

XTEND, INC.

FINANCIAL STATEMENTS
September 30, 2025 and 2024

XTEND, INC.
Grand Rapids, Michigan

FINANCIAL STATEMENTS
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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
BALANCE SHEETS	3
STATEMENTS OF OPERATIONS.....	4
STATEMENTS OF STOCKHOLDERS' EQUITY	5
STATEMENTS OF CASH FLOWS.....	6
NOTES TO FINANCIAL STATEMENTS	7

INDEPENDENT AUDITOR'S REPORT

Board of Directors and Shareholders
Xtend, Inc.
Grand Rapids, Michigan

Opinion

We have audited the financial statements of Xtend, Inc., which comprise the balance sheets as of September 30, 2025 and 2024, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Xtend, Inc. as of September 30, 2025 and 2024, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Xtend, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Xtend, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Xtend 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.

Crowe LLP
Crowe LLP

Grand Rapids, Michigan
November 25, 2025

XTEND, INC.
BALANCE SHEETS
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,123,272	\$ 1,813,964
Certificates of deposit	1,732,641	718,256
Accounts receivable	455,277	444,554
Accounts receivable - related party (Note 6)	33,446	34,596
Prepaid expenses	216,956	216,267
Income taxes receivable	1,249	11,999
Total current assets	3,562,841	3,239,636
Property, plant and equipment		
Equipment	297,384	270,806
Furniture and fixtures	346,545	347,841
Finance leases	90,499	90,590
Leasehold improvements	136,207	136,207
Software	48,676	53,676
Right of use operating lease asset	1,054,239	1,207,479
	1,973,550	2,106,599
Less: accumulated depreciation and amortization	(578,496)	(430,307)
	1,395,054	1,676,292
	\$ 4,957,895	\$ 4,915,928
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 88,417	\$ 54,116
Accounts payable - related party (Note 6)	10,624	12,211
Current portion of finance lease obligation	14,137	28,524
Current portion of operating lease liability	159,208	147,535
Dividend payable	108,150	80,709
Other liabilities	191,331	196,912
Deferred revenue	18,103	12,833
Total current liabilities	589,970	532,840
Long-term liabilities		
Finance lease obligation	-	14,137
Operating lease liability (Note 5)	995,427	1,156,274
Deferred income taxes (Note 4)	58,700	77,300
	1,054,127	1,247,711
Stockholders' equity		
Common stock - no par value, 60,000 shares authorized, shares issued and outstanding: 20,600 and 20,400 at September 30, 2025 and 2024, respectively	2,729,701	2,627,940
Retained earnings	584,097	507,437
	3,313,798	3,135,377
	\$ 4,957,895	\$ 4,915,928

See accompanying notes to financial statements

XTEND, INC.
STATEMENTS OF OPERATIONS
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Revenues (Notes 6 and 7)	\$ 5,727,795	\$ 5,390,138
Cost of sales	<u>392,129</u>	<u>282,452</u>
Gross margin	5,335,666	5,107,686
Operating expenses	<u>5,197,334</u>	<u>4,736,640</u>
Income before other income and income taxes	138,332	371,046
Other income (expense)		
Loss on sale of equipment	-	(5,142)
Interest income	<u>103,629</u>	<u>99,403</u>
Income before income taxes	241,961	465,307
Provision for income taxes (Note 4)	<u>57,151</u>	<u>112,700</u>
Net income	<u>\$ 184,810</u>	<u>\$ 352,607</u>

See accompanying notes to financial statements

XTEND, INC.
 STATEMENTS OF STOCKHOLDERS' EQUITY
 Years ended September 30, 2025 and 2024

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as of, October 1, 2023	\$ 2,656,013	\$ 235,539	\$ 2,891,552
Redemption of 200 shares of common stock	(28,073)	-	(28,073)
Dividends declared	-	(80,709)	(80,709)
Net income	-	352,607	352,607
	<u> </u>	<u> </u>	<u> </u>
Balances, September 30, 2024	2,627,940	507,437	3,135,377
Redemption of 200 shares of common stock	(30,739)	-	(30,739)
Issuance of 400 shares of common stock	132,500	-	132,500
Dividends declared	-	(108,150)	(108,150)
Net income	-	184,810	184,810
	<u> </u>	<u> </u>	<u> </u>
Balances, September 30, 2025	<u>\$ 2,729,701</u>	<u>\$ 584,097</u>	<u>\$ 3,313,798</u>

See accompanying notes to financial statements

XTEND, INC.
STATEMENTS OF CASH FLOWS
Years ended September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Net income	\$ 184,810	\$ 352,607
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	167,930	163,220
Deferred income taxes	(18,600)	19,200
Loss on sale of equipment	-	5,142
Changes in assets and liabilities		
Accounts receivable	(10,723)	(145,216)
Accounts receivable - related party	1,150	17,383
Prepaid expenses	(689)	(56,946)
Right of use asset and lease liability	4,066	10,191
Accounts payable	34,301	(5,287)
Accounts payable - related party	(1,587)	1,419
Income taxes	10,750	95,099
Other liabilities	(5,581)	74,440
Deferred revenue	5,270	816
Net cash from operating activities	371,097	532,068
Cash flows used in investing activities		
Certificates of deposit	(1,014,385)	(225,725)
Purchases of property and equipment	(39,932)	(50,198)
Net cash used in investing activities	(1,054,317)	(275,923)
Cash flows used in financing activities		
Dividends paid	(80,709)	-
Redemption of stock	(30,739)	(28,073)
Proceeds from issuance of common stock	132,500	-
Payments on finance lease obligations	(28,524)	(29,989)
Net cash used in financing activities	(7,472)	(58,062)
Net change in cash and cash equivalents	(690,692)	198,083
Cash and cash equivalents, beginning of year	1,813,964	1,615,881
Cash and cash equivalents, end of year	\$ 1,123,272	\$ 1,813,964
Supplemental disclosure of cash flow information		
Income taxes paid (received)	\$ 65,000	\$ (1,600)
Supplemental disclosures of non-cash investing and financing activities		
Financing activity - dividends declared but unpaid	\$ 108,150	\$ 80,709

See accompanying notes to financial statements

XTEND, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 1 – NATURE OF BUSINESS

Nature of Business: Xtend, Inc. (the “Company”) was organized for the purpose of providing and/or coordinating resources and opportunities for the credit union industry. The Company provides managerial, operational and technical planning and consulting, outsourcing of technical and human resources, and coordination of marketing efforts for financial services located primarily in Michigan. Revenue is recognized based on billings to customers as services are performed.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Statement of Cash Flows: For the purpose of the statement of cash flows, cash and cash equivalents includes demand deposit accounts, savings accounts, money market accounts and instruments purchased with a maturity of three months or less. The Company frequently has deposits in excess of \$250,000 at various financial institutions, some of which are also shareholders.

Certificates of Deposit: Certificates of deposit consist of bank time deposits with original maturity dates greater than 90 days and with remaining maturity dates of less than 365 days. These certificates of deposit have a fixed rate of interest which is paid upon maturity. They may not be redeemed before the maturity date without a penalty and are not transferable.

Accounts Receivable: The Company sells to customers using credit terms customary in its industry. Interest is not normally charged on receivables. Management establishes an allowance for credit losses based on specific customer situations, past lost experience, current conditions and reasonable and supportable forecasts of future economic conditions. Losses are charged off to the reserve when management deems further collection efforts will not produce additional recoveries. These financial statements contain no allowance for credit losses since management expects that receivables are fully collectible. Accounts receivable, including accounts receivable with related parties, was approximately \$351,000 at October 1, 2023.

Revenue Recognition: The Company recognizes revenue from contracts with customers when (or as) control of the promised services transfers to the customer. This generally occurs as the services are provided to the customer. Revenue is recorded at the amount of consideration the Company expects to be entitled to in exchange for the services, which includes an estimate of expected refunds when applicable. Revenue is recorded net of sales tax. For more information about the Company’s revenue from contracts with customers, refer to Note 7, Revenue Recognition.

Property and Equipment: Property and equipment are stated at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are depreciated over the estimated useful life or lease term, whichever is less. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resulting gain or loss is recognized. Depreciation expense was \$167,930 and \$163,220 for the years ended September 30, 2025 and 2024, respectively.

(Continued)

XTEND, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases: At the inception of an arrangement, the Company determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in right-of-use assets, short term lease liabilities and long-term lease liabilities on the balance sheets. Finance leases are included in property, plant, and equipment and current portion finance lease obligation and finance lease obligation long-term on the balance sheets. Lease expense is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and operating lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and operating and finance lease obligations are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. ROU assets also include prepaid rent and are adjusted by the unamortized balance of lease incentives. As the implicit rate is generally not readily determinable for all of the leases, the Company has made a policy election, to use the risk free discount rate, in determining the present value of lease payments.

Advertising: The Company expenses advertising costs as incurred. Advertising costs for the years ended September 30, 2025 and 2024 were \$39,080 and \$20,969, respectively.

Income Taxes: The Company is a taxable corporation for federal income tax purposes. The Company records income tax expense based on the amount of taxes due on its tax return plus deferred taxes computed based on the expected future consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities, using enacted tax rates.

Uncertain tax positions are recognized and measured under provisions of FASB ASC 740. These provisions require the Company to recognize a tax benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

The Company recognizes interest and penalties related to unrecognized tax benefits in interest and income tax expense, respectively. There were no amounts expensed or accrued as of and for the years ended September 30, 2025 and 2024 for tax related interest and penalties.

The Company is generally no longer subject to examination for federal and state income tax filings after three years and four years, respectively, from the date of filing. The Company does not expect the total amount of unrecognized tax benefits to significantly increase or decrease within the next 12 months

Use of Estimates: 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.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to September 30, 2025 to determine the need for any adjustments to and/or disclosures within these financial statements for the year ended September 30, 2025. Management has performed their analysis through November 25, 2025, the date the financial statements were available for issuance and has determined that there are no subsequent events to disclose.

(Continued)

XTEND, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 3 – CAPITAL STOCK

The Company has issued common stock with all shares having voting rights and containing transfer restrictions.

The Company is obligated to purchase shares of withdrawing stockholders within 60 days of the stockholders' written request. The purchase price of the stock is the book value of the stock as of the end of the prior fiscal year. The Company does not have any purchase obligations as of September 30, 2025 and 2024.

NOTE 4 – INCOME TAXES

The provision for income taxes consists of the following:

	<u>2025</u>	<u>2024</u>
Current federal and state income tax expense	\$ 75,751	\$ 93,500
Deferred federal and state income tax (benefit) expense	<u>(18,600)</u>	<u>19,200</u>
	<u>\$ 57,151</u>	<u>\$ 112,700</u>

Deferred tax assets and liabilities are as follows:

	<u>2025</u>	<u>2024</u>
Deferred tax assets	\$ 296,450	\$ 332,183
Deferred tax liabilities	<u>(355,150)</u>	<u>(409,483)</u>
	<u>\$ (58,700)</u>	<u>\$ (77,300)</u>

The effective rate for federal income tax differs from the statutory rate due to the effect of various nondeductible expenses.

Deferred tax assets and liabilities result from temporary differences between financial statements and tax returns for the recognition of prepaid expenses and accumulated depreciation.

NOTE 5 – LEASE COMMITMENTS

The Company is obligated, under an operating lease agreement, for its facility. The Company has recorded an operating right of use asset, lease liability - current, and lease liability – long-term on the balance sheets at September 30, 2025 and 2024.

The remaining lease life was 6.00 and 7.00 years as of September 30, 2025 and 2024, respectively. The discount rate for the lease was 3.67% at September 30, 2025 and 2024.

(Continued)

XTEND, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE 5 – LEASE COMMITMENTS (Continued)

The Company's recorded rent expense under the operating lease agreement was \$198,693 and \$199,687 for the years ended September 30, 2025 and 2024, respectively. At September 30, 2025, future minimum rental payments due under the operating lease are as follows:

2026	\$	199,296
2027		205,272
2028		211,428
2029		217,776
Thereafter		454,625
Total lease payments		1,288,397
Less: imputed interest		(133,762)
Present value of right of use liability	\$	1,154,635

The Company is obligated under various finance lease agreements for computer related equipment. Lease payments are generally due monthly and expire at various dates through June 2026. Assets recorded under finance leases amount to the following:

	<u>2025</u>		<u>2024</u>
Equipment	\$ 90,499	\$	90,590
Accumulated depreciation	(77,148)	\$	(49,470)
	\$ 13,351	\$	41,120

Future minimum payments due under finance leases are as follows:

2026	\$	14,338
Total minimum lease payments		14,338
Less: amounts representing interest		(201)
		14,137
Current portion of finance lease obligations		14,137
Long-term portion of finance lease obligations	\$	-

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company provides services to all of its stockholders. Revenues from transactions with stockholders constituted 58% and 64% of total revenues during the years ended September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, 52% and 46%, respectively, of the Company's accounts receivable were from its stockholders. Cash and cash equivalents held at stockholder credit unions totaled approximately \$146,000 and \$122,000 at September 30, 2025 and 2024, respectively. Certificates of deposit held at stockholder credit unions totaled approximately \$513,000 and \$495,000 at September 30, 2025 and 2024, respectively.

(Continued)

NOTE 6 – RELATED PARTY TRANSACTIONS (Continued)

The Company has entered into an agreement for a stockholder to provide operational support services including the use of office computer equipment and shared services. The Company also has the ability to lease employees from this stockholder and is invoiced monthly for the actual costs incurred. The Company incurred expense from this stockholder of \$139,522 and \$109,713 for the years ended September 30, 2025 and 2024, respectively. The Company provides services to this stockholder in the normal course of business. Sales were \$413,076 and \$527,513 during the years ended September 30, 2025 and 2024, respectively. At September 30, 2025 and 2024, amounts due from this stockholder included in accounts receivable - related party were \$33,446 and \$34,596, respectively. The Company also had accounts payable due to this stockholder of \$10,624 and \$12,211 at September 30, 2025 and 2024, respectively.

NOTE 7 – REVENUE RECOGNITION

Revenues are recognized when control of the promised services transfers to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those services.

The Company has four revenue streams as detailed below:

Contact Center

This revenue stream includes services for the customer call center. The Company's primary performance obligations consist of monthly access and completion of the services in accordance with the terms of the relevant contract. Revenue is recognized over time for monthly access and at the point in time the services are completed.

Communications

This revenue stream includes services for advertising, design, and credit union member contact. The Company's primary performance obligations consist of monthly access and completion of the services in accordance with the terms of the relevant contract. Revenue is recognized over time for monthly access and at the point in time the services are completed.

Bookkeeping

This revenue stream includes services for customer bookkeeping. The Company's primary performance obligation consists of completion of the services in accordance with the terms of the relevant contract. Revenue is recognized over time as the services are provided.

Mortgage Servicing

This revenue stream includes services for escrow administration, investor reporting, and portfolio conversion. The Company's primary performance obligation consists of completion of the services in accordance with the terms of the relevant contract. Revenue is recognized at the point in time the services are completed.

The Company either invoices the customer upon completion of the promised services, at which time it has an unconditional right to payment, or invoices at the start of the service period, resulting in deferred revenue being recognized over the service period. Standard payment terms are 30 days with some customers receiving 45, 60, or 90-day terms. The transactions with customers do not include any variable consideration. Accounts receivable, on the balance sheets represents trade receivables for invoiced goods.

(Continued)

NOTE 7 – REVENUE RECOGNITION (Continued)

The Company may receive advance payments from customers which are deferred until satisfying the performance obligations by completion of the service. The Company assesses the expected satisfaction of performance obligations related to the prepayment and has recorded a contract liability as deferred revenue on the balance sheets at September 30, 2025 and 2024.

Significant Judgments and Practical Expedients Applied: Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods and services. Sales and other taxes collected concurrent with revenue-producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are not recognized as separate performance obligations to which a portion of revenue would otherwise be allocated.

The Company's contracts typically do not result in situations where there is a time period greater than one year between performance under the contract and collection of the related consideration. The Company elected a practical expedient related to significant financing components, where the Company expects, at contract inception, that the period between the entity's transfer of a promised good to a customer and the customer's payment for that good will be one year or less.

The Company also applies a practical expedient related to costs to obtain a contract and recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the incurred costs that the Company otherwise would have capitalized is one year or less. These costs are included in selling, general and administrative expenses on the statements of operations.

The Company applies a practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less. The Company does not have material contracts that have original expected durations of more than one year.

NOTE 8 – RETIREMENT PLAN

The Company participates in a 401(k) plan in which substantially all of its employees may participate. The plan includes a provision for the Company to match a percentage of the employees' contributions at a rate prescribed in the plan agreement. The Company's contributions to the plan resulted in expense of \$86,189 and \$73,837 for the years ended September 30, 2025 and 2024, respectively.