

NEIGHBORHOOD SUN BENEFIT CORP.

Consolidated Financial Statements For The Year Ended December 31, 2021



Independent Auditor's Report

To Management and the Board of Directors
Neighborhood Sun Benefit Corp.
Silver Spring, MD

We have audited the accompanying consolidated financial statements of Neighborhood Sun Benefit Corp. (a Maryland corporation), which comprise the balance sheet as of December 31, 2021, and the related statements of income, retained earnings (accumulated deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighborhood Sun Benefit Corp. as of December 31, 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.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, the Company's significant operating losses raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.



Jason M. Tyra, CPA, PLLC
Dallas, TX
June 10, 2021

**NEIGHBORHOOD SUN BENEFIT CORP.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash	\$ 864,008
Accounts Receivable	392,067
Other Current Assets	78,432
Employee Advancement	6,638

TOTAL CURRENT ASSETS	1,341,145
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NON-CURRENT ASSETS

Goodwill	10,840,392
Security Deposits	12,756

TOTAL NON-CURRENT ASSETS	10,853,148
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TOTAL ASSETS	\$ 12,194,292
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LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accrued Liabilities	5,935,810
Accounts Payable	85,356
Payroll Liabilities	4,000

TOTAL CURRENT LIABILITIES	6,025,166
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NON-CURRENT LIABILITIES

Convertible Notes	1,050,000
EIDL Loan	149,900

TOTAL LIABILITIES	7,225,066
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SHAREHOLDERS' EQUITY

Common Stock (10,000,000 shares authorized; 1,882,712 issued; \$0.0001 par value)	188
Preferred Stock (175,979 shares authorized; 149,752 issued; \$0.0001 par value)	15
Additional Paid in Capital	7,904,998
Retained Deficit	(2,935,975)

TOTAL SHAREHOLDERS' EQUITY	4,969,226
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,194,292
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**NEIGHBORHOOD SUN BENEFIT CORP.
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating Income	
Revenue, Net	\$ 1,537,417
Cost Of Goods Sold	587,616
Gross Profit	<u>949,801</u>
Operating Expense	
Compensation and Benefits	1,335,044
Sales & Marketing	420,088
General & Administrative	338,340
Research & Development	309,912
Legal & Professional	255,631
Rent	23,495
Depreciation	7,064
	<u>2,689,574</u>
Net Loss from Operations	(1,739,773)
Other Income	383,803
Taxes	(5,480)
Interest Expense	(7,283)
Net Loss	<u><u>\$ (1,368,733)</u></u>
Net Loss Per Share	
Weighted average common shares outstanding - Basic	1,882,712
Net loss per share	<u><u>\$ (0.73)</u></u>

NEIGHBORHOOD SUN BENEFIT CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities

Net Loss For The Period	\$ (1,368,733)
Change in Accrued Liabilities	137,183
Depreciation	7,064
Change in Employee Advancement	(4,839)
Change in Other Current Assets	(62,118)
Change in Accounts Payable	(85,485)
Change in Accounts Receivable	(29,420)
Change in Interest Payable	(62,825)

Net Cash Flows From Operating Activities	(1,469,173)
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Cash Flows From Investing Activities

Purchase of Fixed Assets	(1,066)
Refundable Security Deposit	(12,756)

Net Cash Flows From Investing Activities	(13,822)
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Cash Flows From Financing Activities

Issuance of Convertible Notes	1,050,000
Capital Contributions from Equity Holders	843,110
Proceeds from Borrowings	471,035
Loan Conversion to Additional Paid In Capital	160,348
Issuance of Common Stock	46
Conversion of Warrants	2
Extinguishment of Debt	(240,228)
Repayment of Borrowings	(390,153)

Net Cash Flows From Financing Activities	1,894,160
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Cash at Beginning of Period	452,845
Net Increase In Cash	411,164
Cash at End of Period	\$ 864,008

NEIGHBORHOOD SUN BENEFIT CORP.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Common Stock		Preferred Stock		Additional Paid		Retained Deficit	Total Stockholders'
	Number	Amount	Number	Amount	in Capital			Equity
Net Loss							\$ (1,368,733)	\$ (1,368,733)
Balance at December 31, 2021	1,882,712	\$ 188	149,752	\$ 15	\$	7,904,998	\$ (2,935,975)	\$ 4,969,226

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A- ORGANIZATION AND NATURE OF ACTIVITIES

Neighborhood Sun Benefit Corp. ("the Company") is a corporation organized under the laws of the State of Maryland. The Company sells subscriptions to fund community solar projects.

Neighborhood Sun Benefit Corp. became the parent company of Astral Power, Inc during 2021. The financial statements have been consolidated to show the operations of both the Company and the subsidiary entity. As a result, a one-year view of the financial position of both the parent company and its subsidiary is presented in the financial statements.

NOTE B- GOING CONCERN MATTERS

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future. However, management has identified the following conditions and events that created an uncertainty about the ability of the Company to continue as a going concern. The Company recorded a net operating loss during the year ended December 31, 2021 of \$1,368,733.

The following describes management's plans that are intended to mitigate the conditions and events that raise substantial doubt about the Company's ability to continue as a going concern. The Company plans to raise additional capital to continue operations through a public offering under SEC Regulation CF, as well as raise additional capital through a private offering to accredited investors. Furthermore, the Company believes that new customer management contracts it has signed in 2021 brought enough revenue to significantly reduce operating losses. The Company's ability to meet its obligations as they become due is dependent upon the success of management's plans, as described above.

These conditions and events create an uncertainty about the ability of the Company to continue as a going concern through April 18, 2023 (one year after the date that the financial statements are available to be issued). The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

NOTE C- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company's fiscal year ends December 31.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary located in Silver Spring, Maryland. In preparing the consolidated financial statements, the Company has eliminated all significant inter-company balances and transactions from the statements.

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Significant Risks and Uncertainties

The Company is subject to customary risks and uncertainties associated with development of a new enterprise including, but not limited to, the need for protection of intellectual property, dependence on key personnel, costs of services provided by third parties, the need to obtain additional financing, and limited operating history.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Changes in estimates are recorded in the period they are made. Actual results could differ from those estimates. Significant estimates inherent in the preparation of these financial statements include, but are not limited to, the estimated useful life of the Company's fixed assets and the amounts collectable as accounts receivables.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances, and highly liquid investments with maturities of three months or less when purchased.

Revenue, Net

Revenue is recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company earns revenue from the sale and ongoing management of fractional ownership in solar energy projects. Once the projects are fully developed, subscribers receive credits for sale of electric power to local utility operators.

Accounts Receivable

The Company grants trade credit to certain customers when business conditions warrant. Management's experience suggests that losses on accounts receivables are likely to be infrequent. As of December 31, 2021, the Company accrued a reserve of \$0 for doubtful accounts.

Fixed Assets

The Company capitalizes assets with an expected useful life of one year or more, and an original purchase price of \$1,000 or more. Depreciation is calculated on a straight-line basis over management's estimate of each asset's useful life.

Goodwill

The Company recognized goodwill from the excess consideration transferred over from the fair value of the acquired assets and assumed liabilities in the business combination. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

recognized in profit or loss. The contingent consideration meets the definition of a financial instrument classified as equity, it is not remeasured, and settlement is accounted for within equity. The initial value recognized as of the acquisition date is not adjusted, even if the fair value of the arrangement on the settlement date is different described in the ("Business Combination") disclosure. The Company will test for impairment in the upcoming years

As of December 31, 2021, the activity goes as follows:

Consideration	5,498,504
Contingent Liability	5,831,746
Fair Value/Net Asset	<u>(489,858)</u>
Total Goodwill	\$10,840,392

Cost of Sales

Cost of Sales consists of expenses incurred by the company in connection with acquiring and servicing customers. These include credit checks, web development costs, customer management costs, and acquisition costs.

Leases

In December 2021, the Company entered into a non-cancellable operating lease for office space in Silver Spring, Maryland. Under the terms of the lease agreement, the Company is to make monthly rental payments of \$4,252 through January of 2022. Future monthly payments due under the lease are as follows:

- 2022: \$4,252
- 2023: \$4,380
- 2024: \$4,511
- 2025: \$4,646

Advertising

The Company records advertising expenses in the year incurred. Advertising expenses are distinct from customer acquisition costs, which are a component of Cost of Sales.

Other Income

The Company received funding from government grants. PPP loan proceeds have been recognized as an income grant as it was determined that there is "reasonable assurance" that the company met the conditions for forgiveness of the loan amount.

Cost of Sales

Cost of Sales includes fees paid by the Company for customer credit checks, customer acquisition costs, website development costs, and miscellaneous charges associated with customer management.

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business Combination

The Company acquired Astral Power, Inc. through a business combination following the acquisition method under ASC 805. The Company recognized and measured in its financials the assets and liabilities acquired on the basis of their fair values. Allocating the rest to goodwill described in the ("Goodwill") disclosure and recognizing any excess of acquired assets and liabilities over the consideration as an equity instrument.

Equity Based Compensation

The Company accounts for stock options issued to employees under ASC 718 (Stock Compensation). Under ASC 718, share-based compensation cost to employees is measured at the grant date, based on the estimated fair value of the award, and is recognized as an item of expense ratably over the employee's requisite vesting period. The Company has adopted ASU 2018-07, which permits measurement of stock options at their intrinsic value, instead of their fair value. An option's intrinsic value is defined as the amount by which the fair value of the underlying stock exceeds the exercise price of an option. In certain cases, this means that option compensation granted by the Company may have an intrinsic value of \$0.

The Company measures compensation expense for its non-employee stock-based compensation under ASC 505 (Equity). The fair value of the option issued or committed to be issued is used to measure the transaction, as this is more reliable than the fair value of the services received. The fair value is measured at the value of the Company's common stock on the date that the commitment for performance by the counterparty has been reached or the counterparty's performance is complete. The fair value of the equity instrument is charged directly to expense and credited to additional paid-in capital.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities. ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax filing requirements as a corporation in the federal jurisdiction of the United States. The Company sustained net operating losses during fiscal year 2021. Under current law, net operating losses may be carried forward indefinitely to reduce taxable income in future years. Due to management's uncertainty as to the timing and valuation of any benefits associated with the net operating loss carryforwards, the Company has elected to recognize an allowance to account for them in the financial statements but has fully reserved it.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax positions through its income tax expense.

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Net Income Per Share

Net earnings or loss per share is computed by dividing net income or loss by the weighted-average number of common shares outstanding during the period, excluding shares subject to redemption or forfeiture. The Company presents basic and diluted net earnings or loss per share. Diluted net earnings or loss per share reflect the actual weighted average of common shares issued and outstanding during the period, adjusted for potentially dilutive securities outstanding. Potentially dilutive securities are excluded from the computation of the diluted net loss per share if their inclusion would be anti-dilutive.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, or FASB, or other standard setting bodies and adopted by the Company as of the specified effective date. The Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for most leases previously classified as operating leases. Subsequently, the FASB has issued amendments to clarify the codification or to correct unintended application of the new guidance. The new standard is required to be applied using a modified retrospective approach, with two adoption methods permissible: (1) apply the leases standard to each lease that existed at the beginning of the earliest comparative period presented in the financial statements or (2) apply the guidance to each lease that had commenced as of the beginning of the reporting period in which the entity first applies the new lease standard.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The pronouncement changes the impairment model for most financial assets and will require the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities will be required to estimate the lifetime expected credit loss on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. Subsequently, the FASB issued an amendment to clarify the implementation dates and items that fall within the scope of this pronouncement. This standard is effective beginning in the first quarter of 2020. The adoption of ASU 2016-13 is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the accounting for goodwill impairments by eliminating step two from the goodwill impairment test. Under this guidance, if the carrying amount of a reporting unit exceeds its estimated fair value, an impairment charge shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit. This standard is effective beginning in the first quarter of 2019, with early adoption permitted. The adoption of ASU 2017-04 is not expected to have a material effect on the Company's financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation - Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. Under the ASU, most of the guidance on such payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. As a result, most of the guidance in ASC 718 associated with employee

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

share-based payments, including most requirements related to classification and measurement, applies to nonemployee share-based payment arrangements. This standard is effective beginning in the first quarter of 2019, with early adoption permitted. The adoption of ASU 2018-07 is not expected to have a material effect on the Company's financial statements.

NOTE D- DEBT

Convertible Notes

In 2021, the company issued a series of convertible notes payable in exchange for cash for the purpose of funding continuing operations ("Convertible Notes"). The notes accrue interest at the rate of 4% per annum and are payable at a future date to be determined by management.

EIDL Loan

In 2020, the Company received a Small Business Loan ("EIDL Loan") in the amount of \$149,900. The loan accrues 3.75% per annum and will mature in 2050. The Company will make monthly payments to both accrued interest and principal sum of \$731.00.

NOTE E- EQUITY

Under the Company's original articles of incorporation, the Company authorized 10,000,000 shares of \$0.0001 par value Common Stock and 175,979 shares of \$0.0001 par value Preferred Stock. The Preferred Stock was designated as 175,979 shares of Series AA Preferred Stock.

Common Stock: Common shareholders have the right to vote on certain items of Company business at the rate of one vote per share of stock. Common Stock ranks behind all issues of Preferred Stock in liquidation preference.

Preferred Stock: Preferred shareholders have included dilution protected dividend preference for all Preferred Stock share classes, liquidation preferences, and voting rights. Preferred Stock are convertible into Common Stock at the holder's election.

The holders of Common Stock are entitled to dividends as the Board of Directors may in their discretion legally declare, subject to the voting and dividend rights, if any, of the holders of Preferred Stock.

In the event of any liquidation, dissolution or winding up of the Company, the remaining assets of the Company after the payment of all debts and necessary expenses, subject to the rights of the holders of Preferred Stock, shall be distributed among the holders of common stock pro rata in accordance with their respective holdings.

In 2021, the Company raised funds through a Reg CF campaign. The funds will be converted into preferred shares in the next seed round.

As of December 31, 2021, the number of shares issued and outstanding by class was as follows:

Preferred Stock	149,752
Common Stock	1,882,712

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE F- EQUITY BASED COMPENSATION

The Company has granted non-statutory stock options (NSO's) to various consultants in exchange for their services. These options have various vesting and exercisability schedules.

Management determined the value of these NSO's using the Black-Scholes-Merton option pricing model. Management used historical prices of the Company's common stock in determining the expected volatility.

As of December 31, 2021, the Company had 67,000 options outstanding at a strike price of \$4.92

NOTE G- FAIR VALUE MEASUREMENTS

Fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1 - Observable inputs, such as quoted prices for identical assets or liabilities in active markets;

Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly, such as quoted prices for similar assets or liabilities, or market-corroborated inputs; and

Level 3 - Unobservable inputs for which there is little or no market data which require the reporting entity to develop its own assumptions about how market participants would price the assets or liabilities.

The valuation techniques that may be used to measure fair value are as follows:

Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts, including present value techniques, option-pricing models, and excess earnings method.

Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

NOTE H- CONCENTRATIONS OF RISK

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits. The company faces concentration risks associated with customers and suppliers. These stem from a (1) small group of major customers (2) small group of major suppliers.

The Company has undertaken efforts to acquire customers in other parts of the United States in 2021.

NEIGHBORHOOD SUN BENEFIT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE I- SUBSEQUENT EVENTS

Management considered events subsequent to the end of the period but before April 18, 2022, the date that the financial statements were available to be issued.