

WEATHERFLOW-TEMPEST, INC.  
(A Delaware Corporation)  
FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2021 and 2020

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WEATHERFLOW-TEMPEST, INC.  
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WEATHERFLOW-TEMPEST, INC.  
(A Delaware Corporation)  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>		
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 885,556	\$ 157,664
Accounts receivable, net of allowance	170,008	440,232
Inventory, net of allowance	597,627	938,125
Prepaid expenses	384,310	64,764
Total current assets	2,037,501	1,600,785
<b>PROPERTY AND EQUIPMENT, pledged</b>		
Machinery and equipment	74,017	61,797
Computers and equipment	39,607	36,583
Furniture and fixtures	23,971	23,971
Leasehold improvements	5,377	5,377
	142,972	127,728
Less accumulated depreciation	(87,099)	(65,850)
Total property and equipment, net	55,873	61,878
<b>OTHER ASSETS</b>		
Intangible asset - intellectual property	71,000	81,000
Security deposit	1,192	1,192
Total other assets	72,192	82,192
	\$ 2,165,566	\$ 1,744,855

See accompanying notes to financial statements

WEATHERFLOW-TEMPEST, INC.  
(A Delaware Corporation)  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 338,962	\$ 668,111
Accrued expenses	90,474	86,871
Deferred revenue	1,091	260,622
Credit cards payable	90,481	168,988
Investor Advance	300,000	-
Short-term borrowings	132,005	560,820
Current portion of convertible note	-	100,000
Total current liabilities	<u>953,013</u>	<u>1,845,412</u>
LONG-TERM DEBT		
Notes payable, net of current maturities	<u>930,000</u>	<u>-</u>
Total long-term liabilities	<u>930,000</u>	<u>-</u>
SHAREHOLDERS' DEFICIT		
Common stock	12,307	12,077
Additional paid-in-capital	3,794,245	2,274,276
Retained deficit	<u>(3,523,999)</u>	<u>(2,386,910)</u>
Total shareholders' deficit	<u>282,553</u>	<u>(100,557)</u>
	<u>\$ 2,165,566</u>	<u>\$ 1,744,855</u>

See accompanying notes to financial statements

WEATHERFLOW-TEMPEST, INC.  
(A Delaware Corporation)  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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STATEMENTS OF INCOME

	<u>2021</u>	<u>2020</u>
SALES	<u>\$ 8,295,461</u>	<u>\$ 6,460,768</u>
COST OF SALES	<u>3,483,187</u>	<u>3,108,165</u>
GROSS PROFIT	<u>4,812,274</u>	<u>3,352,603</u>
GENERAL AND ADMINISTRATIVE EXPENSES	<u>5,896,079</u>	<u>4,327,098</u>
LOSS FROM OPERATIONS	<u>(1,083,805)</u>	<u>(974,495)</u>
OTHER INCOME (EXPENSE), NET	<u>(53,284)</u>	<u>(5,456)</u>
LOSS BEFORE INCOME TAXES	<u>(1,137,089)</u>	<u>(979,951)</u>
INCOME TAX PROVISION	<u>-</u>	<u>-</u>
NET LOSS	<u>\$ (1,137,089)</u>	<u>\$ (979,951)</u>

See accompanying notes to financial statements

WEATHERFLOW-TEMPEST  
(A Delaware Corporation)  
STATEMENTS OF RETAINED DEFICIT  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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RETAINED DEFICIT

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ (2,386,910)	\$ (1,406,959)
Net loss	<u>(1,137,089)</u>	<u>(979,951)</u>
Balance, end of year	<u>\$ (3,523,999)</u>	<u>\$ (2,386,910)</u>

See accompanying notes to financial statements

WEATHERFLOW-TEMPEST, INC.  
(A California Corporation)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (1,137,089)	\$ (979,951)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	21,249	24,112
Amortization of intangibles	10,000	10,000
Changes in:		
Accounts receivable	270,224	240,402
Inventory	340,498	(737,842)
Prepaid expenses	(319,546)	49,599
Accounts payable & accrued expenses	(617,317)	443,006
Short-term borrowings	(428,815)	560,820
Other current liabilities	291,771	(545,610)
Credit cards payable	(78,507)	94,515
Deferred revenue	(259,531)	(553,819)
Net cash used in operating activities	<u>(1,907,063)</u>	<u>(1,394,768)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(15,244)	(53,494)
Purchase of intangible asset	-	(10,000)
Net cash used in investing activities	<u>(15,244)</u>	<u>(63,494)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	830,000	-
Issuance of stock	230	-
Investor advance	300,000	-
Capital contribution	1,519,969	1,078,664
Net cash provided by financing activities	<u>2,650,199</u>	<u>1,078,664</u>
INCREASE (DECREASE) IN CASH	727,892	(379,598)
CASH, BEGINNING OF YEAR	<u>157,664</u>	<u>537,262</u>
CASH, END OF YEAR	<u>\$ 885,556</u>	<u>\$ 157,664</u>
<b>SUPPLEMENTAL CASH FLOWS DISCLOSURES</b>		
Cash paid for:		
Income taxes	\$ -	\$ -
Interest expense	\$ 11,352	\$ 5,456

See accompanying notes to financial statements

WEATHERFLOW-TEMPEST, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of WeatherFlow-Tempest, Inc. is presented to assist in understanding the Company's financial statements. The financial statements and notes are representative of the Company's management who is responsible for their objectivity and integrity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

a. Organization

WeatherFlow-Tempest, Inc. operates in the private weather industry, selling products and services that deliver weather data - both observations and forecasts. Products and services include weather station systems, weather meters, subscription applications, SaaS tools, and licensed data.

As of December 31, 2020, WeatherFlow-Tempest, Inc. was a wholly owned subsidiary of WFn Holdings, Inc. Effective April 1, 2021, the Parent Company, WFn Holdings, Inc. has agreed to a spin-off agreement. As a result of the spin-off, WeatherFlow-Tempest will no longer be a subsidiary of the Parent Company. WFn Holdings, Inc. filed a certificate of amendment on May 6, 2021, to change its name from WeatherFlow, Inc. Refer to Note 8.

b. Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation is computed for financial statement purposes on a straight line and accelerated basis over the estimated useful lives of the related assets.

For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system (MACRS) and accelerated cost recovery system (ACRS) instead of the methods described above used for financial statement purposes.



WEATHERFLOW-TEMPEST, INC. AND SUBSIDIARY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Intangible Asset

The Company recorded an intangible asset in 2019 for the purchase of intellectual property. The asset is tested annually for impairment. If an impairment is identified, the value will be adjusted accordingly.

d. Inventory

Inventories are stated at the lower of cost or market; cost is determined using the first-in first-out method.

e. Compensated Absences

Flexible Time Off (FTO) is provided by the Company for full-time exempt employees and employees covered under this policy do not accrue paid time off hours. A large majority of the Company's payroll expense is due to full-time exempt employees. Other employees of the Company are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. The Company's policy is to recognize the costs of compensated absences for non-exempt employees when actually paid to employees.

f. Cash and Cash Equivalents

In general, for purposes of the statement of cash flows, the Company considers all highly liquid investments with maturities of three months or less and certain certificates of deposits to be cash equivalents.

g. Accounts receivable

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

WEATHERFLOW-TEMPEST, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Deferred revenue

Deferred revenue at year end 2020 represents income received from crowdfunding platforms. Revenue was recognized in 2021 when the individual funder was shipped a weather station unit.

i. Concentration of Credit Risk

In the normal course of business, the Company may maintain cash held at financial institutions in excess of the FDIC limit of \$250,000. The Company believes there is no significant risk with respect to these deposits.

j. Use of Estimates

The preparation of 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 and disclosure of contingent 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.

k. Advertising

Advertising costs are expensed when incurred.

NOTE 2. RETIREMENT PLANS

The Company sponsors a 401(k) plan for employees meeting the eligibility criteria of the profit-sharing plan. Employees may elect to defer any dollar amount per payroll period, subject to the IRS annual maximum per participant. The Company contributes a non-elective annual Safe Harbor contribution equal to 3% of eligible compensation.

Elective deferrals by employees for the years ended December 31, 2021 and 2020 were \$162,610 and \$129,732. Discretionary profit sharing contributions for the years ended December 31, 2021 and 2020 were \$77,054 and \$52,420.

WEATHERFLOW-TEMPEST, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 3. LEASING AGREEMENTS

The Company leases office space in Colorado and Florida under leases that expire in 2023. The Company also leases office space in California under a month-to-month lease.

The following is a schedule of future minimum rental payments required under the above operating leases as of December 31, 2021.

<u>Year ending December 31,</u>		<u>Amount</u>
	2022	\$ 75,287
	2023	20,414
	Thereafter	<u>-</u>
		<u>\$ 95,701</u>

NOTE 4. NOTES PAYABLE

The Company's note payable included in long-term debt as of December 31, 2021 and 2020 is summarized as follows:

	<u>2021</u>	<u>2020</u>
Convertible promissory note payable, accrues interest at 5% per annum on unpaid balance. Payable on demand by holder at any time after May 30, 2021	\$ -	\$ 100,000
Convertible promissory note payable, accrues interest at 7% per annum on unpaid balance. Payable on demand by holder at any time after October 29, 2024	930,000	-
Less current maturities	<u>\$ (-)</u>	<u>\$ (100,000)</u>
	<u>\$ 930,000</u>	<u>\$ -</u>

Maturities of long-term debt are summarized as follows:

<u>Year ending December 31,</u>		<u>Amount</u>
	2024	\$ 930,000
	Thereafter	<u>-</u>
		<u>\$ 100,000</u>

WEATHERFLOW-TEMPEST, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 5. RELATED PARTY TRANSACTIONS

Additional Paid in Capital includes capital provided to the Company by WFn Holding Inc., which is owned by the Company's founders. The amount contributed to paid In Capital is \$568,419 and \$1,078,664 in 2021 and 2020, respectively.

Amounts due from related parties included in trade accounts receivable at December 31, 2021 and 2020 were \$19,402 and \$400,232, respectively.

The Company has outstanding trade receivables from WFn Holdings Inc. As of December 31, 2021 and December 31, 2020, the outstanding receivables was in the amounts of \$7,875 and \$400,232, respectively.

The Company revenues included payment for data and services from WFn Holdings Inc. For the years ended December 31, 2021 and December 31, 2020, the revenue received from WFn Holdings Inc, was in the amount of \$366,629 and \$840,000, respectively.

The Company expenses include \$225,000 in fees paid to WFn for the year ended December 31, 2021 in accordance with an ongoing data licensing agreement.

The Company revenues also included revenues from Synoptic Data PBC, a Public Benefit Corporation in which WFn Holdings Inc owns a minority stake. As of December 31, 2021 and December 31, 2020, the Company's revenue from Synoptic Data PBC, was in the amount of \$120,000 in each year.

The balance due to related parties, included in Short-term borrowings at December 31, 2021 was \$14,846.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial instruments, including cash, accounts receivable and accounts payable approximate their fair value due to the short-term maturities of these instruments.

WEATHERFLOW-TEMPEST, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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NOTE 7. INCOME TAXES

The Company filed a consolidated Federal and state income tax returns as a subsidiary of WFn Holdings, Inc. for year ended December 31, 2020 and prior. For year ended December 31, 2021, Wfn Holdings, Inc. and WeatherFlow-Tempest, Inc. will be filing separate returns.

The provision for income taxes included in the statement of operations for the years ended December 31, 2021 includes the following:

	<u>2021</u>
Current income tax	\$ -
Deferred tax provision	<u>-</u>
Net provision	\$ <u>-</u>

The federal income tax returns of the Company for 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they are filed.

The tax effects of temporary differences that give rise to significant portions of deferred tax assets at December 31, 2021 are as follows:

Deferred tax assets	<u>2021</u>
Net operating loss carryforward	<u>1,127,089</u>
Total gross deferred tax assets	1,127,089
Less: valuation allowance	<u>(1,127,089)</u>
Net deferred tax assets	\$ <u>-</u>

SUPPLEMENTARY INFORMATION

WEATHERFLOW-TEMPEST, INC.  
DETAIL OF OTHER INCOME (EXPENSE)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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	<u>2021</u>	<u>2020</u>
Interest expense	\$ (11,352)	\$ (5,456)
Advance fee	<u>(41,932)</u>	<u>-</u>
	<u>\$ (53,284)</u>	<u>\$ (5,456)</u>