

**ROTO PUMPS NORTH AMERICA, INC.**

Financial Statements

Year Ended March 31, 2018

With

Independent Accountant's Compilation Report



**ROTO PUMPS NORTH AMERICA, INC.**

**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Accountant's Compilation Report	1
Financial Statements:	
Balance Sheet - Income Tax Basis - March 31, 2018	2 - 3
Statements of Operations and Retained Earnings - Income Tax Basis Year Ended March 31, 2018	4 - 5
Statement of Cash Flows - Income Tax Basis - Year Ended March 31, 2018	6



## Independent Accountant's Compilation Report

Board of Directors  
Roto Pumps North America, Inc.  
Tulsa, Oklahoma

Management is responsible for the accompanying financial statements of Roto Pumps North America, Inc. (a corporation), which comprise the statement of assets, liabilities, and stockholders' equity—tax basis as of March 31, 2018, and the related statement of revenues, expenses, and retained earnings—tax basis for the year then ended in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*MORSE & CO., PLLC*

Tulsa, Oklahoma  
September 25, 2018

**ROTO PUMPS NORTH AMERICA, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY**  
**- INCOME TAX BASIS**  
**MARCH 31, 2018**

**ASSETS**

Current assets	
BOA operating account	\$ 61,192
Petty cash	226
Undeposited funds	8,964
Accounts receivable	422,964
Due from related parties	563
Inventories	
Inventory in transit	88,239
Inventory - other	373,462
Total current assets	<u>955,610</u>
Property, plant, and equipment	
Furniture and Equipment	
Computers and laptops	15,061
Computer software	783
Office furniture	7,868
Warehouse equipment	
Bins and shelving	2,119
Tools and equipment	7,371
Total property, plant, and equipment	33,202
Accumulated depreciation	<u>(29,034)</u>
Net property, plant, and equipment	<u>4,168</u>
Other assets	
Security deposit	10,000
Utility deposit	225
Total other assets	<u>10,225</u>
Total assets	<u>\$ 970,003</u>

(Continued)

See independent accountant's compilation report.

**ROTO PUMPS NORTH AMERICA, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY**  
**- INCOME TAX BASIS**  
**MARCH 31, 2018**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities	
Accounts payable	
Accounts payable - RPI	\$ 725,233
Accounts payable - general	12,814
Credit card payable	8,363
Due to related party	412
Payroll liabilities	<u>10,399</u>
Total current liabilities	<u>757,221</u>
Stockholders' equity	
Common stock	50
Additional paid in capital	507,950
Retained earnings (deficit)	(408,141)
Net income	<u>112,923</u>
Total stockholders' equity	<u>212,782</u>
Total liabilities and stockholders' equity	<u><u>\$ 970,003</u></u>

See independent accountant's compilation report.

**ROTO PUMPS NORTH AMERICA, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS -**  
**INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2018**

		Percentage
Income		
Spares	\$ 1,359,682	81.75%
Pumps	166,890	10.03%
Spares - local	74,670	4.49%
Kits	43,569	2.62%
Freight	18,443	1.11%
Total income	1,663,254	100.00%
Cost of sales		
Spares	1,040,993	62.59%
Pumps	90,328	5.43%
Spares - local	63,259	3.80%
Kits	37,354	2.25%
Warehouse supplies	1,042	0.06%
Rework items	874	0.05%
Freight	22,241	1.34%
Total cost of sales	1,256,091	75.52%
Gross profit	407,163	24.48%
Employee expenses		
Dental insurance - sales associate	1,692	0.10%
Health insurance - sales associate	23,390	1.41%
Workers compensation insurance	6,566	0.39%
Salaries and wages - executive	6,573	0.40%
Salaries and wages - sales associate	92,788	5.58%
Salaries and wages - warehouse associate	421	0.03%
Bonus	9,500	0.57%
Payroll taxes	6,922	0.42%
Payroll processing fee	1,156	0.07%
Uniforms	673	0.04%
Total employee expense	149,681	9.00%
Operating expenses		
Advertising and exhibition	3,166	0.19%
Bad debt	4,536	0.27%
Computer expense	2,190	0.13%
Depreciation	12,316	0.74%
Insurance	16,672	1.00%
Bank fees	2,090	0.13%

(Continued)

See independent accountant's compilation report.

**ROTO PUMPS NORTH AMERICA, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS -**  
**INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2018**

		Percentage
Operating expenses (continued)		
Licenses and fees	75	0.00%
Office expense	2,182	0.13%
Cleaning expense	1,040	0.06%
Professional fees - Audit and tax preparation	9,191	0.55%
Professional fees - consulting	350	0.02%
Equipment rental - copier	1,998	0.12%
Equipment rental - telephone lease	1,998	0.12%
Freight	14,430	0.87%
Office lease	29,184	1.75%
Repairs and maintenance - office	1,740	0.10%
Repairs and maintenance - equipment	2,480	0.15%
Taxes - property	331	0.02%
Taxes - other	324	0.02%
Telephone - business	1,038	0.06%
Telephone - cellular	1,322	0.08%
Telephone - internet and fax	2,609	0.16%
Telephone - installation	321	0.02%
Travel - airfare	13,177	0.79%
Travel - car rental	3,478	0.21%
Travel - fuel	713	0.04%
Travel - lodging	6,394	0.38%
Travel - meals and entertainment	3,417	0.21%
Travel - parking	415	0.02%
Travel - passports and visas	234	0.01%
Travel - taxis, cab, train and bus	343	0.02%
Utilities - electric	2,489	0.15%
Utilities - natural gas	748	0.04%
Utilities - security	264	0.02%
Utilities - waste	872	0.05%
Utilities - water	432	0.03%
Total operating expenses	144,559	8.69%
Total expenses	294,240	17.69%
Net income	112,923	6.79%
Retained earnings (deficit), beginning of year	(408,141)	
Retained earnings (deficit), end of year	\$ (295,218)	

See independent accountant's compilation report.

**ROTO PUMPS NORTH AMERICA, INC.**  
**STATEMENT OF CASH FLOWS - INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2018**

Operating activities	
Net income	\$ 112,923
Adjustments to reconcile net income to net cash provided by (used for) operating activities:	
Depreciation	12,316
Change in assets and liabilities:	
Accounts receivable	188,948
Due from related	(563)
Inventories	(138,602)
Accounts payable	(294,823)
Credit card payable	8,363
Due to related parties	(95)
Accrued expenses	(134)
	<u>(111,667)</u>
Net cash provided by (used for) operating activities	<u>(111,667)</u>
Investing activities	
Purchase of equipment	<u>(8,060)</u>
Net cash provided by (used for) investing activities	<u>(8,060)</u>
Net change in cash and cash equivalents	(119,727)
Cash and cash equivalents, beginning of year	<u>190,109</u>
Cash and cash equivalents, end of year	<u><u>\$ 70,382</u></u>

See independent accountant's compilation report.