

**ROTO PUMPS NORTH AMERICA, INC.**

Financial Statements

Year Ended March 31, 2021

With

Independent Accountant's Compilation Report



**ROTO PUMPS NORTH AMERICA, INC.**

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## 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—income tax basis as of March 31, 2021, and the related statement of revenues, expenses, and retained earnings (deficit)—income tax basis and statement of cash flows--income tax basis for the year then ended in accordance with the income tax basis of accounting, and for determining that the income 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 income 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 income 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  
May 18, 2021

**ROTO PUMPS NOTRH AMERICA, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY**  
**- INCOME TAX BASIS**  
**MARCH 31, 2021**

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**ASSETS**

Current assets		
BOA operating account	\$	147,800
Petty cash		234
Accounts receivable		272,108
Inventories		
Inventory in transit		37,094
Inventory - other		603,043
Total current assets		<u>1,060,279</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		<u>7,371</u>
Total property, plant, and equipment		33,202
Accumulated depreciation		<u>(33,017)</u>
Net property, plant, and equipment		<u>185</u>
Other assets		
Security deposit		<u>10,000</u>
Total other assets		<u>10,000</u>
Total assets	\$	<u><u>1,070,464</u></u>

See independent accountant's report.

**ROTO PUMPS NOTRH AMERICA, INC.**  
**STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY**  
**- INCOME TAX BASIS**  
**MARCH 31, 2021**

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**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current liabilities

Accounts payable	
Accounts payable - RPI	\$ 393,310
Accounts payable - general	1,890
Credit card payable	8,233
Sales tax payable	44
Payroll liabilities	13,015
Accrued taxes - federal	39,809
Accrued taxes - state	11,158
Accruals	10,625
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Total current liabilities	478,084
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Stockholders' equity

Additional paid in capital	508,000
Retained earnings (deficit)	(73,453)
Net income, year to date	157,833
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Total stockholders' equity	592,380
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Total liabilities and stockholders' equity	<u><u>\$ 1,070,464</u></u>
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See independent accountant's report.

**ROTO PUMPS NOTRH AMERICA, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS (DEFICIT) -**  
**INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2021**

		<u>Percentage</u>
<b>Income</b>		
Spares	\$ 1,106,687	69.01%
Pumps	308,205	19.22%
Kits	57,525	3.59%
Spares - local	91,720	5.72%
Freight	40,813	2.55%
Discounts and credits	(1,330)	-0.08%
Total income	<u>1,603,620</u>	<u>100.00%</u>
<b>Cost of sales</b>		
Spares	638,598	64.60%
Pumps	213,143	21.56%
Spares - local	65,274	6.60%
Kits	36,186	3.66%
Warehouse supplies	805	0.08%
Rework items	475	0.05%
Packaging	40	0.00%
Freigh	33,950	3.43%
Total cost of sales	<u>988,471</u>	<u>100.00%</u>
Gross profit	<u>615,149</u>	<u>38.36%</u>
<b>Employee expenses</b>		
Dental insurance	1,790	0.61%
Health insurance	26,370	9.03%
Workers compensation insurance	6,824	2.34%
Salaries and wages	233,080	79.77%
Payroll taxes	19,933	6.82%
Auto allowance	2,268	0.78%
Payroll processing fee	1,824	0.62%
Uniforms	92	0.03%
Total employee expense	<u>292,181</u>	<u>100.00%</u>
<b>Operating expenses</b>		
Contract	10,385	6.28%
Computer expense	4,743	2.87%
Depreciation	299	0.18%
Advertising and exhibition	1,640	0.99%

(Continued)

See independent accountant's report.

**ROTO PUMPS NOTRH AMERICA, INC.**  
**STATEMENT OF REVENUES, EXPENSES AND RETAINED EARNINGS (DEFICIT) -**  
**INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2021**

		<u>Percentage</u>
Operating expenses (continued)		
Insurance	14,603	8.84%
Bank expense	163	0.10%
Licenses and fees	23	0.01%
Office expense	3,259	1.97%
Professional fees - legal	3,379	2.04%
Professional fees - consulting	390	0.24%
Professional fees - auditing and tax prep	5,730	3.47%
Office lease	30,181	18.26%
Repairs and maintenance - office	1,740	1.05%
Repairs and maintenance - equipment	4,917	2.97%
Property taxes	1,309	0.79%
Taxes - federal	39,809	24.09%
Taxes - state	11,158	6.75%
Telephone - business	1,095	0.66%
Telephone - cellular	3,310	2.00%
Telephone - internet and fax	3,594	2.17%
Training and education	40	0.02%
Travel - airfare	1,740	1.05%
Travel - fuel and expenses	594	0.36%
Travel - lodging	2,590	1.57%
Travel - meals and entertainment	1,275	0.77%
Travel - other	705	0.43%
Travel - parking	75	0.05%
Travel - transportation	776	0.47%
Utilities - electric	1,516	0.92%
Utilities - natural gas	883	0.53%
Utilities - security	264	0.16%
Utilities - waste	920	0.56%
Utilities - water	432	0.26%
Freight	11,742	7.10%
Total operating expenses	<u>165,279</u>	<u>100.00%</u>
Total expenses	<u>457,460</u>	
Other income	144	
Net Income	157,833	
Retained earnings (deficit), beginning of period	<u>(73,453)</u>	
Retained earnings (deficit), end of period	<u>\$ 84,380</u>	

See independent accountant's report.

**ROTO PUMPS NOTRH AMERICA, INC.**  
**STATEMENT OF CASH FLOWS - INCOME TAX BASIS**  
**YEAR ENDED MARCH 31, 2021**

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Operating activities	
Net income	\$ 157,833
Adjustments to reconcile net income to net cash provided by (used for) operating activities:	
Depreciation	299
Change in assets and liabilities:	
Accounts receivable	145,256
Inventories	146,716
Other assets	225
Accounts payable	(3,545)
Due to related party	(476,119)
Credit card payable	1,415
Sales tax payable	44
Payroll liabilities	(12,684)
Accrued taxes - federal	39,809
Accrued taxes - state	11,158
Accruals	10,625
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Net cash provided by (used for) operating activities	21,032
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Net change in cash and cash equivalents	21,032
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Cash and cash equivalents, beginning of year	127,002
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Cash and cash equivalents, end of year	<u><u>\$ 148,034</u></u>

See independent accountant's report.