

**Weston Enterprises, Inc. and Subsidiary**  
**Consolidated Financial Statements and Independent**  
**Auditor's Report**  
**December 31, 2022 and 2021**

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## **Independent Auditor's Report**

To the Board of Directors and Stockholder  
Weston Enterprises, Inc.  
Fort Collins, CO

### **Opinion**

We have audited the accompanying consolidated financial statements of Weston Enterprises, Inc. (a Colorado S-Corporation) and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholder's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, all material respects, the financial position of Weston Enterprises, Inc. as of December 31, 2022 and 2021, 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.

### **Basis for Opinion**

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

### **Responsibility of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Weston Enterprises, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Weston Enterprises, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

*Sowkup, Bush & Associates P.C.*

Fort Collins, Colorado  
February 17, 2023

**Weston Enterprises, Inc. and Subsidiary**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 3,106,403	\$ 3,483,868
Student receivables, net	7,170,651	5,711,083
Short-term investments in U.S. Treasury Bills	1,470,627	-
Inventory	139,368	68,990
Prepaid expenses	41,309	10,609
Right of use asset - operating, current portion	<u>140,510</u>	<u>-</u>
Total current assets	12,068,868	9,274,550
Other assets		
Property and equipment, net	82,976	79,302
Deposits	45,492	45,492
Software	135,000	135,000
Lease liability - operating, net of current portion	<u>513,129</u>	<u>-</u>
Total other assets	<u>776,597</u>	<u>259,794</u>
Total assets	<u>\$ 12,845,465</u>	<u>\$ 9,534,344</u>
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	\$ 27,747	\$ 7,911
Accrued liabilities	854,073	557,322
Accrued loss on settlement	-	6,000
Deferred rent, current portion	-	12,193
Lease liability - operating, current portion	142,820	-
Unearned tuition	<u>1,695,477</u>	<u>1,546,550</u>
Total current liabilities	2,720,117	2,129,976
Deferred rent, net of current portion	552,263	87,959
Total liabilities	<u>3,272,380</u>	<u>2,217,935</u>
Stockholder's equity		
Common shares, no par value, 10,000 shares authorized, 100 shares issued and outstanding	20,695	20,695
Additional paid in capital	5,170,832	5,170,832
Retained earnings	<u>4,381,558</u>	<u>2,124,882</u>
Total stockholder's equity	<u>9,573,085</u>	<u>7,316,409</u>
Total liabilities and stockholder's equity	<u>\$ 12,845,465</u>	<u>\$ 9,534,344</u>

See accompanying notes to the consolidated financial statements.

**Weston Enterprises, Inc. and Subsidiary**  
**Consolidated Statements of Operations**  
**For the Years Ended December 31, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
Tuition revenues, net	\$ 12,353,247	\$ 12,254,344
Costs and expenses:		
Advertising and promotion	3,534,425	4,133,288
General and administrative	2,771,180	2,307,696
Course materials, services and instruction	2,538,654	2,244,570
Facilities	410,046	549,979
Depreciation expense	<u>21,200</u>	<u>20,772</u>
Total costs and expenses	<u>9,275,505</u>	<u>9,256,305</u>
Income from operations	<u>3,077,742</u>	<u>2,998,039</u>
Other income (expense)		
Termination of lease	(328,831)	-
Total other expense	<u>(328,831)</u>	<u>-</u>
Income before provision for income taxes	<u>2,748,911</u>	<u>2,998,039</u>
Franchise taxes	<u>11,235</u>	<u>15,188</u>
Net income	<u>\$ 2,737,676</u>	<u>\$ 2,982,851</u>

See accompanying notes to the consolidated financial statements.

**Weston Enterprises, Inc. and Subsidiary**  
**Consolidated Statements of Stockholder's Equity**  
**For the Years Ended December 31, 2022 and 2021**

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	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>			
Balances at December 31, 2020	100	\$ 20,695	\$ 5,170,832	\$ (9,232)	\$ 5,182,295
Distributions to stockholder	-	-	-	(848,737)	(848,737)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,982,851</u>	<u>2,982,851</u>
Balances at December 31, 2021	100	20,695	5,170,832	2,124,882	7,316,409
Distributions to stockholder	-	-	-	(481,000)	(481,000)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,737,676</u>	<u>2,737,676</u>
Balances at December 31, 2022	<u>100</u>	<u>\$ 20,695</u>	<u>\$ 5,170,832</u>	<u>\$ 4,381,558</u>	<u>\$ 9,573,085</u>

See accompanying notes to the consolidated financial statements.

**Weston Enterprises, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net income	\$ 2,737,676	\$ 2,982,851
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	21,200	20,772
Bad debt expense	2,251,197	1,690,570
Changes in working capital items:		
Student receivables, net	(3,710,765)	(2,598,148)
Inventory	(70,378)	30,858
Prepaid expenses	(30,700)	29,642
Deposits	-	12,687
Net change in operating lease assets and liabilities	41,444	-
Deferred rent	(100,152)	21,284
Trade accounts payable	19,836	(80,633)
Accrued liabilities	296,751	131,043
Accrued loss on settlement	(6,000)	(72,000)
Unearned tuition	<u>148,927</u>	<u>97,316</u>
Net cash provided by operating activities	1,599,036	2,266,242
Cash flows from investing activities:		
Cash paid for purchases of U.S. Treasury Bills	(1,470,627)	-
Cash paid for the purchase of property and equipment	(24,874)	(67,956)
Cash paid for internally developed software	<u>-</u>	<u>(125,000)</u>
Net cash (used in) investing activities	(1,495,501)	(192,956)
Cash flows from financing activities:		
Distributions to stockholder	<u>(481,000)</u>	<u>(848,737)</u>
Net cash (used in) provided by financing activities	(481,000)	(848,737)
Change in cash during the year	(377,465)	1,224,549
Cash, beginning of year	<u>3,483,868</u>	<u>2,259,319</u>
Cash, end of year	<u>\$ 3,106,403</u>	<u>\$ 3,483,868</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	<u>\$ 11,235</u>	<u>\$ 15,188</u>

See accompanying notes to the consolidated financial statements.



**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies**

The accounting and reporting policies of Weston Enterprises, Inc., conform to accounting principles generally accepted in the United States of America. The following summary of significant accounting policies is presented to assist the reader in evaluating the Company's consolidated financial statements.

Organization and Basis of Presentation - Weston Enterprises, Inc., dba At Home Professions is a Colorado corporation which, along with its subsidiary, provides postsecondary career level education to students through home study courses. Courses are offered in several business and medical related fields and are distributed through mail order and seminar channels.

The accompanying consolidated financial statements include the accounts of Weston Enterprises, Inc. and its wholly-owned subsidiary Weston Distance Learning, Inc., dba U.S. Career Institute, McKinley College, and At-Home Professions (collectively, "the Company"). During 2021, course programs and degrees provided by McKinley College were combined with U.S. Career Institute. All intercompany amounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents - For the purposes of the consolidated balance sheets and cash flow statements, cash and cash equivalents include all bank accounts of the Company that have maturities of three months or less.

Investments - Short-term investments in U. S. Treasury Bills consist of U. S. Treasury Bills with maturities exceeding three months at the time of purchase and are stated at amortized cost, which approximates fair value.

Concentration of Credit Risk - The Company's operations are concentrated in postsecondary career level education. As such, the Company's student receivables and revenues are concentrated wholly in this industry.

The Company maintains cash accounts at one bank in excess of the federally insured limit. The Federal Deposit Insurance Corporation insures amounts up to \$250,000. As of December 31, 2022 and 2021, the Company had cash balances in excess of the insured limit in the amounts of \$2,976,064 and \$3,278,411, respectively.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies** (continued)

Revenue Recognition, Unearned Tuition and Student Receivables - The Company recognizes revenue in accordance with Accounting Standard Update ("ASU") No. 2014-09, *"Revenue from Contracts with Customer's"* (Topic 606). Revenue is recognized when the control of promised goods or services is transferred to students in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services. Revenue is derived primarily from tuition and on-line courses taught by the Company and recognized as educational services are rendered over the term of instruction. Books and other educational product revenue is recognized when products are shipped or students have access to electronic materials.

Students may receive discounts which gives rise to variable consideration. The transaction price is reduced directly by these discounts from the amount of the standard tuition rate charged. Upon withdrawal, the student may be eligible to receive a refund, or partial refund, the amount of which is dependent on the timing of withdrawal. Refunds are netted against revenue during the applicable term. Unearned tuition is the portion of tuition payments received but not yet earned as of the consolidated balance sheet date.

Student receivables are recorded at the net realizable value expected to be received from students or third-party payers and are not collateralized. Student receivables include tuition amounts earned less payments received and an allowance for doubtful accounts. The allowance for doubtful accounts is management's best estimate based upon historical experience, including the write-off policy described in the next paragraph. Management continually monitors and adjusts its allowance associated with the Company's receivables to address any unknown credit risks associated with student receivables. When uncertainty exists as to the collection of receivables, the Company records an allowance for doubtful accounts and a corresponding charge to bad debt expense.

The Company writes-off, on a student by student basis, any student receivable or unearned tuition balance related to a student's account after one year with no activity from the student. The allowance for doubtful accounts was \$6,988,661 and \$4,672,705 as of December 31, 2022 and 2021, respectively. Bad debt expense totaled \$2,251,197 and \$1,690,570 for the years ended December 31, 2022 and 2021, respectively.

Inventory - Inventory consists primarily of course materials and promotional literature and is valued at the lower of cost or net realizable value determined on the first in, first out basis.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies** (continued)

Property and Equipment - Furniture and equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives which range from 5 to 7 years. Leasehold improvements are stated at cost and are amortized using accelerated methods over their estimated useful lives or the remaining lease term, whichever is shorter. All tangible personal property with a useful life of more than one year and a unit acquisition cost of \$2,500 or more is capitalized and depreciated over its useful life using the straight-line method. Maintenance, repairs, and minor renewals and betterments are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, management would prepare an analysis comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The net book value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted future cash flows is less than book value. To date, management has not identified any such factors pertaining to the Company's long-lived assets.

Software Development - In accordance with Accounting Standards Codification ("ASC") 350-40, "*Internal-Use Software*," the Company capitalizes costs of computer software developed or obtained for internal use and represent internal labor costs for employees and external third party costs directly attributable to capital development projects. These costs are amortized over their estimated useful lives as of the date the systems became operational. Costs incurred for upgrades and enhancements that will not result in additional functionality are expensed as incurred. Total capitalized cost was \$135,000 and \$135,000 as of December 31, 2022 and 2021, respectively. Amortization of the internally developed software will begin when the software is ready for its intended use and all substantial testing of the software has been completed.

Course Service and Advertising Costs - Course service and advertising costs are expensed as incurred. Course service and advertising costs charged to operations were \$3,534,425 and \$4,133,288 for the years ended December 31, 2022 and 2021, respectively.

Shipping and Handling Costs - Shipping and handling costs are expensed as incurred and reflected within course materials, services and instruction within the accompanying consolidated statement of operations.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies** (continued)

Income Taxes - The Company operates as a Subchapter S Corporation. As such, income and expenses of the Company are passed through to the stockholder and reported on the individual income tax return. The Company is subject to certain state and local taxes.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, "Income Taxes." ASC 740-10, "Income Taxes," provides several clarifications related to uncertain tax positions. Most notably, a "more-likely-than-not" standard for initial recognition of tax positions, a presumption of audit detection and a measurement of recognized tax benefits based on the largest amount that has a greater than 50 percent likelihood of realization. ASC 740-10, "Income Taxes," applies a two-step process to determine the amount of tax benefit to be recognized in the consolidated financial statements.

First, the Company must determine whether any amount of tax benefit may be recognized. Second, the Company determines how much of the tax benefit should be recognized for tax positions that qualify for recognition. No additional liabilities have been recognized. Accordingly, the Company has not recognized any penalty, interest or tax impact related to uncertain tax positions.

Fair Value Measurements - The carrying value of the Company's financial instruments approximates fair value due to the relative short-term nature of these instruments.

The Company uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either observable directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company has no financial instruments utilizing Level 2 or Level 3 inputs for measurement of fair value.

Leases - In February 2016, the FASB issued ASU 2016-02, "Leases," (Topic 842) ("ASU 2016-02"), which supersedes the guidance in former ASC 840, "Leases." The new accounting guidance requires recognition of all long-term lease assets and lease liabilities by lessees and sets forth new disclosure requirements for those lease assets and liabilities. It requires lessees to recognize right-of-use ("ROU") assets and lease liabilities on the consolidated balance sheet using a modified retrospective approach at the beginning of the earliest comparative period in the financial statements with a term of greater than 12 months regardless of the classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies** (continued)

Leases (continued) - The Company adopted this new standard on January 1, 2022 using the required modified retrospective approach and utilizing the effective date as its date of initial application.

The Company determined if a contract contains a lease at the inception of the contract. The Company had two leases at the time of adoption, which were classified as operating leases. The leases resulted in current and non-current right-of-use assets and lease liabilities, respectively, at the time of adoption. The Company did not have any financing leases.

ASU 2016-02 provides a number of optional practical expedients in transition. The Company elected to adopt the 'package of practical expedients', which permits the Company (i) not to reassess whether expired existing contracts are or contain leases, (ii) not to reassess the classification of expired or existing leases, and (iii) not to reassess initial direct costs for any existing leases. The Company will continue to differentiate between finance leases (previously referred to as capital leases) and operating leases using classification criteria that are substantially similar to the previous guidance. Adoption of this standard resulted in the recognition of right-of-use assets and lease liabilities on the Company's January 1, 2022 consolidated balance sheet of \$1,747,134 and \$1,847,289 respectively. There was no material impact resulting from the adoption on the Company's statement of operations for the year ended December 31, 2022. Lease liabilities represent an obligation to make lease payments arising from the lease and ROU assets represent the right to use the underlying asset identified in the lease for the lease term. Lease liabilities are measured at the present value of the lease payments not yet paid discounted using the discount rate for the lease established at the lease commencement date. To determine the present value, the implicit rate is used when readily determinable.

For leases where the implicit rate is not provided, the Company determines an incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. ROU assets are measured at the present value of the lease payments and also include any prepaid lease payments made and any other indirect costs incurred, and exclude any lease incentives received. Lease expense is recognized on a straight-line basis over the lease term. In transition to ASC 842, the Company utilized the remaining lease term of its leases in determining the appropriate incremental borrowing rate. The application of the new standard required netting of unamortized balance of lease incentives and deferred lease obligations to right-of-use assets at the adoption date. The Company's operating leases included rental escalation clauses that were factored into the determination of lease payments when appropriate. The Company does not separate lease and non-lease components of contracts.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 1 - Summary of Significant Accounting Policies** (continued)

Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements - In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments — Measurement of Credit Losses on Financial Instruments*", which requires measurement and recognition of expected credit losses for financial assets held. ASU 2016-13 is effective for the Company for year ending December 31, 2023. The Company is currently evaluating the provisions that ASU 2016-13 will have on its consolidated financial statements.

**Note 2 - Property and Equipment**

Property and equipment consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Machinery and equipment	\$ 1,055,311	\$ 1,055,311
Computer equipment	400,348	400,348
Leasehold improvements	222,125	197,251
Furniture and fixtures	<u>56,435</u>	<u>56,435</u>
	1,734,219	1,709,345
Less: accumulated depreciation and amortization	<u>(1,651,243)</u>	<u>(1,630,043)</u>
Property and equipment, net	<u>\$ 82,976</u>	<u>\$ 79,302</u>

Depreciation and amortization expense was \$21,200 and \$20,772 for the years ended December 31, 2022 and 2021, respectively.

**Note 3 - Leases**

As of December 31, 2022, the Company was obligated under non-cancelable lease agreements for its facilities in Fort Collins, Colorado. These leases required escalating rental payments with expiration through June 2027.

Effective December 18, 2022, the Company terminated its lease for the property located on Automation Way. Upon termination, the Company recorded a loss on termination of \$328,831.

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 3 - Leases** (continued)

The components of lease expense are as follows related to the Company's leases for the year ended December 31, 2022:

Fixed operating lease costs	\$ <u>374,838</u>
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Future minimum rental payments over the remaining terms of the remaining non-cancelable operating lease is as follows as of December 31, 2022:

2023	\$ 175,487
2024	179,874
2025	184,370
2026	189,880
2027	<u>47,835</u>
Total undiscounted lease payments	777,446
Less: imputed interest	<u>(82,363)</u>
Total lease liability	\$ <u>695,083</u>

**Other information:**

Operating cash flows used for operating lease	\$ 372,376
Weighted average remaining lease term (in years)	4.2
Weighted-average discount rate	5.18 %

Under the prior lease accounting guidance, minimum rental commitments under non-cancelable leases as were as follows as of December 31, 2021:

2022	\$ 359,689
2023	381,686
2024	391,228
2025	401,009
2026	411,034
Thereafter	<u>159,932</u>
Total minimum lease payments	\$ <u>2,104,578</u>

**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 3 - Leases** (continued)

The Company rents other office equipment that is generally immaterial to the overall consolidated financial statements and as such, management did not apply the adoption and application of ASC 842 to these leases. Equipment rental expense totaled \$25,872 and \$42,750 for the years ended December 31, 2022 and 2021, respectively.

**Note 4 - Commitments and Contingencies**

The Company was party to various claims and lawsuits as of December 31, 2017 that primarily related to another educational institution owned by the sole stockholder of the Company which filed bankruptcy in November 2016. On November 18, 2018, claims were brought against the Company to avoid allegedly fraudulent transfers from the affiliate that declared bankruptcy. Effective February 27, 2020, the defendants, including the Company, participated in mediation with the bankruptcy trustee and an agreement was reached to settle the adversary action against the defendants for \$705,000. Management determined the Company would be liable for approximately \$96,000 of the total settlement which has been appropriately recorded in the accompanying consolidated financial statements. The settlement liability was paid in full in 2022. As of December 21, 2021, the outstanding balance of the settlement liability was \$6,000.

**Note 5 - Line of Credit**

The Company had a line of credit agreement with a lender, amended from time to time, with a maximum availability of \$500,000 and matured on June 11, 2022. Pursuant to the amendment on June 11, 2020, outstanding amounts bore interest at the annual prime rate, or 7.50% and 3.25% as of December 31, 2022 and 2021, respectively. All outstanding principal and unpaid interest were due at maturity. Borrowings under the line of credit were limited to the lesser of \$500,000 or the borrowing base, as defined by the agreement. Outstanding balances were secured by substantially all assets of the Company and are guaranteed by the stockholder of the Company. There were no outstanding amounts on the line of credit as of December 31, 2021 and the Company closed the line of credit on June 13, 2022.

**Note 6 - 401(k) Retirement Plan**

The Company has a 401(k) retirement plan (the Plan) covering virtually all employees not belonging to a collective bargaining unit who have attained the age of 21 and completed at least three months of service. The Company, at its sole discretion, may make discretionary contributions to the Plan. Employee contributions to the Plan vest immediately. Company contributions vest over a five year period. The Company did not make any contributions to the Plan during the years ended December 31, 2022 or 2021.



**Weston Enterprises, Inc. and Subsidiary**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2022 and 2021**

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**Note 7 - Risks and Uncertainties**

The new strain of coronavirus ("COVID-19") in 2020 and the efforts to contain it have negatively impacted the global economy, disrupted manufacturing operations and global supply chains and created significant volatility and disruption of financial markets. In addition, the COVID-19 pandemic has significantly increased economic and demand uncertainty. The Company believes the estimates and assumptions underlying the consolidated financial statements are reasonable and supportable based on the information available at the time the consolidated financial statements were prepared. However, uncertainty over the impact COVID-19 will have on the global economy and the Company in particular makes many of the estimates and assumptions reflected in the 2022 and 2021 consolidated financial statements inherently less certain. Therefore, actual results may ultimately differ from those estimates to a greater degree than historically.

**Note 8 - Subsequent Events**

The Company has evaluated subsequent events through the date of the auditor's report, February 17, 2023, which is the date the accompanying consolidated financial statements were available to be issued.