FINANCIAL COMPLIANCE AUDIT REPORT 2023

FINANCIAL COMPLIANCE AUDIT REPORT

NaviFloor Robotics, Inc.

For the Fiscal Year Ended December 31, 2023

Prepared by Ernst Wilson & Associates, LLP

Report Date: January 15, 2024

1. EXECUTIVE SUMMARY

This Financial Compliance Audit Report presents the findings of our comprehensive review of NaviFloor Robotics, Inc.'s ("Company") financial

compliance practices, internal controls, and regulatory adherence for the fisc year ended December 31, 2023. Our examination was conducted in accordance Generally Accepted Auditing Standards (GAAS) and applicable regulatory requirements.

1.1 Audit Scope

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Financial statements and reporting procedures

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Internal control systems and processes

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Revenue recognition practices

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Regulatory compliance frameworks

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Tax compliance and reporting

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Contract compliance and revenue arrangements

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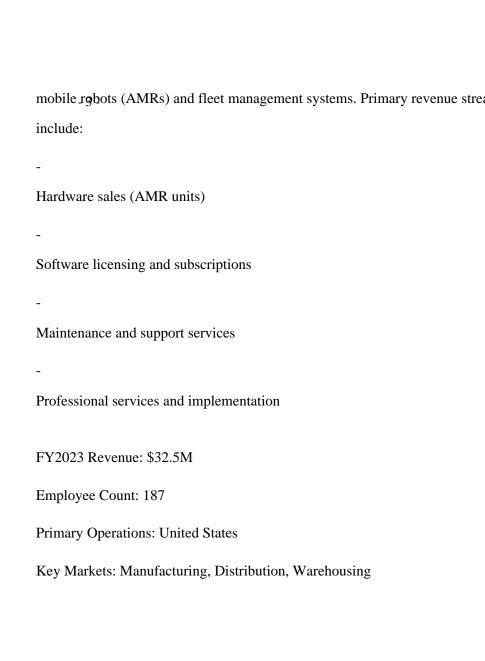
Corporate governance structures

1.2 Key Findings Summary

The Company maintains effective internal controls and demonstrates substant compliance with applicable regulations. Minor deficiencies were identified in certain areas, as detailed in Section 4, none of which constitute material weaknesses.

2. COMPANY OVERVIEW

NaviFloor Robotics, Inc. is a Delaware corporation specializing in autonomo



3	FIN4-NCIAI	REPORTING	ASSESSMENT

3.1 Revenue Recognition

The Company appropriately implements ASC 606 guidelines for revenue recommunity and appropriately implements are properly segregated and recognized according performance obligations.

Findings:

Compliant implementation of revenue recognition policies

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Appropriate treatment of multi-year contracts

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Adequate documentation of performance obligations

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Proper tigning of revenue recognition for hardware vs. software components
3.2 Financial Statement Preparation
Financial statements are prepared in accordance with GAAP, with appropria
controls and review procedures in place.
Key Observations:
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Timely monthly close process
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Adequate segregation of duties
Appropriate review and approval workflows
Consistent application of accounting policies

4. IDENTIFIED DEFICIENCIES AND RECOMMENDA

4.1 Contract Management

Finding: Minor inconsistencies in contract documentation storage and r Recommendation: Implement centralized contract management system

4.2 Revenue Recognition Documentation

Finding: Occasional delays in documenting performance obligation com Recommendation: Establish automated workflow for real-time perform

4.3 Expense Allocation

Finding: Manual processes for R&D expense allocation create potential

Recommendation: Implement automated cost allocation system with pro

5. REGULATORY COMPLIANCE

5.1 Tax Compliance

Federal and state tax filings are current and accurate

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R&D tax credit documentation is adequate

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Sales tax compliance procedures are effective

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International tax obligations are properly managed

5.2 Industry-Specific Regulations

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Compliance with robotics industry standards maintained			
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Export control regulations properly observed			
-			
Safety certification requirements met			
-			
Data privacy regulations adhered to			
6. INTERNAL CONTROLS			
6.1 Control Environment			
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Board oversight is effective			
-			
Management demonstrates commitment to integrity			

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Organizational structure supports control objectives

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Policies and procedures are well-documented

6.2 Risk Assessment

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Regular risk assessment procedures in place

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Appropriate risk mitigation strategies implemented

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Technology risks adequately addressed

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Business continuity plans maintained

7. CORPORATE GOVERNANCE

7.1 Board Structure and Operations

Regular board meetings conducted

Appropriate committee structure maintained

Documentation of decisions adequate

Independence requirements met

7.2 Management Oversight

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Regular management reviews conducted

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KPI monitoring effective

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Performance metrics properly tracked

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Decision-making processes well-documented

8. CONCLUSIONS AND ATTESTATION

Based on our examination, we conclude that NaviFloor Robotics, Inc. maintageffective internal controls and demonstrates substantial compliance with applicable regulations. The identified deficiencies do not constitute material weaknesses and appropriate remediation plans have been developed.

This report is intended solely for the information and use of the Board of Directors, management, and other authorized parties. It is not intended to be and should not be used by anyone other than these specified parties.

9. SIGNATURES AND CERTIFICATIONS

ERNST WILSON & ASSOCIATES, LLP

/s/ Margaret Wilson, CPA

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Quality Review Partner

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Date: Japuary 15, 2024

San Francisco, California

APPENDIX A: AUDIT METHODOLOGY

A.1 Audit Approach

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Risk-based assessment methodology

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Sampling procedures

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Testing protocols

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Documentation standards

A.2 Key4Personnel Interviewed - Chief Financial Officer - Controller - Director of Financial Planning - Internal Audit Manager - Key department heads APPENDIX B: SUPPORTING DOCUMENTATION

B.1 Control Testing Results Internal control testing summaries Process walkthroughs Sample testing results Exception analyses **B.2** Compliance Testing Documentation Regulatory compliance checklists Policy review summaries

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Procedure testing results

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Risk assessment matrices

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