Financial Statements
September 30, 2021 and 2020

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 sheets as of September 30, 2021 and 2020, and the related statements of operations, stockholders' equity, and cash flows for the years 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 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 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, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Eide Bailly LLP

Spokane, Washington
December 30, 2021

	2021	2020
Assets		
Current Assets		
Cash	$ 1,071,963	$ 729,917
Certificates of deposit	-	200,000
Accounts receivable	496,562	522,467
Income taxes receivable	62,900	63,700
Note receivable from Site-Four, LLC	5,953	-
Prepaid expenses and other	41,506	77,515
Total current assets	1,678,884	1,593,599
Property and Equipment	547,099	509,284
Goodwill	120,000	120,000
Deferred Income Taxes	98,000	72,000
Other Assets		
Other receivable from related party	-	347,291
Investment in Site-Four, LLC	88,354	66,531
Note receivable from Site-Four, LLC	-	10,400
Total other assets	88,354	424,222
	$ 2,532,337	$ 2,719,105

	2021	2020
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of capital lease obligations	$ 17,729	$ 25,503
Accounts payable	160,143	147,211
Accrued liabilities	77,143	147,698
Deferred revenue	15,002	24,459
Dividend payable	6,673	-
Total current liabilities	276,690	344,871
Long-term Liabilities		
Capital lease obligations, less current portion	5,354	23,083
Deferred compensation	-	77,473
Deferred rent	2,212	15,069
Total liabilities	284,256	460,496
Stockholders' Equity		
Common stock; Class A, no par value; authorized 150 shares; issued and outstanding, 30 and 31 shares at September 30, 2021 and 2020, respectively	-	-
Common stock; Class B, no par value; authorized 1 share; issued and outstanding, 1 share	-	-
Additional paid-in capital	2,044,241	2,114,823
Retained earnings	203,840	143,786
Total stockholders' equity	2,248,081	2,258,609
	$ 2,532,337	$ 2,719,105

	2021	2020
Revenue	$ 5,862,306	$ 5,090,892
Cost of Revenue	2,491,863	2,211,370
Gross Profit	3,370,443	2,879,522
Operating Expenses	3,356,382	3,096,829
Operating Income (Loss)	14,061	(217,307)
Other Income (Expense)		
Interest income	5,645	5,874
Interest expense	(2)	-
Equity in earnings of Site-Four, LLC	21,823	13,760
Total other income (expense)	27,466	19,634
Net Income (Loss) Before Income Taxes	41,527	(197,673)
Benefit from Income Taxes	25,200	138,700
Net Income (Loss)	$ 66,727	$ (58,973)

	Common Stock Shares	Common Stock Amounts	Additional Paid-In Capital	Retained Earnings	Total
Balance, September 30, 2019	26	$ -	$ 1,519,823	$ 202,759	$ 1,722,582
Net loss	-	-	-	(58,973)	(58,973)
Issuance of common stock	6	-	595,000	-	595,000
Balance, September 30, 2020	32	-	2,114,823	143,786	2,258,609
Net income	-	-	-	66,727	66,727
Dividends declared	-	-	-	(6,673)	(6,673)
Redemption of common stock	(1)	-	(70,582)	-	(70,582)
Balance, September 30, 2021	31	$ -	$ 2,044,241	$ 203,840	$ 2,248,081

	2021	2020
Operating Activities		
Net income (loss)	$ 66,727	$ (58,973)
Adjustments to reconcile net income (loss) to net cash from (used for) operating activities		
Depreciation	71,956	35,653
Equity in earnings of Site-Four, LLC	(21,823)	(13,760)
Deferred income taxes	(26,000)	(93,000)
Changes in assets and liabilities		
Accounts receivable	25,905	(147,921)
Prepaid expenses and other	383,300	(17,706)
Accounts payable	12,932	38,068
Accrued and other liabilities	(170,342)	22,408
Income taxes	800	(45,700)
Net Cash from (used for) Operating Activities	343,455	(280,931)
Investing Activities		
Purchase of property and equipment	(109,771)	(429,153)
Proceeds from certificates of deposit	200,000	-
Payments from note receivable	4,447	4,745
Net Cash from (used for) Investing Activities	94,676	(424,408)
Financing Activities		
Payments on capital lease obligations	(25,503)	(24,338)
Issuance of common stock	-	595,000
Redemption of common stock	(70,582)	-
Net Cash from (used for) Financing Activities	(96,085)	570,662
Net Change in Cash	342,046	(134,677)
Cash, Beginning of Year	729,917	864,594
Cash, End of Year	$ 1,071,963	$ 729,917
Supplemental Disclosure of Cash Flow Information		
Cash payments for		
Interest	$ 2	$ -

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 matured in 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, 2021 and 2020, 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, 2022. 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 a former 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 vested fully on September 30, 2021, see Note 8.

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 ten 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, 2021 and 2020.

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, 2021, 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.

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, 2021 and 2020, 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. There were no patronage dividends during the years ended September 30, 2021 and 2020.

Revenue Recognition

Unit Based
Unit based revenue is generated from transaction-based fees for data processing, merchant transaction processing, electronic billing and payment services, electronic funds transfer and debit/credit processing services. The Company recognizes unit based revenue at a point in time in which the specific service is performed and control transfers to the customer, unless they are not deemed distinct from other goods or services in which revenue would then be recognized as control is transferred of the combined goods and services. The Company's arrangements for unit based services typically consist of an obligation to provide specific services on a when and if needed basis (a stand-ready obligation) and revenue is recognized upon the satisfaction of the performance obligations in the amount billable to the customer. These services are typically provided on a price per unit dependent on the volume of service; however, pricing for services may also be based on a declining (tier-based) price per volume of service.

Technology and Programming Services
The Company recognizes revenue from technology and programming services over time. Technology and programming services include network management and support services and miscellaneous programming services. The Company uses the input method to recognize revenue over time. The input method consists of labor hours expended to date for each contract. This method is used because management considers labor hours expensed on each contract to be the best available measure of progress on these contracts. Revenue under technology and programming services is based on contractual rates applied either as a flat fee or a contractual rate per staff hour.

Miscellaneous and Equipment Sales
For performance obligations related to miscellaneous and equipment sale revenue, including conversion revenue, control transfers to a customer at a point in time. For software license agreements that are distinct, the Company recognizes revenue at a point in time. The Company's principal terms of sale are FOB shipping point and the Company transfers control and records revenue for equipment sales upon shipment to the customer.

Customer contracts can contain multiple services and performance obligations. The transaction price of a contract is allocated to each performance obligation based on the relative standalone selling price basis of each performance obligation identified within a contract.

Deferred revenue consists of advance payments from customers, in the form of cash, for revenue to be recognized in the following years. The Company's accounts receivable and deferred revenues as of October 1, 2019 were $374,546 and $86,398, respectively.

Sales Taxes

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

Shipping and Handling Costs

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of revenues.

Advertising Costs

Advertising costs are expensed as incurred. Such costs were $162,285 and $174,747, respectively, for the years ended September 30, 2021 and 2020.

COVID-19 Considerations

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Company is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Company is not known.

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.

Adoption of FASB Accounting Standards Update

As of October 1, 2020, the adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Company has adopted Topic 606 using the modified retrospective approach. The adoption of this standard had no significant effect on September 30, 2020 financial statements.

Subsequent Events

The Company has evaluated subsequent events through December 30, 2021, the date which the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment at September 30, 2021 and 2020, consists of the following:

	2021	2020
Equipment	$ 310,598	$ 310,598
Software	448,684	15,259
Furniture and fixtures	94,578	94,578
	853,860	420,435
Software in progress	113,542	437,195
Less accumulated depreciation	(420,303)	(348,346)
	$ 547,099	$ 509,284

Depreciation expense totaled $71,956 and $35,653 for the years ended September 30, 2021 and 2020, 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 $21,823 in 2021 and $13,760 in 2020, is included in other income in the accompanying financial statements.

Summary financial information for Site-Four, LLC as of September 30, 2021 and 2020 is as follows:

	2021	2020
Current assets	$ 378,941	$ 353,344
Land, buildings, and equipment	104,578	37,355
Total assets	$ 483,519	$ 390,699
Current liabilities	$ 93,460	$ 89,642
Noncurrent liabilities	11,908	21,931
Equity	378,151	279,126
Total liabilities and equity	$ 483,519	$ 390,699
Total revenue	$ 968,942	$ 899,459
Total expenses	(889,110)	(871,230)
Net income	$ 79,832	$ 28,229

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. Subsequent to year-end the lease for office space was renewed for one year with the option for additional renewals.

Future minimum lease payments are as follows:

Years Ending September 30,	Capital Leases	Operating Leases
2022	$ 18,471	$ 10,689
2023	5,410	-
Total minimum lease payments	23,881	$ 10,689
Less portion representing interest	798	
Present value of minimum lease payments	$ 23,083	

Total lease expense for the years ended September 30, 2021 and 2020, totaled $117,745 and $119,020, respectively.

Leased property under capital leases at September 30, 2021 and 2020, includes:

	2021	2020
Equipment	$ 93,615	$ 93,615
Less accumulated amortization	(71,996)	(47,037)
	$ 21,619	$ 46,578

Amortization of assets under capital leases is included in depreciation expense.

Note 5 - Revenue

The following table disaggregates each division's revenue by timing of revenue recognition for the year ended September 30, 2021:

Revenue recognized at a point in time	
Unit based	$ 4,048,402
Equipment sales	136,378
Conversion and other miscellaneous revenue	737,492
Revenue recognized over time	
Technology and programming services	940,034
Total revenue	$ 5,862,306

Sales of products and services are performed through individual customer orders. These services are sold primarily to credit unions throughout the northwest United States.

Note 6 - Income Taxes

Deferred tax assets and liabilities consist of the following components as of September 30, 2021 and 2020:

	2021	2020
Deferred Tax Assets (Liabilities)		
Property and equipment	$ (30,000)	$ (15,000)
Goodwill	(25,000)	(25,000)
Deferred compensation	-	16,000
Net operating loss	43,000	30,000
R&D tax credits	110,000	66,000
	$ 98,000	$ 72,000

The benefit from income taxes charged to income for the years ended September 30, 2021 and 2020, consists of the following:

	2021	2020
Currently refunded (payable)	$ (800)	$ 41,700
Deferred	26,000	97,000
	$ 25,200	$ 138,700

The Company's effective income tax rate is lower 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, 2021, net operating loss carryforwards were approximately $200,000.

Note 7 - Related Party Transactions

The Company provides services to stockholders under the normal course of business. Revenue from stockholders was $4,384,877 and $4,035,546 during the years ended September 30, 2021 and 2020, respectively. Revenues from transactions with shareholders constituted 75% and 79% of total revenues during fiscal years 2021 and 2020, respectively. As of September 30, 2021 and 2020, amounts due from stockholders and Site-Four, LLC included in accounts receivable were $373,333 and $406,782, respectively.

Operational support services are provided to the Company by a stockholder and Site-Four, LLC. The Company incurred expenses of $2,407,942 and $1,837,406 for the years ended September 30, 2021 and 2020, respectively, under these service agreements. The Company had accounts payable due to stockholders of $124,630 and $124,987 at September 30, 2021 and 2020, respectively.

Cash and certificates of deposit held at shareholder credit unions totaled $871,933 and $929,917 at September 30, 2021 and 2020, respectively.

Note 8 - Employee Benefit Plans

Deferred Compensation Plan

In May 2018, the Company entered into an employee retention agreement (the “agreement”) with a former 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, 2021 and 2020. 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. In 2021 agreement was reached with the former CEO deemed fully vested, and the remaining obligation was fully paid. The obligation under the agreement was $0 and $77,473, included in deferred compensation liability at September 30, 2021 and 2020, respectively. The expense attributable to the agreement due to vesting, included in operating expense, was $269,818 and $32,057 during the years ended September 30, 2021 and 2020, 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, 2021 and 2020, was $42,296 and $51,129, respectively.