

I, Joshua Resnick, the Chief Executive Officer of Parallel Flight Technologies Inc., hereby certify that the financial statements of Parallel Flight Technologies Inc., and notes thereto for the periods ending January 1, 2019 and December 31, 2019 included in this Form C offering statement are true and complete in all material respects and that the information below reflects accurately the information reported on our federal income tax returns.

For the year 2018 the amounts reported on our tax returns were total income of \$0; taxable income of -\$3,921 and total tax of \$0

IN WITNESS THEREOF, this Principal Executive Officer's Financial Statement Certification has been executed as of the April 27, 2020 (Date of Execution).

Joshua Resnick (Signature)

CEO (Title)

4/28/2020 (Date)

PARALLEL FIGHT TECHNOLOGIES, INC.

**FINANCIAL STATEMENTS
(UNAUDITED)**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2019**

Parallel Flight Technologies, Inc
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(unaudited)

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PARALLEL FIGHT TECHNOLOGIES, INC.
BALANCE SHEET
DECEMBER 31, 2019
(unaudited)

December 31, 2019

ASSETS

Current Assets	
Cash and Cash Equivalents	769,181
Total Current Assets	<u>769,181</u>
Fixed Assets	
Property, plant and equipment- net	8,301
TOTAL ASSETS	\$ <u>777,482</u>

LIABILITIES & EQUITY

Current Liabilities	
Credit Cards	11,528
Total Current Liabilities	<u>11,528</u>
Long Term Liabilities	
Convertible Notes-SAFEs	245,035
Total Non Current Liabilities	<u>245,035</u>
Total Liabilities	256,563
Equity	
Common Stock, par value \$0.00001	
10,000,000 shares authorized, 5,872,114	
issued and outstanding	59
Subscription Receivable	(50)
Additional Paid In Capital	814,978
Retained Earnings	(4,004)
Net Income	<u>(290,064)</u>
Total Equity	<u>520,919</u>
TOTAL LIABILITIES & EQUITY	\$ <u>777,482</u>

PARALLEL FIGHT TECHNOLOGIES, INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)

	December 31, 2019
Revenue	\$ 92,909
Cost of Service	-
Gross Margin	<u>92,909</u>
Expenses	
Advertising and Marketing	47,726
General and Administrative	271,817
Research and Development	64,666
Total Expense	<u>384,210</u>
Operating Income	(291,301)
Other Income	1,237
Other Expense	-
Income Tax	-
Net income	<u>\$ (290,064)</u>

PARALLEL FIGHT TECHNOLOGIES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019
(unaudited)

	Common Stock Class A		Common Stock Class B		Subscription Receivable	Paid-in Capital	Accumulated Earnings	Stockholders' Equity
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Inception (September 10, 2018)	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -
Issuance of Founders Shares	3,000,000	30	2,000,000	20	(50)	-	-	-
Contribution	-	-	-	-	-	15,000	-	15,000
Distribution	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	(4,004)	(4,004)
Balance at December 31, 2018	3,000,000	30	2,000,000	20	(50)	15,000	(4,004)	10,996
Contribution	872,114	9	-	-	-	799,978	-	799,987
Distribution	-	-	-	-	-	-	-	-
Net income (loss)	-	-	-	-	-	-	(290,064)	(290,064)
Balance at December 31, 2019	3,872,114	39	2,000,000	20	(50)	814,978	(298,073)	520,919

PARALLEL FIGHT TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019
(unaudited)

	December 31, 2019
Cash flows from operating activities	
Net income	\$ (290,064)
Depreciation	2,000
Total Adjustments to reconcile Net Cash Provided By Operations:	
Credit Cards	10,928
Net Cash Provided By Operating Activities:	(277,136)
 Cash Flows from Investing Activities	
Fixed Assets	(8,000)
Net Cash Used in Investing Activities	(8,000)
 Cash Flows from Financing Activities	
Issuance of Convertible Notes-SAFEs	72,035
Issuance of Common stock	799,987
Net cash received from financing activities	872,022
 Net (decrease) increase in cash and cash equivalents	586,886
Cash and cash equivalents at beginning of period	182,295
Cash and cash equivalents at end of period	\$ 769,181
 Non Cash Investing and Financing Activities:	
Subscription Receivable	\$ 50

NOTE 1 – NATURE OF OPERATIONS

Parallel Flight Technologies, Inc., was formed on September 10, 2018 (“Inception”) in the State of Delaware. The financial statements of Parallel Flight Technologies, Inc., (which may be referred to as the “Company”, “we,” “us,” or “our”) are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Company’s headquarters are located in Scott Valley, California.

Parallel designs heavy-lift, autonomous aircraft and based on our proprietary heavy-lift technology. Our aircraft can lift more payload and fly for a longer duration than other competitive technologies. We are currently developing unmanned aircraft solutions for wildland firefighter to drastically improve firefighter safety and effectiveness. Parallel is working closely with federal, state, and local fire agencies to build the right tool for firefighting in the 21st century. Beyond firefighting our technology will create new possibilities for commercial drones, unmanned logistics, and Urban Air Mobility.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amount of expenses during the reporting periods. Actual results could materially differ from these estimates. It is reasonably possible that changes in estimates will occur in the near term.

Fair Value of Financial Instruments

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants as of the measurement date. Applicable accounting guidance provides an established hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the factors that market participants would use in valuing the asset or liability. There are three levels of inputs that may be used to measure fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Fair-value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2019. The respective carrying value of certain on-balance-

sheet financial instruments approximated their fair values.

Cash and Cash Equivalents

For purpose of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

The Company will recognize revenues primarily from the sale of aircraft, aircraft contracts, and aircraft service contracts to our initial customers that consist of federal, state, and municipal agencies tasked with wildland firefighting, as well as private contractors that provide wildfire services when (a) persuasive evidence that an agreement exists; (b) the service has been performed; (c) the prices are fixed and determinable and not subject to refund or adjustment; and (d) collection of the amounts due is reasonably assured.

Income Taxes

The Company applies ASC 740 Income Taxes ("ASC 740"). Deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial statement reported amounts at each period end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. The provision for income taxes represents the tax expense for the period, if any and the change during the period in deferred tax assets and liabilities.

ASC 740 also provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position is recognized only if it is "more likely than not" that the position is sustainable upon examination by the relevant taxing authority based on its technical merit.

The Company is subject to tax in the United States ("U.S.") and files tax returns in the U.S. Federal jurisdiction and CA state jurisdiction. The Company is subject to U.S. Federal, state and local income tax examinations by tax authorities for all periods since Inception. The Company currently is not under examination by any tax authority for the last 3 years. The Company has filed its tax returns through 2018 and is not currently under examination by any tax authority.

Concentration of Credit Risk

The Company maintains its cash with a major financial institution located in the United States of America which it believes to be creditworthy. Balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Company may maintain balances in excess of the federally insured limits.

NOTE 3 – DEBT

Convertible Notes- SAFEs

In 2018, the company received money from several investors in the form of SAFEs notes that will later be converted into Preferred Stock at an equity financing event. As of December 31, 2019, the outstanding principal amount of SAFE was \$245,035. None of SAFEs were converted to Preferred Stock as of December 31, 2019.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

We are currently not involved with or know of any pending or threatening litigation against the Company or any of its officers.

NOTE 5 – STOCKHOLDERS' EQUITY

Common Stock

We have authorized the issuance of 10,000,000 shares consisting of 8,000,000 Class A Common Stock and 2,000,000 of Class B Common Stock with par value of \$0.00001. As of December 31, 2019, 5,872,114 shares have been issued, of which 3,872,114 shares of Class A Common Stock and 2,000,000 of Class B Common Stock for a total consideration of \$58.72.

NOTE 6 – RELATED PARTY TRANSACTIONS

One of the company's founders, David Adams and his relative Terry Adams, are the holders of two convertible SAFEs notes in the total amount of \$57,000 that will later convert to preferred shares at an equity event as mentioned in note 3.

NOTE 7 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events that occurred after December 31, 2019 through April 27, 2020, the issuance date of these financial statements.

Subsequent to December 31, 2019, the Company continued to sell 764,285 shares of Class A Common Stock through its Regulation Crowdfunding ("Reg CF") on StartEngine, LLC. The Company recognized gross proceeds of \$956,558.40 and had a subscription receivable of \$3,094 related to the sale of these shares as April 27, 2020. In connection with this offering, the Company incurred offering costs of \$ 97,043.26, which reduced additional paid-in capital.

There have been no other events or transactions during this time which would have a material effect on these financial statements.