

**ABOVE: SPACE DEVELOPMENT CORPORATION  
AND SUBSIDIARY**

**(A DELAWARE CORPORATION)**

**Consolidated Financial Statements**

**For the Fiscal Year Ended June 30, 2023**

## Table of Contents

Independent Auditors Report .....	1
Financial Statements:	
Consolidated Balance Sheet.....	2
Consolidated Statement of Operations.....	3
Consolidated Statement of Changes in Shareholders' Equity.....	4
Consolidated Statement of Cash Flow.....	5
Notes to Consolidated Financial Statements.....	6 - 10
Supplemental Information	
Consolidating Balance Sheet.....	11
Consolidating Statement of Operations.....	12

**SM CPAS, P.C.**  
10 NEW KING STREET, SUITE 118, WHITE PLAINS, NY 10604  
914-397-1850 \FAX 914-397-1854

**Independent Auditor's Report**

To the Board of Directors and Management of  
Above: Space Development Corporation and Subsidiary

**Opinion**

We have audited the financial statements of Above: Space Development Corporation and Subsidiary, which comprise the consolidated balance sheet as of June 30, 2023 and the related consolidated statement of operations, changes in shareholders' equity, and cash flows for the fiscal year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Above: Space Development Corporation and Subsidiary as of June 30, 2023, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter Regarding Going Concern**

The accompanying consolidated financial statement has been prepared assuming that the company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has incurred losses from inception and has not yet commenced its principal operations and has indicated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 2. The consolidated financial statement does not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

**Basis for Opinion**

We conducted our audit 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 independent of Above: Space Development Corporation and Subsidiary and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Management's Responsibility 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; 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. In preparing the financial statements, management is responsible for assessing Above: Space Development Corporation and Subsidiary's ability to continue as a going concern within one year after the date that 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. As part of an audit in accordance with GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies and material weaknesses in internal control that we identified during our audit.



SM CPAS, PC  
White Plains, New York  
September 28, 2023

**Above: Space Development Corporation and Subsidiary**  
**Consolidated Balance Sheet**  
**As of June 30, 2023**

	<u>2023</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 685,462
Accounts receivable	90,254
Prepaid expenses	<u>66,375</u>
 Total Assets	 <u>\$ 842,091</u>
 <b>Current Liabilities</b>	
Accounts payable and accrued expenses	\$ 151,080
Total Current Liabilities	<u>151,080</u>
 <b>Long Term Liabilities</b>	
Employee benefits payable	<u>1,089</u>
Total Liabilities	<u>\$ 152,169</u>
 <b>Shareholder' Equity</b>	
Common Stock, 175,000,000 shares authorized; 81,660,770 shares issued and outstanding	19,980
Additional paid-in capital	2,868,155
Accumulated deficit	<u>(2,198,213)</u>
 Total Shareholders' Equity	 <u>689,922</u>
 Total Liabilities and Shareholders' Equity	 <u>\$ 842,091</u>

See independent auditor's report and notes to the financial statements.

**Above: Space Development Corporation and Subsidiary**  
**Consolidated Statement of Operations**  
**For the Fiscal year ended June 30, 2023**

	<u>2023</u>
<b>Revenue</b>	\$ 1,086,747
Cost of goods sold	<u>4,046</u>
Gross profit	<u>1,082,701</u>
<b>Expenses:</b>	
Employee wages and related costs	581,508
Marketing events	50,399
Engineering and development	124,748
Professional fees and consulting	290,355
Rent and overhead expense	87,068
Reimbursable expenses	25,621
Bank charges	15,820
Insurance expense	17,651
Travel expense	25,850
Office expense	<u>22,453</u>
Total expenses	<u>1,241,473</u>
(Loss) from operations	\$ <u>(158,772)</u>
Other Income	<u>3,818</u>
Net Income (Loss)	<u>\$ (154,954)</u>

See independent auditor's report and notes to the financial statements.

## Above: Space Development Corporation and Subsidiary

### Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended June 30, 2023

	Common Stock		Additional	Accumulated	Total Stockholders'
	Shares	Amount	Paid-in Capital	Deficit	Equity
Issuance of shares	81,660,770	\$ 19,980		-	\$ 19,980
Shareholder contributions and SAFE conversion			\$ 2,868,155	-	2,868,155
Accumulated deficit				(2,043,259)	(2,043,259)
Net loss				(154,954)	(154,954)
<b>Balance on June 30, 2023</b>	81,660,770	\$ 19,980	\$ 2,868,155	\$ (2,198,213)	\$ 689,922

See independent auditor's report and notes to the financial statements.

**Above: Space Development Corporation and Subsidiary**  
**Consolidated Statement of Cash Flow**  
**For the Fiscal year ended June 30, 2023**

	<u>2023</u>
Cash flows from operating activities:	
Net income (loss)	\$ (154,954)
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) decrease in assets:	
Accounts receivable	(90,254)
Prepaid expenses	11,646
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	<u>5,460</u>
Net Cash Provided by Operating Activities	<u>(228,102)</u>
Cash flows from financing activities:	
Shareholder contributions to capital	<u>423,484</u>
Net Cash Provided by Financing Activities	<u>423,484</u>
Net increase in cash	195,382
Cash and cash equivalents at beginning of year	<u>490,080</u>
Cash and cash equivalents at end of year	<u><u>\$ 685,462</u></u>
Supplemental cash flow information:	
Cash paid during the year for:	
Interest	<u>\$ 7,478</u>
Income taxes	<u>\$ 1,852</u>

See independent auditor's report and notes to the financial statements.

# **Above: Space Development Corporation and Subsidiary**

## **Notes to Consolidated Financial Statements**

**For the Fiscal year ended June 30, 2023**

### **Note 1 – Nature of Business and Significant Accounting Policies**

#### **Nature of Business**

As of the date of these financial statements Above: Space Development Corporation (“the Company”) is a corporation formed on June 16, 2022 under the laws of the State of Delaware, and is headquartered in Huntsville, AL. The Company specializes in turn-key construction services in low-earth and cislunar orbit. Additionally, the company provides construction support services and tools to other private space companies and government space agencies.

Above: Space Development Corporation has a wholly owned subsidiary, Above: Orbital Inc., which was formed on June 16<sup>th</sup>, 2022.

#### **Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, all adjustments considered necessary for a fair presentation have been included. All such adjustments are normal and recurring in nature. The Company’s fiscal year-end is June 30. Financial statements from the subsidiary, Above: Orbital Inc. are consolidated with the parent company for purposes of this audit.

#### **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 disclosures 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.

#### **Revenue Recognition**

During the year ended June 30, 2023, the Company adopted Accounting Standards Update (ASU) 2014-01, “Revenue from Contracts with Customers” which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers (ASC Topic 606) and supersedes most current revenue recognition guidance (ASC Topic 605). ASC Topic 606 outlines the following five-step process for revenue recognition:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, the Company satisfies the performance obligations.

The Company primarily records revenue from its long-term construction projects and service contracts over time as various performance obligations are fulfilled. As of the date of these financial statements, the Company has generated or recognized \$1,086,747 in revenue, and has executed multiple revenue-producing contracts with US Department of Defense customers with anticipated revenue of over \$844,700 in the coming fiscal year.

See independent auditor’s report.



# Above: Space Development Corporation and Subsidiary

## Notes to Consolidated Financial Statements

For the Fiscal year ended June 30, 2023

### **Note 1 – Summary Significant Accounting Policies (continuation)**

#### **Fair Value of Financial Instruments**

Financial Accounting Standards Board (“FASB”) guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

*Level 1* - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

*Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

*Level 3* - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amounts reported in the balance sheets approximate their fair value.

#### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. At June 30, 2023, the Company had no items, other than bank deposits, that would be considered cash equivalents. The Company maintains its cash in bank deposit accounts that may, at times, exceed federal insured limits.

#### **Accounts Receivable and Allowance for Uncollectible Accounts**

The Company recognizes an allowance for losses on accounts receivable deemed to be uncollectible. The allowance is based on an analysis of historical bad debt experience as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Company also considers any changes to the financial condition of its customers and any other external market factors that could impact the collectability of the receivables in the determination of the allowance for uncollectible accounts. Based on management’s assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and credit to the allowance. At June 30, 2023, the Company had \$90,254 in outstanding accounts receivable balances, The Company does not believe any allowance for uncollectible accounts is necessary at this time.

See independent auditor’s report.

# **Above: Space Development Corporation and Subsidiary**

## **Notes to Consolidated Financial Statements**

**For the Fiscal year ended June 30, 2023**

### **Note 1 – Summary Significant Accounting Policies (continuation)**

#### **Inventory**

Inventory is stated at the lower of cost or net realizable value and is accounted for using the first-in-first-out method (“FIFO”). The Company analyzes inventory per any potential obsolescence, and records impairment and obsolescence reserve against inventory as deemed necessary. During the period ended June 30, 2023, the Company had no on-hand inventory, thus determined that no such impairment charges were necessary.

#### **Advertising costs**

The Company’s advertising costs are expensed as incurred. During the period ended June 30, 2023, the Company recognized \$44,283 in advertising costs.

#### **Research and Development Costs**

Research and development costs, including salaries, research material, and administrative costs are expensed as incurred. Development costs for the year ended June 30, 2023 were \$124,748.

#### **Shipping and Handling Costs**

Shipping and handling costs are expensed as incurred.

#### **Income Taxes**

The Company assesses its income tax positions and records tax benefits for all years subject to examination based upon its evaluation of the facts, circumstances and information available at the reporting date. In accordance with ASC 740-10, for those tax positions where there is a greater than 50% likelihood that a tax benefit will be sustained, our policy is to record the largest amount of tax benefit that is more likely than not to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where there is less than 50% likelihood that a tax benefit will be sustained, no tax benefit will be recognized in the financial statements. The Company has determined that there are no material uncertain tax positions. The Company accounts for income taxes based on the provisions promulgated by both the Internal Revenue Service (“IRS”), which has a statute of limitation of three years from the due date of the return, and the State of California, Alabama and Delaware which has similar statutes. As such, all tax years are open since the Company’s inception.

See independent auditor’s report.

# **Above: Space Development Corporation and Subsidiary**

## **Notes to Consolidated Financial Statements**

**For the Fiscal year ended June 30, 2023**

### **Note 1 – Summary Significant Accounting Policies (continuation)**

#### **Recent Accounting Pronouncements**

The Financial Accounting Standards Board periodically issues updated guidance or new accounting standards updates (ASUs) that impact financial reporting requirements. Other than various technical corrections issued recently, the Company is not aware of any recently issued accounting pronouncements that are expected to have a significant and material impact on the Company's financial statements.

### **Note 2 – Going Concern and Uncertainties**

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business.

The Company has incurred losses during the period of approximately \$154,954, and recently commenced revenue generating operations, which, among other factors, introduces risk related to the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon management's plans to raise additional capital from the issuance of debt or sale of equity, its ability to increase the number of profitable contracts for its flagship products and services, and its ability to generate positive operating cash flow.

Under its former entity, Orbital Assembly Corporation, the Company completed an offering under Regulation CF with a registered funding portal in Q2 of 2022 raising a total of \$1,325,750. In Q1 of 2023, under the current entity, Above: Space Development Corporation, the company initiated an offering under Regulation CF raising a total of \$143,447. Following that raise in Q1 the company initiated an offering under Regulation CF, which included terms to grant warrants for former Regulation CF investors. As of July 17, 2023, this raise had \$372,150 in commitments.

The Company intends to conduct additional offering under Regulation D and Regulation CF with a registered funding portal in that later half of 2023. The Company is also pursuing grant opportunities through various US Government agencies, as well as Government backed loan guarantees, and private debt financing.

The accompanying financial statements do not include any adjustments that might be required should the Company be unable to continue as a going concern.

See independent auditor's report.

# **Above: Space Development Corporation and Subsidiary**

## **Notes to Consolidated Financial Statements**

**For the Fiscal year ended June 30, 2023**

### **Note 3 – Commitments and Contingencies**

From time to time, during the normal course of business, the Company may be subject to various claims or lawsuits from customers, vendors, or competitors. The Company is not currently involved with and has no current knowledge of any pending or threatened litigation against the Company.

### **Note 4 – SAFE agreements**

As of the end of the period the Company had no SAFE agreements.

### **Note 5 – Shareholder's Equity**

During the fiscal year the former entity, Orbital Assembly Corporation's assets were merged with a newly formed entity Above: Orbital Inc., which was incorporated as a wholly owned subsidiary of Above: Space Development Corporation. Above: Orbital Inc. was incorporated with 1,000 common shares of stock authorized, par value \$.001, all of which are issued and owned by Above: Space Development Corporation.

As part of the merger, the Board of Directors of Orbital Assembly Corporation and Above: Space Development Corporation, authorized all investor equity outstanding in Orbital Assembly Corporation to be transferred to Above: Space Development Corporation at a ratio of 5:1.

Above: Space Development Corporation (The Company) has 175,000,000 shares of common stock authorized, par value \$.001, and 75,000,000 of preferred stock authorized. During the period from Jan 1, 2022 to June 30, 2023, the Company issued an aggregate 62,311,668 shares, valued at the current Fair Market Value at an aggregate amount of \$140,201,253. Equity was distributed to officers, employees, contractors, advisors, and to third parties through Regulation CF rounds. The Company has reserved the remaining authorized but unissued shares for issuance or sale to other third parties.

A 409A Valuation was performed by Carta Inc. with an effective date of January 13, 2023, setting a Fair Market Value of the equity at \$2.10 per share. Subsequent to the Valuation the company won two awards with the US Department of Defense totaling over \$1.77 million and the Board of Directors authorized the sale of equity at \$2.25 per share.

### **Note 6 – Subsequent Events**

The Company has evaluated subsequent events through September 28, 2023, the date these financial statements were available to be issued, there are no subsequent events that have occurred.

See independent auditor's report.

# Above: Space Development Corporation and Subsidiary

## Consolidating Balance Sheet

As of June 30, 2023

	Parent Above: Space Development Corp	Subsidiary Above: Orbital Inc	Eliminating Entries	Consolidated
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 168,578	\$ 516,884		\$ 685,462
Accounts Receivable		90,254		90,254
Prepaid Expenses		66,375		66,375
Investment in Above Orbital Inc.	2,607,762		(2,607,762)	-
Due from - Above Orbital	124,389		(124,389)	-
Total Assets	<b><u>\$ 2,900,730</u></b>	<b><u>\$ 673,513</u></b>	<b><u>\$ (2,732,151)</u></b>	<b><u>\$ 842,091</u></b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable and accrued expenses		\$ 151,080		\$ 151,080
Above Space Development Corporation		124,389	(124,389)	-
Total Current Liabilities		<b><u>\$ 275,470</u></b>	<b><u>\$ (124,389)</u></b>	<b><u>\$ 151,080</u></b>
<b>Long Term Liabilities</b>				
Employee Benefits Liability		1,089		1,089
Total Liabilities		<b><u>\$ 276,558</u></b>	<b><u>\$ (124,389)</u></b>	<b><u>\$ 152,169</u></b>
<b>Shareholders' Equity</b>				
Common Stock	\$ 19,980	\$ 1	\$ (1)	\$ 19,980
Additional Paid In Capital	2,925,502	2,550,415	(2,607,762)	2,868,155
Accumulated Deficit	(44,752)	(2,153,461)		(2,198,213)
Total Shareholders' Equity	<b><u>2,900,730</u></b>	<b><u>396,954</u></b>	<b><u>(2,607,762)</u></b>	<b><u>689,922</u></b>
Total Liabilities and Shareholders' Equity	<b><u>\$ 2,900,730</u></b>	<b><u>\$ 673,513</u></b>	<b><u>\$ (2,732,151)</u></b>	<b><u>\$ 842,091</u></b>

See independent auditor's report.

# Above: Space Development Corporation and Subsidiary

## Consolidating Statement of Operations

For the Fiscal Year ended June 30, 2023

	Parent Above: Space Development Corp	Subsidiary Above: Orbital Inc	Eliminating Entries	Consolidated
<b>Revenue</b>		\$ 1,086,747		\$ 1,086,747
Cost of Goods Sold		4,046		4,046
		<u>1,082,700</u>		<u>1,082,701</u>
Gross Profit				
<b>Expenses:</b>				
Employee wages and related costs		581,508		581,508
Marketing Events		50,399		50,399
Engineering and development	-	124,749		124,748
Professional fees and consulting	28,532	261,823		290,355
Rent and overhead expense	29	87,038		87,068
Reimbursable Expenses		25,621		25,621
Bank charges	15,425	395		15,820
Insurance expense		17,651		17,651
Travel expense		25,850		25,850
Office expense	779	21,675		22,453
		<u>1,196,708</u>		<u>1,241,473</u>
Total expenses	44,765			
(Loss) from operations	\$ (44,765)	\$ (114,008)	-	\$ (158,772)
Other Income	13	3,806		3,818
Net Income (Loss)	<u>\$ (44,752)</u>	<u>\$ (110,202)</u>	<u>-</u>	<u>\$ (154,954)</u>

See independent auditor's report.