

PRO-CIM INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021



RACOLTA JENSEN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

CONTENTS

	Page
Compilation Engagement Report	1
Balance sheet	2
Statement of earnings and retained earnings	3
Notes to financial statements	4 - 6





RACOLTA JENSEN LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

COMPILATION ENGAGEMENT REPORT

To shareholders of Pro-Cim Inc.,

On the basis of information provided by management, we have compiled the balance sheet of Pro-Cim Inc. as at December 31, 2021 and the statement of earnings and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information and other explanatory information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Cambridge, Ontario
June 29, 2022

Racolta Jensen LLP
Chartered Professional Accountants
Licensed Public Accountants

(page 1)

PRO-CIM INC.
(incorporated under the laws of Ontario)

BALANCE SHEET AS AT DECEMBER 31, 2021
(with comparative figures as at 2020)

	2021	2020
ASSETS		
CURRENT		
Bank	\$ 4,680	\$ 39,337
Accounts receivable	394,974	415,600
Inventory	64,629	117,355
Prepaid expenses	<u>8,343</u>	<u>8,983</u>
	472,626	581,275
INVESTMENT	547,619	339,779
PROPERTY AND EQUIPMENT (note 2)	403,388	328,782
DUE FROM RELATED COMPANIES (note 3)	<u>15,039</u>	<u>15,039</u>
	<u>\$ 1,438,672</u>	<u>\$ 1,264,875</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 199,987	\$ 161,526
Accounts, payable and accrued	392,272	372,991
Government remittances payable	18,284	25,924
Income taxes payable	27,780	37,258
Scheduled repayments of loans payable due within one year (note 4)	27,474	7,500
Scheduled repayments of capital lease obligations due within one year (note 5)	<u>71,892</u>	<u>31,904</u>
	737,689	637,103
LONG-TERM		
Loans payable (note 4)	138,585	79,375
Obligations under capital leases (note 5)	168,656	101,642
Due to related company (note 3)	169,640	164,275
Due to shareholder	<u>593</u>	<u>911</u>
	<u>1,215,163</u>	<u>983,306</u>
SHAREHOLDER'S EQUITY		
SHARE CAPITAL (note 6)	100	100
RETAINED EARNINGS	<u>223,409</u>	<u>281,469</u>
	<u>223,509</u>	<u>281,569</u>
	<u>\$ 1,438,672</u>	<u>\$ 1,264,875</u>

APPROVED ON BEHALF OF THE BOARD:

Director

SIGN HERE

(See accompanying notes to financial statements)

(page 2)

PRO-CIM INC.

STATEMENT OF EARNINGS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 2021
(with comparative figures for 2020)

	2021	%	2020	%
REVENUE	\$ 1,624,125	100.0	\$ 1,746,862	100.0
COST OF SALES				
Labour	464,915	28.6	498,548	28.5
Materials	403,323	24.8	232,933	13.3
Subcontracts	<u>367,319</u>	<u>22.6</u>	<u>418,408</u>	<u>24.0</u>
	<u>1,235,557</u>	<u>76.1</u>	<u>1,149,889</u>	<u>65.8</u>
GROSS MARGIN	<u>388,568</u>	<u>23.9</u>	<u>596,973</u>	<u>34.2</u>
OPERATING EXPENSES				
Advertising and promotion	5,044	0.3	-	-
Amortization	83,650	5.2	83,854	4.8
Consulting fees	10,150	0.6	16,830	1.0
Insurance	5,082	0.3	7,867	0.5
Interest and bank charges	36,053	2.2	31,985	1.8
Interest on obligations under capital lease (note 5)	21,580	1.3	23,652	1.4
Office and general	25,001	1.5	20,637	1.2
Professional fees	25,442	1.6	11,984	0.7
Rent	99,121	6.1	89,226	5.1
Repairs and maintenance	13,467	0.8	15,293	0.9
Telephone	11,170	0.7	7,726	0.4
Travel	11,407	0.7	6,298	0.4
Utilities	59,462	3.7	65,464	3.7
Vehicle	<u>21,278</u>	<u>1.3</u>	<u>23,185</u>	<u>1.3</u>
	<u>427,907</u>	<u>26.3</u>	<u>404,001</u>	<u>23.1</u>
EARNINGS (LOSS) BEFORE THE FOLLOWING	(39,339)	(2.4)	192,972	11.0
GAIN ON FOREIGN EXCHANGE	80,930	5.0	39,297	2.2
WAGE SUBSIDY	<u>8,679</u>	<u>0.5</u>	<u>73,414</u>	<u>4.2</u>
EARNINGS BEFORE INCOME TAXES	50,270	3.1	305,683	17.5
INCOME TAXES	<u>13,330</u>	<u>0.8</u>	<u>35,430</u>	<u>2.0</u>
NET EARNINGS	<u>36,940</u>	<u>2.3</u>	<u>270,253</u>	<u>15.5</u>
RETAINED EARNINGS, beginning	281,469		136,216	
DIVIDENDS PAID	<u>(95,000)</u>		<u>(125,000)</u>	
RETAINED EARNINGS, ending	<u>\$ 223,409</u>		<u>\$ 281,469</u>	

(See accompanying notes to financial statements)

PRO-CIM INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. BASIS OF ACCOUNTING

The basis of accounting applied in the preparation of the financial information is on the historical cost basis, reflecting cash transactions with the addition of:

- accounts receivable
- prepaid expenses
- property and equipment amortized over their useful life
- accounts, payable and accrued
- current income tax and government remittances liability

2. PROPERTY AND EQUIPMENT

	Cost	2021 Accumulated Amortization	Net Book Value	2020 Net Book Value
Computer equipment	\$ 45,181	\$ 44,127	\$ 1,054	\$ 1,506
Equipment under capital lease	934,321	604,462	329,859	234,286
Machinery and equipment	420,635	363,545	57,090	71,363
Office equipment	6,305	4,335	1,970	2,462
Vehicle	<u>32,213</u>	<u>18,798</u>	<u>13,415</u>	<u>19,166</u>
	<u>\$ 1,438,655</u>	<u>\$ 1,035,267</u>	<u>\$ 403,388</u>	<u>\$ 328,783</u>

3. RELATED COMPANY TRANSACTIONS

Advances to and from these related companies are non-interest bearing and are not expected to be settled before the next fiscal year.

Due from related companies:

	2021	2020
Inter Moulding Solutions Inc.	\$ 14,529	\$ 14,529
Wep Tool & Die Ltd.	<u>510</u>	<u>510</u>
	<u>\$ 15,039</u>	<u>\$ 15,039</u>

Due to related company:

	2021	2020
2150595 Ontario Inc.	<u>\$ 169,640</u>	<u>\$ 164,275</u>

PRO-CIM INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4. LOANS PAYABLE

	2021	2020
Ford Credit loan is non-interest bearing and repayable in monthly principal payments of \$625, due July 2024, secured by a 2019 Ford F-150 vehicle.	\$ 19,375	\$ 26,875
Canada Emergency Business Account loan.	60,000	60,000
BDC loan payable in monthly payments of \$1,664 plus interest, bearing interest at prime -1.75%, due April 2026.	<u>86,684</u>	<u>-</u>
	166,059	86,875
Less scheduled repayments due within one year	<u>27,474</u>	<u>7,500</u>
	<u>\$ 138,585</u>	<u>\$ 79,375</u>

Scheduled principal repayments are as follows:

2022	\$ 27,474
2023	87,474
2024	24,349
2025	19,974
2026	<u>6,788</u>
	<u>\$ 166,059</u>

5. OBLIGATIONS UNDER CAPITAL LEASES

	2021	2020
Equilease capital lease is repayable in blended monthly payments of \$3,096, bearing interest at 9.32%. The lease matures February 2026, at which time it has a purchase option price of \$16,254. The lease is secured by equipment and guarantees by shareholder and related companies.	\$ 138,920	-
Blue Chip Corporation capital lease is repayable in blended monthly payments of \$2,895, bearing interest at 9.14%. The lease matures May 2025, at which time it has a purchase option price of \$15,100. The lease is secured by equipment and guarantees by shareholder and related companies.	101,628	125,876
Blue Chip Corporation capital lease is repayable in blended monthly payments of \$1,137, bearing interest at 10.86%. The lease matures July 2021, at which time it has a purchase option price of \$5,874. The lease is secured by equipment and guarantees by shareholder and related companies.	<u>-</u>	<u>7,670</u>
	240,548	133,546
Less scheduled principal repayments due within one year	<u>71,892</u>	<u>31,904</u>
	<u>\$ 168,656</u>	<u>\$ 101,642</u>

continued....

PRO-CIM INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

5. OBLIGATIONS UNDER CAPITAL LEASES - continued

Principal and interest payments are as follows:

2022	\$	71,892
2023		71,892
2024		71,892
2025		51,627
2026		<u>22,445</u>
		289,748
Less interest included in the above payments		<u>49,200</u>
	\$	<u><u>240,548</u></u>

6. SHARE CAPITAL

Authorized:

Unlimited common shares

Issued:

1,000 Common shares

2021	2020
\$ <u><u>100</u></u>	\$ <u><u>100</u></u>