

ROTO PUMPS NORTH AMERICA, INC.

Financial Statements

Year Ended March 31, 2024

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, 2024, 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 11, 2024

ROTO PUMPS NORTH AMERICA, INC.

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

MARCH 31, 2024

ASSETS

Current assets

BOA operating account	\$ 172,114
Petty cash	170
Accounts receivable	1,114,446
Due from RPI	750
Prepaid software	4,335
Prepaid expense - Texas water	1,900
Inventories	
Inventories in transit	103,741
Inventory - other	822,371
Total inventories	<u>926,112</u>
Total current assets	<u>2,219,827</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	<u>33,202</u>
Accumulated depreciation	<u>(33,202)</u>
Net property, plant, and equipment	<u>-</u>

Right of use asset - operating lease	111,242
Security deposit	<u>5,285</u>
Total assets	<u><u>\$ 2,336,354</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, 2024

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	
Accounts payable - RPI	\$ 722,187
Accounts payable - general	46,095
Credit card payable	9,021
Advanced payments	12,696
Payroll liabilities	107,046
Accrued tax (benefit) - federal	(14,645)
Accrued tax (benefit) - state	(5,943)
Current lease liability - operating lease	41,693
Accruals	625

Total current liabilities 918,775

Noncurrent liabilities

Noncurrent lease liability - operating lease	<u>69,549</u>
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Total liabilities 988,324

Stockholders' equity

Additional paid in capital	508,000
Retained earnings	681,683
Net income	<u>158,347</u>

Total stockholders' equity 1,348,030

Total liabilities and stockholders' equity \$ 2,336,354

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, 2024

		<u>Percentage</u>
Income		
Pumps	\$ 1,497,200	43.72%
Spares	1,463,310	42.73%
Spares - local	217,257	6.34%
Kits	146,574	4.28%
Freight	101,164	2.95%
Other sales/cash payments	423	0.01%
Discount/credits	<u>(1,668)</u>	<u>-0.05%</u>
Total income	<u>3,424,260</u>	<u>100.00%</u>
Cost of sales		
Pumps	769,436	39.19%
Spares	758,642	38.64%
Spares - local	175,907	8.96%
Freight	151,775	7.73%
Kits	93,614	4.77%
Other	6,425	0.33%
Warehouse supplies	3,421	0.17%
Rework items	2,867	0.15%
Packaging	<u>1,065</u>	<u>0.05%</u>
Total cost of sales	<u>1,963,152</u>	<u>100.00%</u>
Gross profit	<u>1,461,108</u>	<u>42.67%</u>
Employee expenses		
Salaries and wages	714,544	83.82%
Payroll taxes	62,583	7.34%
Health insurance	41,439	4.86%
Auto allowance	24,000	2.82%
Workers compensation insurance	3,409	0.40%
Dental insurance	2,647	0.31%
Payroll processing fee	2,068	0.24%
Recruitment	1,383	0.16%
Uniforms	<u>414</u>	<u>0.05%</u>
Total employee expense	<u>852,487</u>	<u>100.00%</u>
Operating expenses		
Travel	138,689	30.81%
Freight	64,171	14.26%
Office lease	44,159	9.81%
Taxes - federal	34,158	7.59%

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, 2024

		<u>Percentage</u>
Operating expenses (continued)		
Contract	31,324	6.96%
Computer	27,714	6.16%
Insurance	23,911	5.31%
Advertising	17,254	3.83%
Shipping and moving expense	16,618	3.69%
Telephone - cellular	7,731	1.72%
Professional fees - auditing and tax prep	6,987	1.55%
Office expense	6,668	1.48%
Taxes - state	6,506	1.45%
Interest expense - finance lease	5,459	1.21%
Repairs and maintenance - equipment	5,301	1.18%
Utilities - electric	4,705	1.05%
Telephone - internet and fax	3,643	0.81%
Repairs and maintenance - office	2,287	0.51%
Utilities - waste	1,868	0.42%
Licenses and fees	1,556	0.35%
Utilities - natural gas	1,049	0.23%
Telephone - business	1,001	0.22%
Bank expense	858	0.19%
Dues and memberships	555	0.12%
Utilities - water	234	0.05%
Utilities - security	132	0.03%
Taxes (benefit)	(122)	-0.03%
Bad debt	(4,313)	-0.96%
	<u>450,103</u>	<u>100.00%</u>
Total operating expenses	<u>450,103</u>	<u>100.00%</u>
	<u>1,302,590</u>	
Total expenses	<u>1,302,590</u>	
Other income (expense)	<u>(171)</u>	
Net income	158,347	
Retained earnings, beginning of year	<u>681,683</u>	
Retained earnings, end of year	<u><u>\$ 840,030</u></u>	

See independent accountant's compilation report.

ROTO PUMPS NORTH AMERICA, INC.
STATEMENT OF CASH FLOWS - INCOME TAX BASIS
YEAR ENDED MARCH 31, 2024

Operating activities	
Net income	\$ 158,347
Adjustments to reconcile net income to net cash provided by operating activities	
Amortization of right-of-use asset	19,558
Change in assets and liabilities:	
Accounts receivable	(373,295)
Due from RPI	(750)
Prepaid software	4,933
Prepaid expenses	(1,900)
Prepaid office lease	
Inventories	(281,379)
Due to RPI	335,317
Security deposit	4,715
Accounts payable	32,936
Credit card payable	(23,349)
Advanced payments	10,774
Payroll liabilities	68,510
Accrued taxes	(49,038)
Principal payments on right-of-use asset, operating lease	<u>(19,558)</u>
Net cash provided by (used for) operating activities	<u>(114,179)</u>
Net change in cash and cash equivalents	(114,179)
Cash and cash equivalents, beginning of year	<u>286,463</u>
Cash and cash equivalents, end of year	<u><u>\$ 172,284</u></u>
Supplemental disclosure of cash flows information:	
Cash paid for interest	<u><u>\$ 5,459</u></u>
Acquisition of right-of-use-asset	<u><u>\$ 130,800</u></u>

See independent accountant's compilation report.