

ROTO PUMPS NORTH AMERICA, INC.

Financial Statements

Year Ended March 31, 2023

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, 2023, and the related statement of revenues, expenses, and retained earnings—income tax basis and statement of cash flows—income tax basis for the year 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 17, 2023

ROTO PUMPS NORTH AMERICA, INC.

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

MARCH 31, 2023

ASSETS	
Current assets	
BOA operating account	\$ 286,401
Petty cash	62
Accounts receivable	741,151
Prepaid software	9,268
Inventories	
Inventory in transit	119,633
Inventory - other	525,100
Total inventories	<u>644,733</u>
Total current assets	<u>1,681,615</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>(33,202)</u>
Net property, plant, and equipment	<u>-</u>
Security deposit	<u>10,000</u>
Total assets	<u><u>\$ 1,691,615</u></u>

See independent accountant's compilation report.

ROTO PUMPS NORTH AMERICA, INC.

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

MARCH 31, 2023

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	
Accounts payable - RPI	\$ 386,870
Accounts payable - general	13,159
Credit card payable	32,370
Advanced payments	1,922
Payroll liabilities	38,536
Accrued taxes - federal	24,772
Accrued taxes - state	3,678
Accruals	625
	<hr/>
Total current liabilities	501,932

Stockholders' equity

Additional paid in capital	508,000
Retained earnings	681,683
	<hr/>
Total stockholders' equity	1,189,683

Total liabilities and stockholders' equity	<hr/> <u>\$ 1,691,615</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, 2023**

		<u>Percentage</u>
Income		
Spares	\$ 2,131,307	64.82%
Pumps	813,264	24.73%
Spares - local	130,411	3.97%
Kits	129,900	3.95%
Freight	83,196	2.53%
Warranty	11,286	0.34%
Discounts	(11,451)	-0.35%
Total income	<u>3,287,913</u>	<u>100.00%</u>
Cost of sales		
Spares	1,219,467	62.21%
Pumps	464,623	23.70%
Spares - local	109,225	5.57%
Freight	79,718	4.07%
Kits	82,806	4.22%
Warehouse supplies	3,489	0.18%
Rework Items	400	0.02%
Packaging	511	0.03%
Total cost of sales	<u>1,960,239</u>	<u>100.00%</u>
Gross profit	<u>1,327,674</u>	<u>40.38%</u>
Employee expenses		
Salaries and wages	527,334	79.83%
Health insurance	35,395	5.36%
Payroll taxes	54,437	8.24%
Auto allowance	20,000	3.03%
Recruitment Expense	10,000	1.51%
Workers compensation insurance	9,173	1.39%
Dental insurance	2,427	0.37%
Payroll processing fee	1,836	0.28%
Total employee expense	<u>660,602</u>	<u>100.00%</u>
Operating expenses		
Travel	88,559	25.21%
Taxes - federal	84,214	23.97%
Office lease	31,536	8.98%
Freight	48,420	13.78%

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, 2023

		<u>Percentage</u>
Operating expenses (continued)		
Taxes - state	21,089	6.00%
Computer	14,095	4.01%
Contract	8,118	2.31%
Professional fees - auditing and tax prep	7,525	2.14%
Insurance	13,788	3.92%
Office expense	5,056	1.44%
Telephone - cellular	5,794	1.65%
Telephone - internet and fax	4,008	1.14%
Utilities - electric	3,452	0.98%
Repairs and maintenance - office	1,740	0.50%
Advertising	5,660	1.61%
Licenses and fees	700	0.20%
Discounts/credits allowed	(1,736)	-0.49%
Telephone - business	1,066	0.30%
Utilities - waste	1,072	0.31%
Repairs and maintenance - equipment	3,129	0.89%
Utilities - natural gas	1,598	0.45%
Utilities - water	432	0.12%
Small tools	318	0.09%
Dues and memberships	474	0.13%
Utilities - security	264	0.08%
Bank expense	674	0.19%
Taxes	293	0.08%
	<u>351,338</u>	<u>100.00%</u>
Total operating expenses	<u>351,338</u>	<u>100.00%</u>
Total expenses	<u>1,011,940</u>	
Other income	<u>741</u>	
Net income	316,475	
Retained earnings, beginning of year	<u>365,208</u>	
Retained earnings, end of year	<u><u>\$ 681,683</u></u>	

See independent accountant's compilation report.

ROTO PUMPS NORTH AMERICA, INC.
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
YEAR ENDED MARCH 31, 2023

Operating activities	
Net income	\$ 316,475
Change in assets and liabilities:	
Accounts receivable	(83,142)
Prepaid software	(9,268)
Inventories	(1,576)
Accounts payable	11,287
Due to RPI	(82,618)
Credit card payable	24,794
Advanced payments	1,922
Payroll liabilities	(24,217)
Accrued taxes	(2,832)
Accruals	<u>(12,500)</u>
Net cash provided by (used for) operating activities	<u>138,325</u>
Net change in cash and cash equivalents	138,325
Cash and cash equivalents, beginning of year	<u>148,138</u>
Cash and cash equivalents, end of year	<u><u>\$ 286,463</u></u>

See independent accountant's compilation report.