

# Climate Action Now

Financial Statement

December 31, 2020



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# CLIMATE ACTION NOW

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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders  
Climate Action Now  
Woodside, California

We have reviewed the accompanying financial statements of Climate Action Now (the “Company”), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in stockholders’ deficit, and cash flows for the period from July 17, 2020 (inception) to December 31, 2020, 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; 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.

### **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. 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.



March 27, 2021  
Glen Allen, Virginia

## CLIMATE ACTION NOW

Balance Sheet  
December 31, 2020

### Assets

Current assets:

Cash \$ 254,428

### Liabilities and Stockholders' Deficit

Current liabilities:

Accrued expenses \$ 2,758

Long-term liabilities:

Convertible note - net 500,055

Accrued interest 4,250

Total long-term liabilities 504,305

Total liabilities 507,063

Stockholders' deficit:

Common stock at no par value, 50,000,000 shares authorized;  
36,650,000 shares issued and outstanding -

Accumulated deficit (252,635)

Total stockholders' deficit (252,635)

Total liabilities and stockholders' deficit \$ 254,428

See report of independent accountants and accompanying notes to financial statements.

## CLIMATE ACTION NOW

Statement of Operations  
For the period from July 17, 2020 (inception) to December 31, 2020

Revenue	\$	-
Operating expenses		<u>248,385</u>
Operating loss		(248,385)
Interest expense		<u>4,250</u>
Net loss	\$	<u>(252,635)</u>

See report of independent accountants and accompanying notes to financial statements.

## CLIMATE ACTION NOW

Statement of Changes in Stockholders' Deficit  
For the period from July 17, 2020 (inception) to December 31, 2020

	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, July 17, 2020	\$ -	\$ -	\$ -
Net loss	<u>-</u>	<u>(252,635)</u>	<u>(252,635)</u>
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ (252,635)</u>	<u>\$ (252,635)</u>

See report of independent accountants and accompanying notes to financial statements.

## CLIMATE ACTION NOW

Statement of Cash Flows  
For the period from July 17, 2020 (inception) to December 31, 2020

Cash flows from operating activities:	
Net loss	\$ (252,635)
Adjustments to reconcile net loss to net cash from operating activities:	
Change in operating assets and liabilities:	
Accrued expenses	2,758
Accrued interest	<u>4,250</u>
Net cash used in operating activities	(245,627)
Cash flows provided by financing activities:	
Proceeds from issuance of convertible notes	<u>500,055</u>
Net change in cash	254,428
Cash, beginning of period	<u>-</u>
Cash, end of period	<u><u>\$ 254,428</u></u>

See report of independent accountants and accompanying notes to financial statements.

## CLIMATE ACTION NOW

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies:

**Nature of Business:** Climate Action Now (the “Company”) was founded on July 17, 2020 in California with the intent of operating a technology platform to facilitate users to take daily planet saving actions on their smartphones.

**Management’s Plans:** The Company's strategic plan for remainder of 2021 and beyond is to focus on taking their products to market while gaining market share through sales, marketing, and brand awareness. In addition, the Company will continue to invest in new product development, product lines, customer support, partnerships, and infrastructure. The Company believes that access to operating capital raised in the planned equity crowdfunding offering, stockholder contributions, and other accredited investors via convertible notes and other funding channels will enable the Company to execute its growth plan and continue growth and expansion quickly and continue for a reasonable period of time.

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

**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 expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations and Credit Risk:** Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains its cash in one financial institution with balances that periodically exceed federally insured limits.

**Income Taxes:** Deferred income taxes are provided on temporary differences between financial statement and income tax reporting. Temporary differences are differences between the amounts of assets and liabilities reported for financial statement purposes and their tax basis. Deferred tax assets are recognized for temporary differences that will be deductible in future years’ tax returns and for operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance if it is deemed more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax liabilities are recognized for temporary differences that will be taxable in future years’ tax returns.

## CLIMATE ACTION NOW

### Notes to Financial Statements, Continued

#### 1. **Summary of Significant Accounting Policies, Continued:**

**Income Tax Uncertainties:** The Company follows FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current period.

Management evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Company is not currently under audit by any tax jurisdiction.

**Subsequent Events:** Management has evaluated subsequent events through March 27, 2021, the date the financial statement was available to be issued, and has determined there are no subsequent events to be reported in the accompanying financial statements.

#### 2. **Convertible Notes:**

The Company has various convertible notes outstanding with a total principal amount of \$500,055, including \$200,000 with a stockholder of the Company. The notes bear interest at 6% per annum and have beneficial conversion features upon which the principal will convert at 80% of the per unit price paid by investors. The notes also have a valuation cap of \$5,000,000. All unpaid principal and accrued interest is due upon maturity in March 2024 or will convert upon an equity financing or change in control event. The full principal amount of the convertible notes are outstanding at December 31, 2020.

#### 3. **Stockholders' Deficit:**

Pursuant to the Company's articles of incorporation, the Company is authorized to issue 50,000,000 shares of common stock at no par value per share. Each holder of common stock receives one vote. At December 31, 2020, there were 36,650,000 shares of common stock issued and outstanding.

#### 4. **Income Taxes:**

The Company has federal and state net operating loss carry forwards of approximately \$250,000 at December 31, 2020, available to offset future taxable income in accordance with the Internal Revenue Service regulations.

Management believes that a full valuation allowance is appropriate given the current estimates of future taxable income, as well as consideration of available tax planning strategies. The ultimate realization of the net deferred tax asset is dependent upon the generation of future taxable income during periods in which temporary differences become deductible.