023	5,410	-
Total minimum lease payments	78,467	$ 263,305
Less portion representing interest	5,543	
Present value of minimum lease payments	$ 72,924	

Total lease expense for the years ended September 30, 2019 and 2018, totaled $124,149 and $120,794, respectively.

Leased property under capital leases at September 30, 2019 and 2018, includes:

	2019	2018
Equipment	$ 93,615	$ 10,081
Less accumulated amortization	(22,079)	(2,015)
	$ 71,536	$ 8,066

Note 5 - Related Party Transactions

The Company provides services to stockholders under the normal course of business. Sales were $3,527,873 and $2,620,336 during the years ended September 30, 2019 and 2018, respectively. Revenues from transactions with shareholders constituted 75% and 64% of total revenues during fiscal 2019 and 2018, respectively. As of September 30, 2019 and 2018, amounts due from stockholders included in accounts receivable were $278,745 and $190,371, respectively.

Operational support services are provided to the Company by a stockholder. Services under this agreement include accounting management (through May 1, 2019), human resources (through February 1, 2019), and shared services which the Company incurred expenses of $1,728,117 and $1,630,204 for the years ended September 30, 2019 and 2018, respectively. The Company had accounts payable due to stockholders of $89,996 and $101,821 at September 30, 2019 and 2018, respectively.

Cash and certificates of deposit held at shareholder credit unions totaled $1,064,594 and $876,922 at September 30, 2019 and 2018, respectively.

Note 6 - Income Taxes

Deferred tax assets and liabilities consist of the following components as of September 30, 2019 and 2018:

	2019	2018
Deferred Tax Assets (Liabilities)		
Property and equipment	$ (20,000)	$ (6,800)
Goodwill	(24,000)	(21,800)
Deferred compensation	10,000	2,800
Net operating loss	13,000	-
Other	-	(3,100)
	$ (21,000)	$ (28,900)

The (provision for) benefit from income taxes charged to income for the years ended September 30, 2019 and 2018, consists of the following:

	2019	2018
Currently payable	$ 2,143	$ (30,631)
Deferred	7,900	(1,700)
	$ 10,043	$ (32,331)

The Company’s effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income from continuing operations primarily because of expenses deductible for financial reporting purposes that are not deductible for tax purposes. At September 30, 2019, net operating loss carryforwards were $63,000.

Note 7 - Employee Benefit Plans

Deferred Compensation Plan

In May 2018, the Company entered into an employee retention agreement (the "agreement") with the Chief Executive Officer (CEO). The Company agreed to purchase a loan for a property owned by the CEO in an amount of $347,291, recorded as an other receivable from related party at September 30, 2019 and 2018. The CEO will vest in reductions in the obligation owed through continued service, becoming 25% vested on February 28, 2021, 70% vested on February 28, 2026, and becoming fully vested on February 28, 2029. As the CEO is vested at 25%, 70%, and fully vested, the other receivable from related party will offset with the deferred compensation liability. In the event that the CEO does not remain employed by the Company for cause, the Company will be entitled to payment for the unvested obligation. The obligation under the agreement was $45,415 and $13,358, included in deferred compensation liability at September 30, 2019 and 2018, respectively. The expense attributable to the agreement due to vesting, included in operating expense, was $32,057 and $13,358 during the years ended September 30, 2019 and 2018, respectively.

Defined Contribution Plan

The Company has a defined contribution plan covering substantially all employees. The plan provides that employees over the age of 21 and who attain one year of service are eligible for profit-sharing contributions. Employee contributions are matched up to 100% of the employee contribution, not in excess of 3% of employee compensation, plus 50% of the amount that exceeds 3% of compensation but does not exceed 5% of compensation. The Company has the option to make additional discretionary contributions as authorized by the Board. Total expenses related to the plan for the years ended September 30, 2019 and 2018, was $31,532 and $29,497, respectively.