

ROTO PUMPS NORTH AMERICA, INC.

Financial Statements

Year Ended March 31, 2022

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, 2022, and the related statement of revenues, expenses, and retained earnings—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 12, 2022

ROTO PUMPS NORTH AMERICA, INC.

STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY- INCOME TAX BASIS

MARCH 31, 2022

ASSETS

Current assets

BOA operating account	\$ 148,104
Petty cash	34
Accounts receivable	658,009
Inventories	
Inventory in transit	64,585
Inventory - other	<u>578,572</u>
Total inventories	<u>643,157</u>
Total current assets	<u>1,449,304</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>(33,202)</u>
Net property, plant, and equipment	<u>-</u>

Security deposit	<u>10,000</u>
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Total assets	<u><u>\$ 1,459,304</u></u>
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See independent accountant's compilation report.

ROTO PUMPS NORTH AMERICA, INC.

STATEMENT OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY - INCOME TAX BASIS

MARCH 31, 2022

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	
Accounts payable - RPI	\$ 469,448
Accounts payable - general	1,872
Credit card payable	7,576
Payroll liabilities	14,319
Accrued taxes - federal	64,418
Accrued taxes - state	15,338
Accruals	13,125
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Total current liabilities	586,096

Stockholders' equity

Additional paid in capital	508,000
Retained earnings	365,208
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Total stockholders' equity	873,208

Total liabilities and stockholders' equity	<hr/> <hr/> <u>\$ 1,459,304</u>
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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, 2022

		<u>Percentage</u>
Income		
Spares	\$ 1,789,029	80.21%
Pumps	309,384	13.87%
Kits	62,607	2.81%
Spares - local	38,469	1.72%
Freight	30,820	1.38%
Total income	<u>2,230,309</u>	<u>100.00%</u>
Cost of sales		
Spares	1,184,414	78.10%
Pumps	207,351	13.67%
Freight	50,044	3.30%
Spares - local	26,620	1.76%
Kits	46,359	3.06%
Rework Items	885	0.06%
Warehouse supplies	708	0.05%
Packaging	100	0.01%
Total cost of sales	<u>1,516,481</u>	<u>100.00%</u>
Gross profit	<u>713,828</u>	<u>32.01%</u>
Employee expenses		
Salaries and wages	210,451	79.77%
Health insurance	24,758	9.38%
Payroll taxes	18,355	6.96%
Workers compensation insurance	6,875	2.61%
Dental insurance	1,738	0.66%
Payroll processing fee	1,409	0.53%
Uniforms	229	0.09%
Total employee expense	<u>263,815</u>	<u>100.00%</u>
Operating expenses		
Taxes - federal	67,847	37.09%
Office lease	30,694	16.78%
Freight	13,134	7.18%
Insurance	12,123	6.63%

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, 2022

		<u>Percentage</u>
Operating expenses (continued)		
Taxes - state	19,384	10.60%
Professional fees - auditing and tax prep	6,650	3.64%
Advertising and exhibition	6,627	3.62%
Telephone - internet and fax	3,686	2.02%
Travel	5,070	2.77%
Office expense	2,618	1.43%
Telephone - cellular	2,610	1.43%
Utilities - electric	2,650	1.45%
Repairs and maintenance - office	1,740	0.95%
Professional fees - legal	1,279	0.70%
Utilities - natural gas	1,067	0.58%
Telephone - business	1,051	0.57%
Computer	829	0.45%
Utilities - waste	952	0.52%
Bank expense	614	0.34%
Licenses and fees	400	0.22%
Utilities - water	432	0.24%
Utilities - security	396	0.22%
Taxes - other	339	0.19%
Repairs and maintenance - equipment	254	0.14%
Taxes - property	244	0.13%
Depreciation	185	0.10%
Dues and memberships	35	0.02%
Total operating expenses	<u>182,910</u>	<u>89.40%</u>
Total expenses	<u>446,725</u>	
Net income	267,103	
Retained earnings, beginning of period	<u>98,105</u>	
Retained earnings, end of period	<u><u>\$ 365,208</u></u>	

See independent accountant's compilation report.

ROTO PUMPS NORTH AMERICA, INC.
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
YEAR ENDED MARCH 31, 2022

Operating activities	
Net income	\$ 267,103
Adjustments to reconcile net income to net cash provided by (used for) operating activities:	
Depreciation	185
Change in assets and liabilities:	
Accounts receivable	(385,901)
Inventories	(3,020)
Accounts payable	(18)
Due to related party	76,138
Credit card payable	(657)
Sales Tax Payable	(44)
Payroll liabilities	1,304
Accrued taxes	42,514
Accruals	2,500
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Net cash provided by (used for) operating activities	104
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Net change in cash and cash equivalents	104
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Cash and cash equivalents, beginning of year	148,034
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Cash and cash equivalents, end of year	<u><u>\$ 148,138</u></u>

See independent accountant's compilation report.