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Tinton Falls, NJ 07701

tdbank.com

May 10, 2022

Ms. Sidney Duffy, Buyer
Jefferson Parish
Department of Purchasing
POB 9
Gretna, Louisiana 70054

RE: Comprise Technologies, Inc.

Comprise Technologies has been a TD Bank customer since 1997. Comprise keeps average business account balances in excess of \$500,000, and as such, they are financially viable as a going concern. Additionally, Comprise maintains a business Line of Credit with a limit of \$500,000, which has been in place since 2002, against which nothing is currently drawn, and has at all times been handled as agreed. All transactions have been handled as agreed and the company is in good standing.

Should you require any additional information, please call me at (732) 212-6944.

Sincerely yours,

TD Bank, N.A.
Timothy Stroebel
Vice President

TS/bwv



COMPRISE TECHNOLOGIES, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED AUGUST 31, 2020 AND 2019

Confidential

COMPRISE TECHNOLOGIES, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

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ATHEY & COMPANY
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NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
COMPRISE TECHNOLOGIES, INC.
Navesink, NJ

We have reviewed the accompanying financial statements of COMPRISE TECHNOLOGIES, INC. (a corporation), which comprise the balance sheets as of August 31, 2020 and 2019, and the related statements of income, accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the schedules of cost of revenue and general and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Athey & Company
Certified Public Accountants, P.A.

November 30, 2020

COMPRISE TECHNOLOGIES, INC.

BALANCE SHEETS
AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 460,416.93	\$ 294,741.81
Accounts Receivable	1,135,684.00	907,803.23
Deposits	160.00	160.00
Loans Receivable -		
Stockholder	274,101.31	251,601.31
Employees	7,000.00	7,000.00
Prepaid Expenses	61,061.00	83,380.00
	<hr/>	<hr/>
Total Current Assets	1,938,423.24	1,544,686.35
Property and Equipment - Net	1,505.08	7,622.86
Other Assets		
Deferred Tax Asset	200.00	0.00
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,943,128.32</u>	<u>\$ 1,552,309.21</u>

COMPRISE TECHNOLOGIES, INC.

BALANCE SHEETS
AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 69,729.90	\$ 120,505.68
Notes Payable	0.00	65,000.00
Accrued Liabilities	15,358.91	12,158.80
Deferred Revenue	86,233.97	47,806.79
Dividends Payable	0.00	48,917.33
	<hr/>	<hr/>
Total Current Liabilities	171,322.78	294,388.60
	<hr/>	<hr/>
Long-Term Liabilities		
Note Payable - PPP Loan	76,461.00	0.00
Deferred Income Tax	0.00	676.00
	<hr/>	<hr/>
Total Long-Term Liabilities	76,461.00	676.00
	<hr/>	<hr/>
Total Liabilities	247,783.78	295,064.60
	<hr/>	<hr/>
Stockholders' Equity		
Convertible Preferred Stock, No Par Value, Authorized 15,900 Shares, Liquidation preference \$1 per share Plus Accrued and Unpaid Dividends Issued and Outstanding 7,410 Shares	7,410.00	7,410.00
Common Stock, No Par Value, 30,000 Shares Authorized, 15,279 Shares Issued and Outstanding	15,279.00	15,279.00
Additional Paid-in Capital	2,154,251.00	2,154,251.00
Accumulated Deficit	(481,595.46)	(919,695.39)
	<hr/>	<hr/>
Total Stockholders' Equity	1,695,344.54	1,257,244.61
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,943,128.32</u>	<u>\$ 1,552,309.21</u>

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF ACCUMULATED DEFICIT
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ACCUMULATED DEFICIT - Beginning of Year	\$ (919,695.39)	\$ (904,836.17)
DIVIDENDS DECLARED	(62,499.99)	(260,221.32)
NET INCOME	500,599.92	245,362.10
	<hr/>	<hr/>
ACCUMULATED DEFICIT - END OF YEAR	<u>\$ (481,595.46)</u>	<u>\$ (919,695.39)</u>

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COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Revenue	\$ 4,589,265.28	100.0	\$ 5,032,895.54	100.0
Cost of Revenue	1,494,268.99	32.6	1,650,566.14	32.8
Gross Profit	3,094,996.29	67.4	3,382,329.40	67.2
General and Administrative Expenses	2,870,021.91	62.5	3,052,962.12	60.7
Income From Operations	224,974.38	4.9	329,367.28	6.5
Other Income(Expense)				
Interest	(9,808.22)	(0.2)	(4,714.66)	(0.1)
Other Income	338,298.54	7.4	566.48	0.0
Total Other Income(Expense)	328,490.32	7.2	(4,148.18)	(0.1)
Income Before Provision for Income Taxes	553,465.07	12.1	325,219.10	6.4
Provision for Income Taxes	52,865.15	1.2	79,857.00	1.6
NET INCOME	<u>\$ 500,599.92</u>	<u>10.9</u>	<u>\$ 245,362.10</u>	<u>4.8</u>

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Net Income	\$ 500,599.92	\$ 245,362.10
Adjustments To Reconcile Net Income to Net Cash Provided by(Used in) Operating Activities		
Depreciation	3,117.78	5,238.77
Deferred Income Tax	(876.00)	(1,175.00)
(Increase)Decrease in Assets:		
Accounts Receivable	(227,880.77)	(180,463.88)
Prepaid Expenses	22,319.00	(24,273.00)
Increase(Decrease) in Liabilities:		
Accounts Payable	(5,718.78)	(47,345.01)
Accrued Expenses	200.11	(632.17)
Deferred Revenue	38,427.18	(5,263.51)
Total Adjustments	(212,468.48)	(253,913.80)
Net Cash Provided by(Used in) Operating Activities	288,131.44	(8,551.70)
Cash Flows From Investing Activities:		
Equipment Purchases	0.00	(1,060.00)
Net Cash Used in Investing Activities	0.00	(1,060.00)
Net Cash Provided by(Used in) Operating and Investing Activities		
Carried Forward	\$ 288,131.44	\$ (9,611.70)

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Net Cash Provided by(Used in) Operating and Investing Activities Brought Forward	\$ 288,131.44	\$ (9,611.70)
Cash Flows From Financing Activities:		
Proceeds(Payments) on Notes Payable	11,461.00	65,000.00
Change in Loans Payable/Receivable - Stockholder	(22,500.00)	(54,000.00)
Employees	0.00	1,304.99
Change in Stockholders' Equity	0.00	108,468.00
Dividends Paid	(111,477.32)	(311,303.99)
Net Cash Used in Financing Activities	(121,516.32)	(190,531.00)
Net (Increase)Decrease in Cash and Cash Equivalents	165,675.12	(200,142.70)
Cash and Cash Equivalents at Beginning of Year	294,741.81	494,884.51
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 460,416.93</u>	<u>\$ 294,741.81</u>

COMPRISE TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Business Activities

Comprise Technologies, Inc. is a technology company headquartered in Navesink, New Jersey that develops and commercializes software. The Company's primary focus is a line of software products that increase efficiency and improve customer service for public libraries and municipalities across North America. These products are sold under a subscription model through which licensees execute automatically renewing agreements that provide for initial year and mandatory annual renewal fees. It grants credit to its customers, and the Company recognizes revenues from software and related sales when the product is installed or the services performed.

(B) Management's Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

(C) Property and Equipment

Property and equipment are stated at cost. Expenditures which substantially increase the economic useful lives of the assets are capitalized. Expenditures for maintenance and repairs necessary to maintain the assets in efficient operating condition are charged to operations. Assets retired, or otherwise disposed of, are eliminated from their respective asset accounts. Any gains or losses from dispositions, other than trade-ins on like property, are included in income.

Property and equipment consist of the following:

	August 31, 2020	August 31, 2019
Computer Equipment	\$204,118.17	\$204,118.17
Office Furniture	66,551.99	66,551.99
Telephone Equipment	50,198.22	50,198.22
	<u>320,868.38</u>	<u>320,868.38</u>
Less: Accumulated Depreciation	316,363.30	313,245.52
Property and Equipment – Net	<u>\$4,505.08</u>	<u>\$7,622.86</u>

(D) Depreciation

Depreciation is computed using the straight-line and accelerated methods over the economic useful lives of the assets.

Depreciation expense for the years ended August 31, 2020 and 2019 was \$3,117.78 and \$5,238.77, respectively.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Accounts Receivable

Bad debts are charged to operations in the year in which the accounts are determined uncollectible. If the valuation method of accounting for uncollectible accounts were used, it would not have had a material effect on the financial statements.

(F) Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of fixed assets and accrued interest 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 taxes also are recognized for tax credits and net operating losses that are available to offset future federal and state income taxes.

With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before August 31, 2017.

(G) Advertising Costs

The Company incurs nondirect response advertising and marketing costs in its operations. These costs are expensed as incurred. For the years ended August 31, 2020 and 2019, advertising and marketing costs were \$271,458.74 and \$428,607.11, respectively.

(H) Deferred Revenue

Substantially all license contracts are for a period of one year and consist of the license, annual upgrade, and technical support. Deferred revenue represents prepaid contract revenue and deferred technical support as of August 31, 2020.

(I) New Accounting Pronouncements

Management believes that any new accounting pronouncements enacted during the year will not have a material effect on the financial statements.

(J) Subsequent Events

Management has evaluated subsequent events through November 30, 2020, the date the financial statements were available to be issued.

2. FAIR VALUE OF INSTRUMENTS

The Company's financial instruments are cash and cash equivalents, accounts receivable, loans receivable and notes payable. The recorded values of cash and cash equivalents, and accounts receivable, approximate their fair values based on their short-term nature.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE OF INSTRUMENTS (CONTINUED)

The recorded value of notes payable approximates fair values, as interest approximates market rates.

The recorded value of the Company's loans receivables reflects cost which management believes approximates fair values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – STATEMENTS OF CASH FLOWS

(A) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains cash balances at two financial institutions. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000.00. As of August 31, 2020, the uninsured balance aggregates to \$215,659.06.

(B) Statements of Cash Flows Format

The Statements of Cash Flows have been prepared using the Indirect Method which shows the increase(decrease) in cash and cash equivalents.

(C) Supplementary Information

Interest paid for the years ended August 31, 2020 and 2019 was \$9,808.22 and \$4,714.66, respectively.

Income taxes paid for the years ended August 31, 2020 and 2019 was \$28,971.00 and \$104,145.00, respectively.

4. LOANS RECEIVABLE/PAYABLE - STOCKHOLDERS

Amounts represent cash advances made between stockholders and the Company. These amounts bear interest with principal due on demand.

5. NOTES PAYABLE - TD BANK - LINE OF CREDIT

The Company has an available line of credit with TD Bank in the amount of \$500,000.00 bearing interest at 1.0% above the Bank's prime rate, which is currently at 3.99% per annum. As of August 31, 2020 and 2019, the balance due on the line of credit was \$.00 and \$65,000.00, respectively.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT PLAN

All employees of the Company may participate in a Simple IRA plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. Company contributions are discretionary. Contributions made by the Company for the years ended August 31, 2020 and 2019 were \$57,688.56 and \$55,113.35, respectively.

7. INCOME TAXES

The components of the provision for corporate income tax are as follows:

	For the Year Ended August 31, 2020	For the Year Ended August 31, 2019
Federal Income Tax		
Current	\$45,065.00	\$67,301.00
Deferred	(595.00)	(799.00)
Total	<u>\$44,470.00</u>	<u>\$66,502.00</u>
State Income Tax		
Current	\$8,876.15	\$13,731.00
Deferred	(541.00)	(376.00)
Total	<u>\$8,335.15</u>	<u>\$13,355.00</u>

The components of the deferred tax assets (amounts expensed or liabilities recognized in the financial statements for which a future tax deduction will be taken) and deferred tax liabilities (amounts not recognized in the financial statements which will result in future taxable income) were comprised of the following at August 31, 2020 and 2019:

	August 31, 2020 Non-Current Deferred Tax Asset(Liability)	August 31, 2019 Non-Current Deferred Tax Asset(Liability)
N.J. Income Tax	(\$13.00)	\$46.00
Depreciation	<u>213.00</u>	<u>(722.00)</u>
	<u>\$200.00</u>	<u>(\$676.00)</u>

The income tax provision differs from the expense that would result from applying federal statutory tax rates to income before taxes because of certain permanent differences, reversals of temporary differences and tax credits.

COMPRISE TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

8. LEASE

On August 25, 2015, the Company entered into a two year lease agreement with Frank A. Vaccaro for the period August 1, 2015 thru July 31, 2017. The lease agreement includes options for the Company to renew. The Company exercised the second option to renew the lease for another additional two years. Rent paid for the years ended August 31, 2020 and 2019 was \$107,640.00 and \$104,758.00, respectively.

The Company has estimated the future rental payments on the existing lease as follows:

Year ended August 31,

2021	\$98,670.00
2022	.00
2023	.00
2024	.00
2025	.00
Thereafter	.00
	<u>\$98,670.00</u>

9. LONG-TERM DEBT

During April 2020, the Company entered into a Payroll Protection Program loan with TD Bank, N.A. in the amount of \$414,370.00, bearing interest at 1.00% per annum with a two year term for repayment, if not forgiven. The terms of the loan call for forgiveness of the debt if certain criteria are met. The Company fully anticipates that all of the debt will be forgiven and has recognized \$337,909.00 as income at August 31, 2020.

Amount Due Within One Year	Long-Term Debt	Principal Balance At August 31, 2020
<u>\$.00</u>	<u>\$76,461.00</u>	<u>\$76,461.00</u>

Maturities for long term debt are as follows:

2021	\$.00
2022	76,461.00
2023	.00
2024	.00
2025	.00
Thereafter	.00
	<u>74,461.00</u>
Less: Current Portion	<u>.00</u>
	<u>\$76,461.00</u>

10. OTHER COMMENTS

As a result of the coronavirus pandemic, economic uncertainties have arisen which are likely to negatively impact operating results. Other financial impact could occur but the extent is unknown at this time. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration.

COMPRISE TECHNOLOGIES, INC.
SCHEDULES OF COST OF REVENUE
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Direct Costs	\$ 1,204,018.52	26.2	\$ 1,216,847.55	24.2
Advertising & Marketing	271,458.74	5.9	428,607.11	8.5
Shipping & Freight	18,791.73	0.5	5,111.48	0.1
TOTAL	<u>\$ 1,494,268.99</u>	<u>32.6</u>	<u>\$ 1,650,566.14</u>	<u>32.8</u>

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COMPRISE TECHNOLOGIES, INC.
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	<u>2020</u>	<u>%</u>	<u>2019</u>	<u>%</u>
Automobile Expense	\$ 24,713.42	0.5	\$ 27,861.81	0.6
Communications	41,136.83	0.9	43,746.09	0.9
Computer Equipment	6,892.23	0.2	259.96	0.0
Contributions	250.00	0.0	500.00	0.0
Depreciation	3,117.78	0.1	5,238.77	0.1
Development	47,764.33	1.0	25,222.72	0.5
Licenses & Fees	10,094.47	0.2	7,151.43	0.1
Insurance	148,298.32	3.2	165,351.90	3.3
Miscellaneous	10,133.71	0.2	14,354.00	0.3
Office Expense	967.79	0.0	3,960.00	0.1
Payroll	2,132,416.58	46.5	2,344,406.68	46.6
Payroll Taxes	142,741.77	3.1	147,601.73	2.9
Postage & Delivery	1,040.09	0.0	1,201.13	0.0
Professional Fees	65,642.00	1.4	34,710.00	0.7
MD Personal Property Tax	300.00	0.0	300.00	0.0
Miscellaneous Annual State Fees	96.85	0.0	0.00	0.0
Rent	117,897.62	2.5	117,905.57	2.3
Repairs & Maintenance	12,718.41	0.3	14,824.72	0.3
Simple IRA Contributions	7,638.56	1.3	55,113.35	1.1
Supplies	32,064.66	0.7	29,851.97	0.6
Utilities	11,669.99	0.3	11,888.58	0.3
HI Excise/Use Tax	3,249.50	0.1	1,511.71	0.0
TOTAL	<u>\$ 2,870,021.91</u>	<u>62.5</u>	<u>\$ 3,052,962.12</u>	<u>60.7</u>

COMPRISE TECHNOLOGIES, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED AUGUST 31, 2021 AND 2020

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COMPRISE TECHNOLOGIES, INC.
FINANCIAL STATEMENTS AND
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NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
COMPRISE TECHNOLOGIES, INC.
Navesink, NJ

We have reviewed the accompanying financial statements of COMPRISE TECHNOLOGIES, INC. (a corporation), which comprise the balance sheets as of August 31, 2021 and 2020, and the related statements of income, accumulated deficit, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

ATHEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.A.

Supplementary Information

The supplementary information included in the schedules of cost of revenue and general and administrative expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Athey & Company

Certified Public Accountants, P.A.

November 12, 2021

COMPRISE TECHNOLOGIES, INC.**BALANCE SHEETS
AUGUST 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 1,089,733.96	\$ 460,416.93
Accounts Receivable	903,221.58	1,135,684.00
Deposits	160.00	160.00
Loans Receivable -		
Stockholder	299,101.31	274,101.31
Employees	7,000.00	7,000.00
Prepaid Expenses	11,974.00	61,061.00
	<hr/>	<hr/>
Total Current Assets	2,311,190.85	1,938,423.24
Property and Equipment - Net	4,48.30	4,505.08
Other Assets		
Deferred Tax Asset	778.00	200.00
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,314,417.15</u>	<u>\$ 1,943,128.32</u>

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COMPRISE TECHNOLOGIES, INC.**BALANCE SHEETS
AUGUST 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 125,886.12	\$ 69,729.90
Accrued Liabilities	149,765.37	15,358.91
Deferred Revenue	104,595.48	86,233.97
Total Current Liabilities	<u>380,246.97</u>	<u>171,322.78</u>
Long-Term Liabilities		
Note Payable - PPP Loan	76,461.00	76,461.00
Total Long-Term Liabilities	<u>76,461.00</u>	<u>76,461.00</u>
Total Liabilities	<u>456,707.97</u>	<u>247,783.78</u>
Stockholders' Equity		
Convertible Preferred Stock, No Par Value, Authorized 15,900 Shares, Liquidation preference \$1 per Share Plus Accrued and Unpaid Dividends Issued and Outstanding 7,410 Shares	7,410.00	7,410.00
Common Stock, No Par Value, 30,000 Shares Authorized, 15,279 Shares Issued and Outstanding	15,279.00	15,279.00
Additional Paid-in Capital	2,154,251.00	2,154,251.00
Accumulated Deficit	(242,769.82)	(481,595.46)
Total Stockholders' Equity	<u>1,934,170.18</u>	<u>1,695,344.54</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 2,314,417.15</u></u>	<u><u>\$ 1,943,128.32</u></u>

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF ACCUMULATED DEFICIT
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ACCUMULATED DEFICIT - Beginning of Year	\$ (481,595.46)	\$ (919,695.39)
DIVIDENDS DECLARED	(249,999.96)	(62,499.99)
NET INCOME	<u>488,825.60</u>	<u>500,599.92</u>
ACCUMULATED DEFICIT - END OF YEAR	<u><u>\$ (242,769.82)</u></u>	<u><u>\$ (481,595.46)</u></u>

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COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF INCOME
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Revenue	\$ 4,695,329.42	100.0	\$ 4,589,265.28	100.0
Cost of Revenue	1,198,515.80	25.5	1,494,268.99	32.6
Gross Profit	3,496,813.62	74.5	3,094,996.29	67.4
General and Administrative Expenses	2,949,822.14	62.8	2,870,021.91	62.5
Income From Operations	546,991.48	11.7	224,974.38	4.9
Other Income(Expense)				
Interest	(1,028.00)	0.0	(9,808.22)	(0.2)
Other Income	338,298.91	0.0	338,298.91	7.4
PPP Loan Forgiveness	76,761.00	1.6	0.00	0.0
Total Other Income(Expense)	77,766.12	1.6	328,490.69	7.2
Income Before Provision for Income Taxes	622,777.60	13.3	553,465.07	12.1
Provision for Income Taxes	133,952.00	2.9	52,865.15	1.2
NET INCOME	<u>\$ 488,825.60</u>	<u>10.4</u>	<u>\$ 500,599.92</u>	<u>10.9</u>

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities:		
Net Income	\$ 488,825.60	\$ 500,599.92
Adjustments To Reconcile Net Income to Net Cash Provided by(Used in)		
Operating Activities		
Depreciation	2,056.78	3,117.78
Deferred Income Tax	(578.00)	(876.00)
PPP Loan Forgiveness	(76,461.00)	(337,909.00)
(Increase)Decrease in Assets:		
Accounts Receivable	232,432.42	(227,880.77)
Prepaid Expenses	(3,087.00)	22,319.00
Increase(Decrease) in Liabilities:		
Accounts Payable	55,136.22	(50,775.78)
Accrued Expenses	34,406.46	3,200.11
Deferred Revenue	18,361.51	38,427.18
Total Adjustments	415,491.39	(550,377.48)
Net Cash Provided by Operating Activities	904,316.99	(49,777.56)
Cash Flows From Investing Activities:		
Net Cash Used in Investing Activities	0.00	0.00
Net Cash Provided by Operating and Investing Activities		
Carried Forward	\$ 904,316.99	\$ (49,777.56)

COMPRISE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Net Cash Provided by Operating and Investing Activities Brought Forward	\$ 904,316.99	\$ (49,777.56)
Cash Flows From Financing Activities:		
Proceeds(Payments) on Notes Payable	0.00	349,370.00
Change in Loans Payable/Receivable - Stockholder	(25,000.00)	(22,500.00)
Dividends Paid	(249,999.96)	(111,417.32)
Net Cash Used in Financing Activities	(274,999.96)	215,452.68
Net (Increase)Decrease in Cash and Cash Equivalents	629,317.03	165,675.12
Cash and Cash Equivalents at Beginning of Year	460,416.93	294,741.81
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,089,733.96</u></u>	<u><u>\$ 460,416.93</u></u>

COMPRISE TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Business Activities

Comprise Technologies, Inc. is a technology company headquartered in Navesink, New Jersey that develops and commercializes software. The Company's primary focus is a line of software products that increase efficiency and improve customer service for public libraries and municipalities across North America. These products are sold under a subscription model through which licensees execute automatically renewing agreements that provide for initial year and mandatory annual renewal fees. It grants credit to its customers, and the Company recognizes revenues from software and related sales when the product is installed or the services performed.

(B) Management's Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

(C) Property and Equipment

Property and equipment are stated at cost. Expenditures which substantially increase the economic useful lives of the assets are capitalized. Expenditures for maintenance and repairs necessary to maintain the assets in efficient operating condition are charged to operations. Assets retired, or otherwise disposed of, are eliminated from their respective asset accounts. Any gains or losses from dispositions, other than trade-ins on like property, are included in income.

Property and equipment consist of the following:

	August 31, 2021	August 31, 2020
Computer Equipment	\$204,118.17	\$204,118.17
Office Furniture	66,551.99	66,551.99
Telephone Equipment	50,198.22	50,198.22
	<u>320,868.38</u>	<u>320,868.38</u>
Less: Accumulated Depreciation	316,363.30	316,363.30
Property and Equipment – Net	<u>\$2,448.30</u>	<u>\$4,505.08</u>

(D) Depreciation

Depreciation is computed using the straight-line and accelerated methods over the economic useful lives of the assets.

Depreciation expense for the years ended August 31, 2021 and 2020 was \$2,056.78 and \$3,117.78, respectively.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) Accounts Receivable

Bad debts are charged to operations in the year in which the accounts are determined uncollectible. If the valuation method of accounting for uncollectible accounts were used, it would not have had a material effect on the financial statements.

(F) Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of fixed assets and accrued interest 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 taxes also are recognized for tax credits and net operating losses that are available to offset future federal and state income taxes.

With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations by tax authorities for years before August 31, 2018.

(G) Advertising Costs

The Company incurs nondirect response advertising and marketing costs in its operations. These costs are expensed as incurred. For the years ended August 31, 2021 and 2020, advertising and marketing costs were \$165,045.37 and \$271,458.74, respectively.

(H) Deferred Revenue

Substantially all license contracts are for a period of one year and consist of the license, annual upgrade and technical support. Deferred revenue represents prepaid contract revenue and deferred technical support as of August 31, 2021.

(I) New Accounting Pronouncements

Management believes that any new accounting pronouncements enacted during the year will not have a material effect on the financial statements.

(J) Subsequent Events

Management has evaluated subsequent events through November 12, 2021, the date the financial statements were available to be issued.

(K) Reclassification

Certain amounts in the prior financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The overall reclassification had no impact on previously reported net income or cash flows.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

2. FAIR VALUE OF INSTRUMENTS

The Company's financial instruments are cash and cash equivalents, accounts receivable, loans receivable and notes payable. The recorded values of cash and cash equivalents, and accounts receivable, approximate their fair values based on their short-term nature.

The recorded value of notes payable approximates fair values, as interest approximates market rates.

The recorded value of the Company's loans receivables reflects cost which management believes approximates fair values.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – STATEMENTS OF CASH FLOWS

(A) Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Company maintains cash balances at one financial institution. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation up to \$250,000.00. As of August 31, 2021, the uninsured balance aggregated to \$933,057.96.

(B) Statements of Cash Flows Format

The Statements of Cash Flows have been prepared using the Indirect Method which shows the increase(decrease) in cash and cash equivalents.

(C) Supplementary Information

Interest paid for the years ended August 31, 2021 and 2020 was \$1,028.00 and \$9,808.22, respectively.

Income taxes paid for the years ended August 31, 2021 and 2020 was \$26,791.00 and \$28,971.00, respectively.

4. LOANS RECEIVABLE/PAYABLE - STOCKHOLDERS

Amounts represent cash advances made between stockholders and the Company. These amounts bear interest with principal due on demand.

5. NOTES PAYABLE - TD BANK - LINE OF CREDIT

The Company has an available line of credit with TD Bank in the amount of \$500,000.00 bearing interest at 1.0% above the Bank's prime rate, which is currently at 3.99% per annum. As of August 31, 2021 and 2020, the balance due on the line of credit was \$.00.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

6. RETIREMENT PLAN

All employees of the Company may participate in a Simple IRA plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. Company contributions are discretionary. Contributions made by the Company for the years ended August 31, 2021 and 2020 were \$49,947.98 and \$57,688.56, respectively.

7. INCOME TAXES

The components of the provision for corporate income tax are as follows:

	For the Year Ended August 31, 2021	For the Year Ended August 31, 2020
Federal Income Tax		
Current	\$111,574.00	\$45,065.00
Deferred	(393.00)	(595.00)
Total	<u>\$111,181.00</u>	<u>\$44,470.00</u>
State Income Tax		
Current	\$22,856.00	\$8,676.15
Deferred	(8.00)	(381.00)
Total	<u>\$22,848.00</u>	<u>\$8,395.15</u>

The components of the deferred tax assets (amounts expensed or liabilities recognized in the financial statements for which a future tax deduction will be taken) and deferred tax liabilities (amounts not recognized in the financial statements which will result in future taxable income) were comprised of the following at August 31, 2021 and 2020:

	August 31, 2021 Non-Current Deferred Tax Asset(Liability)	August 31, 2020 Non-Current Deferred Tax Asset(Liability)
N.J. Income Tax	(\$52.00)	(\$13.00)
Depreciation	<u>830.00</u>	<u>213.00</u>
	<u>\$778.00</u>	<u>\$200.00</u>

The income tax provision differs from the expense that would result from applying federal statutory tax rates to income before taxes because of certain permanent differences, reversals of temporary differences and tax credits.

COMPRISE TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

8. LEASE

On August 25, 2015, the Company entered into a two year lease agreement with Frank A. Vaccaro for the period August 1, 2015 thru July 31, 2017. The lease agreement includes options for the Company to renew. The Company exercised the third option to renew the lease for another additional two years. Rent paid for the years ended August 31, 2021 and 2020 was \$108,359.00 and \$107,640.00, respectively.

The Company has estimated the future rental payments on the existing lease as follows:

Year ended August 31,

2022	\$116,268.00
2023	108,579.00
2024	.00
2025	.00
2026	.00
Thereafter	.00
	<u>\$222,847.00</u>

9. LONG-TERM DEBT

During April 2020, the Company entered into a Payroll Protection Program loan with TD Bank, N.A. in the amount of \$414,370.00 bearing interest at 1.00% per annum with a two year term for repayment, if not forgiven. The terms of the loan call for forgiveness of the debt if certain criteria are met. The Company received notification in January 2021 that the loan was forgiven in full. The Company has recognized as income for the years ended August 31, 2021 and 2020 \$76,461.00 and \$337,909.00, respectively.

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

Comprise Technologies, Inc. is in the business of selling a portfolio of public-use technology solutions for municipal agencies with a focus on public libraries primarily located throughout North America. Revenues are recognized when control of these products or services is transferred to its customers. Revenue from contracts with customers in the current fiscal year totaled \$4,695,329.42.

The Company charges credit losses on accounts receivable to operations in the year in which the accounts are determined uncollectable. The expected credit losses on accounts receivable are not significant and would not have a material effect on the financial statements.

Revenue is recognized for all their products at a point in time.

Performance obligations satisfied at a point in time \$4,695,329.42

COMPRISE TECHNOLOGIES, INC.

NOTES TO FINANCIAL STATEMENTS

10. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The following economic factors affect the nature, amount, timing, and uncertainty of the Company's revenue and cash flows as indicated.

Type of Customer: Based on dollar amounts of revenue, almost all of the goods sold and services rendered by the Company are sold or rendered to municipal agencies.

Geographical location of customers: Sales of goods and services to customers located generally in North America represent all of the Company's sales.

Type of contract: Sales contracts include goods (computer hardware), right of use software license and support contracts. All types of contracts tend to be short term.

The opening and closing balances of trade receivables, contract assets, and contract liabilities from contracts with customers are as follows:

	Trade Receivables	Contract Assets	Contract Liabilities
Balance 09/01	\$1,135,684.00	\$.00	\$.00
Balance 08/31	\$903,221.56	\$.00	\$.00

Description of the Company's performance obligations with customers:

Performance Obligations:

The performance obligations related to the sale of goods, control transfers to the customer at a point in time. The Company's principal terms of sale are FOB Shipping Point and FOB Destination and the Company transfers control and records revenue for product sales either upon shipment or delivery to the customer, respectively.

The performance obligations related to the sale of services, control transfers at a point in time. The Company's principal terms of sale for license renewal and support contracts are for one year or less and the Company records revenue at the beginning of the contract term.

Payment for goods is typically due within 30 days after shipment to the customer. Payment for license renewal and support contracts are due on renewal. The Company does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date.

None of the Company's contracts have a significant financing component.

In most cases, consideration paid for goods and services that customers purchase from the Company is non-refundable. Therefore, at the time revenue is recognized, the Company does not estimate expected refunds nor does the Company exclude any such amounts from revenue.

In most cases, good that customers purchase from the Company are covered by manufacturers' warranties for periods that may exceed one year from date of delivery. The Company does not sell warranties separately.

COMPRISE TECHNOLOGIES, INC.
NOTES TO FINANCIAL STATEMENTS

10. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The Company typically satisfies its performance obligations for goods and services at a point in time by relying on information obtained from the Company employees to evaluate when the customer has obtained control of the goods or obtains the benefits of the services.

The Company enters into sales, license and support contracts with customers. Most of those contracts have a term of one year or less. For that reason, sales contracts that begin a fiscal year usually end in the same fiscal year.

In retrospectively applying the new revenue-recognition standards, the Company does not analyze or make adjustments to contracts in prior periods that began and ended in the same fiscal year. Taking advantage of this practical expedient is unlikely to result in material misstatements in the Company's financial statements for two reasons.

1. The total amount of revenue that the Company should recognize for a completed contract is unlikely to be different under new standards vs. old standards.
2. Although the timing of revenue recognition within a fiscal year could be different under the new standards, there would likely be no shifting of revenue dollars from one fiscal year to another.

Hence, by taking advantage of one of the available practical expedients, the Company avoids spending unnecessary time, effort, and cost in making the transition to the new standard.

COMPRISE TECHNOLOGIES, INC.
SCHEDULES OF COST OF REVENUE
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Direct Costs	\$ 1,038,406.85	22.1	\$ 1,204,018.52	26.2
Commissions	825.00	0.0	0.00	0.0
Advertising & Marketing	105,045.37	2.2	271,458.74	5.9
Shipping & Freight	19,068.17	0.4	18,791.73	0.5
Foreign Exchange Fees	35,170.41	0.8	0.00	0.0
TOTAL	<u><u>\$ 1,198,515.80</u></u>	<u><u>25.5</u></u>	<u><u>\$ 1,494,268.99</u></u>	<u><u>32.6</u></u>

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COMPRISE TECHNOLOGIES, INC.
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Automobile Expense	\$ 33,790.56	0.7	\$ 24,713.42	0.5
Communications	38,286.73	0.8	41,136.83	0.9
Computer Equipment	2,315.83	0.0	6,892.23	0.2
Contributions	523.00	0.0	250.00	0.0
Depreciation	2,056.78	0.0	3,117.78	0.1
Development	74,854.41	1.6	47,764.33	1.0
Licenses & Fees	5,011.06	0.1	10,094.47	0.2
Insurance	145,376.01	3.1	148,298.32	3.2
Miscellaneous	5,889.28	0.1	10,133.71	0.2
Office Expense	1,679.50	0.0	967.79	0.0
Payroll	2,227,957.03	47.5	2,132,416.58	46.5
Payroll Taxes	137,391.98	2.9	142,741.77	3.1
Postage & Delivery	1,730.40	0.0	1,040.09	0.0
Professional Fees	53,372.51	1.1	65,642.00	1.4
MD Personal Property Tax	300.00	0.0	300.00	0.0
Miscellaneous Annual State Fees	218.32	0.0	196.85	0.0
Rent	119,063.40	2.5	114,894.62	2.5
Repairs & Maintenance	14,093.81	0.3	14,748.41	0.3
Simple IRA Contributions	9,917.98	1.2	57,688.56	1.3
Supplies	22,697.45	0.6	32,064.66	0.7
Utilities	11,053.45	0.3	11,669.99	0.3
HI Excise/Use Tax	2,212.66	0.0	3,249.50	0.1
TOTAL	<u><u>\$ 2,949,822.14</u></u>	<u><u>62.8</u></u>	<u><u>\$ 2,870,021.91</u></u>	<u><u>62.5</u></u>