

Red Line Safety, Inc. (the “Company”) a Delaware Corporation

Financial Statements

For the fiscal year ended August 31, 2023 and 2024

*Unaudited*

**Red Line Safety, Inc.**  
**Balance Sheet**  
As of August 31, 2024

	Aug 31, 24	Aug 31, 23
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
Five Star Bank Checking	50.00	50.00
Wells Fargo Checking 5425	13,327.57	55,886.39
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Total Checking/Savings	13,377.57	55,936.39
<b>Other Current Assets</b>		
Loan to Shareholder		
Loan to Matt Baltz	6,000.00	40,000.00
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Total Loan to Shareholder	6,000.00	40,000.00
<b>Total Other Current Assets</b>	6,000.00	40,000.00
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<b>Total Current Assets</b>	19,377.57	95,936.39
<b>Fixed Assets</b>		
3D Printer (Dave) 6.1.24	984.00	0.00
Computer (Scott) 7.17.24	2,159.99	0.00
V-Nose Enclosed Trailer 7/27/23		
Trailer Flooring 8/7/2023	371.92	371.92
V-Nose Enclosed Trailer 7/27/23 - Other	10,500.93	10,500.93
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Total V-Nose Enclosed Trailer 7/27/23	10,872.85	10,872.85
<b>Total Fixed Assets</b>	14,016.84	10,872.85
<b>Other Assets</b>		
NP & International Patent		
IMSAFE Patent	10,072.74	10,072.74
Mini/Gateway Patent	26,958.65	13,840.40
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Total NP & International Patent	37,031.39	23,913.14
<b>Total Other Assets</b>	37,031.39	23,913.14
<b>TOTAL ASSETS</b>	<b>70,425.80</b>	<b>130,722.38</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Credit Cards</b>		
Capital One CC Parent Reconcile		
Capital One CC (Karen) 3051	4,814.63	3,964.33
Capital One CC (Scott) 7576	131,340.35	97,868.03
Capital One CC Parent Reconcile - Other	-132,615.78	-96,792.79
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Total Capital One CC Parent Reconcile	3,539.20	5,039.57

**Red Line Safety, Inc.**  
**Balance Sheet**  
**As of August 31, 2024**

	Aug 31, 24	Aug 31, 23
Wells Fargo CC 0006 (closed)	0.00	7,570.32
Wells Fargo CC 9842	756.76	0.00
<b>Total Credit Cards</b>	<b>4,295.96</b>	<b>12,609.89</b>
<b>Total Current Liabilities</b>	<b>4,295.96</b>	<b>12,609.89</b>
<b>Long Term Liabilities</b>		
Loan From Shareholder		
Scott/Karen Holman	76,227.91	63,935.98
Scott/Karen Holman Payback	-8,144.58	-5,112.58
Total Loan From Shareholder	68,083.33	58,823.40
<b>Total Long Term Liabilities</b>	<b>68,083.33</b>	<b>58,823.40</b>
<b>Total Liabilities</b>	<b>72,379.29</b>	<b>71,433.29</b>
<b>Equity</b>		
Additional Paid-In Capital		
Dave McGillicuddy		
Dave McGillicuddy Payback	-20,000.00	-10,000.00
Dave McGillicuddy - Other	80,000.00	80,000.00
Total Dave McGillicuddy	60,000.00	70,000.00
Sierra Pacific Income Fund		
SPIF Payback	-4,000.00	0.00
Sierra Pacific Income Fund - Other	25,000.00	25,000.00
Total Sierra Pacific Income Fund	21,000.00	25,000.00
<b>Total Additional Paid-In Capital</b>	<b>81,000.00</b>	<b>95,000.00</b>
<b>Capital Stock</b>		
Aaron & Valerie Lott	5,000.00	5,000.00
Gerald & Sharon Shultz	40,000.00	40,000.00
John & Sandra Hensley	28,815.00	28,815.00
Joseph & Julie Gibson	6,000.00	0.00
Joseph McGillicuddy	50,000.00	50,000.00
Justin & Stephanie Mendoza	10,000.00	10,000.00
Matt & Angelica Baltz	25,000.00	25,000.00
Matthew & Justine Auer	5,000.00	5,000.00
McCormack Family	51,185.00	51,185.00
Scott & Karen Holman	35,000.00	25,000.00
Tom Chen	10,000.00	10,000.00
<b>Total Capital Stock</b>	<b>266,000.00</b>	<b>250,000.00</b>

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Accrual Basis

**Red Line Safety, Inc.**  
**Balance Sheet**  
**As of August 31, 2024**

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	Aug 31, 24	Aug 31, 23
Opening Balance Equity	-1,185.00	-1,185.00
Retained Earnings	-284,525.91	-324,453.21
Net Income	-63,242.58	39,927.30
<b>Total Equity</b>	<b>-1,953.49</b>	<b>59,289.09</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>70,425.80</b>	<b>130,722.38</b>

Red Line Safety, Inc.  
Income Statement

Income Statement	08/31/22	08/31/23
Revenue - net	\$261	\$127,350
Cost of revenue	-\$44,869	-\$38,356
Gross profit/loss	-\$44,608	\$88,994
Operating expenses	-\$17,156	-\$56,457
Operating profit/loss	-\$61,764	\$32,537
Other income/expense	\$574	\$7,390
Net profit/loss	-\$61,190	\$39,927

*Unaudited*

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Accrual Basis

**Red Line Safety, Inc.**  
**Profit & Loss**  
September 2023 through August 2024

	Sep '23 - Aug 24
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Grant Income</b>	32,650.00
<b>Total Income</b>	32,650.00
<b>Cost of Goods Sold</b>	
<b>Materials &amp; Supplies</b>	482.05
<b>Purchases - Hardware for Resale</b>	21,242.43
<b>Total COGS</b>	21,724.48
<b>Gross Profit</b>	10,925.52
<b>Expense</b>	
<b>Advertising and Promotion</b>	2,256.63
<b>Automobile Expense</b>	
<b>Fuel</b>	4,579.63
<b>Parking &amp; Tolls</b>	261.24
<b>Registration</b>	485.00
<b>Repairs &amp; Maintenance</b>	377.92
<b>Total Automobile Expense</b>	5,703.79
<b>Bank Fees &amp; Service Charges</b>	9.45
<b>Client &amp; Executive Gifts</b>	510.12
<b>Computer and Internet Expenses</b>	1,617.15
<b>Dues and Subscriptions</b>	359.00
<b>Event Fees</b>	1,108.99
<b>Interest Expense</b>	208.76
<b>Meals and Entertainment</b>	
<b>Non-Deductible Entertainment</b>	78.48
<b>Meals and Entertainment - Other</b>	308.81
<b>Total Meals and Entertainment</b>	387.29
<b>Office Supplies</b>	1,618.94
<b>Postage and Delivery</b>	57.61
<b>Professional Fees</b>	
<b>Accounting</b>	800.00
<b>Professional Fees - Other</b>	56,038.51
<b>Total Professional Fees</b>	56,838.51

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Accrual Basis

**Red Line Safety, Inc.**  
**Profit & Loss**  
**September 2023 through August 2024**

	Sep '23 - Aug 24
Supplies	
PPE	123.20
Supplies - Other	336.95
<b>Total Supplies</b>	<b>460.15</b>
Taxes Paid	
CA Corp Tax	
FTB Penalties	68.22
CA Corp Tax - Other	1,630.00
<b>Total CA Corp Tax</b>	<b>1,698.22</b>
<b>Total Taxes Paid</b>	<b>1,698.22</b>
Telephone Expense	2,078.52
Travel Expense	
Flights	2,447.16
Lodging	425.21
Transportation/Ride Share	296.64
Travel Meals	94.84
Travel Expense - Other	2.81
<b>Total Travel Expense</b>	<b>3,266.66</b>
Utilities	
Internet	495.00
<b>Total Utilities</b>	<b>495.00</b>
<b>Total Expense</b>	<b>78,674.79</b>
Net Ordinary Income	-67,749.27
Other Income/Expense	
Other Income	
Bank/CC Rewards	545.89
Reimbursements	15.00
Returns/Refunds	3,945.80
<b>Total Other Income</b>	<b>4,506.69</b>
Net Other Income	4,506.69
<b>Net Income</b>	<b>-63,242.58</b>

Red Line Safety, Inc.  
Statement of Cash Flows

Statement of Cash Flows	08/31/22	08/31/23
Cash flows from operating activities	-\$62,694	\$6,247
Cash flows from financing activities	\$50,983	\$53,130
Cash flows from investing activities	-\$7,572	-\$27,213
Cash at beginning of period	\$43,055	\$23,772
Net increase/decrease in cash	-\$19,283	\$32,164
Cash at the end of period	\$23,772	\$55,936

*Unaudited*

Red Line Safety, Inc.  
Statement of Cash Flows  
September 2023 through August 2024

	<u>Sep '23 - Aug 24</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	-63,242.58
Adjustments to reconcile Net Income to net cash provided by operations:	
Loan to Shareholder:Loan to Matt Baltz	34,000.00
Capital One CC Parent Reconcile	-35,822.99
Capital One CC Parent Reconcile:Capital One CC (Karen) 3051	850.30
Capital One CC Parent Reconcile:Capital One CC (Scott) 7576	33,472.32
Wells Fargo CC 0006 (closed)	-7,570.32
Wells Fargo CC 9842	756.76
Net cash provided by Operating Activities	<u>-37,556.51</u>
<b>INVESTING ACTIVITIES</b>	
3D Printer (Dave) 6.1.24	-984.00
Computer (Scott) 7.17.24	-2,159.99
NP & International Patent:Mini/Gateway Patent	<u>-13,118.25</u>
Net cash provided by Investing Activities	<u>-16,262.24</u>
<b>FINANCING ACTIVITIES</b>	
Loan From Shareholder:Scott/Karen Holman	12,291.93
Loan From Shareholder:Scott/Karen Holman Payback	-3,032.00
Additional Paid-In Capital:Dave McGillicuddy:Dave McGillicuddy Payback	-10,000.00
Additional Paid-In Capital:Sierra Pacific Income Fund:SPIF Payback	-4,000.00
Capital Stock:Joseph & Julie Gibson	6,000.00
Capital Stock:Scott & Karen Holman	<u>10,000.00</u>
Net cash provided by Financing Activities	<u>11,259.93</u>
Net cash increase for period	<u>-42,558.82</u>
Cash at beginning of period	<u>55,936.39</u>
Cash at end of period	<u><b>13,377.57</b></u>

Red Line Safety, Inc.  
Statement of Changes in Equity

	Aug 31, 24	Aug 31, 23
<b>Opening Balance Equity</b>	-1,185.00	-1,185.00
<b>Retained Earnings</b>	-284,525.91	-324,453.21
<b>Net Income</b>	-63,242.58	39,927.30
<b>Total Equity</b>	<b>-1,953.49</b>	<b>59,289.09</b>

*Unaudited*

Red Line Safety, Inc.  
Notes to the Financial Statements  
For the fiscal year ended August 31, 2023 and 2024  
\$USD

## **1. ORGANIZATION AND PURPOSE**

Red Line Safety, Inc. (the “Company”) is a corporation organized in September 2018 under the laws of Delaware.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Company’s significant accounting policies applied in the preparation of the accompanying financial statements follows:

### **a) Basis of Accounting**

The Company prepares its financial statements on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

### **b) Use of Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **c) 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.

### **d) Legal Fees**

Legal fees consist of legal services provided for the creation of the Company and equity financing.

### **e) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **3. COMMITMENTS, CONTINGENCIES, COMPLIANCE WITH LAWS AND REGULATIONS**

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers. Further, the Company is currently complying with all relevant laws and regulations.

### **4. RELATED PARTY TRANSACTIONS**

In 2020, the Company entered into a related party loan transaction with its founders, Scott Holman and David McGillicuddy. Both Scott and David loaned the Company \$120,000 each. These loans have no interest rate and a maturity date of 8/31/25.

### **5. SUBSEQUENT EVENT**

The Company has evaluated events and transactions subsequent to the period. No events require recognition in the financial statements or disclosures of the Company per the definitions and requirements of ASC Section 855-10, Subsequent Events.