

WOODCHUCK FLOORING INCORPORATED

COMPILED FINANCIAL INFORMATION

DECEMBER 31, 2023



Compilation Engagement Report

To the Management of Woodchuck Flooring Incorporated:

On the basis of information provided by management, we have compiled the balance sheet of Woodchuck Flooring Incorporated as at December 31, 2023, the statement of income 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 ("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.

Toronto, Canada
May 24, 2024

Chaplin & Burd,
Chartered Professional Accountants, LLP
Licensed Public Accountants

Suite 320, 1200 Markham Road, Scarborough, Ontario M1H 3C3
Tel. 416-290-6455 Fax 416-290-5190 www.chaplinburd.com

WOODCHUCK FLOORING INCORPORATED

BALANCE SHEET DECEMBER 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 535,161	\$ 76,141
Accounts receivable	-	5,383
HST receivable	-	19,142
Prepaid expenses	35,818	15,442
Note receivable	17,526	27,051
Income tax refund receivable	-	52,874
Inventory	<u>560,490</u>	<u>699,000</u>
	<u>1,148,995</u>	<u>895,033</u>
 PROPERTY AND EQUIPMENT		
Computer equipment	52,689	49,713
Machinery and equipment	110,846	110,846
Vehicles	<u>220,567</u>	<u>322,987</u>
	384,102	483,546
Less: accumulated amortization	<u>(242,347)</u>	<u>(273,903)</u>
	<u>141,755</u>	<u>209,643</u>
	 <u>\$1,290,750</u>	 <u>\$1,104,676</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 296,127	\$ 377,322
Unpaid remuneration	155,000	140,000
Due to Woodchuck Investments Inc.	165,712	2,169
CEBA loan payable	60,000	60,000
Current portion of lien notes payable	34,206	33,922
Income tax payable	<u>63,584</u>	<u>-</u>
	<u>774,629</u>	<u>613,413</u>
 LONG-TERM DEBT		
Lien notes payable	<u>124,678</u>	<u>158,883</u>
 SHAREHOLDERS' EQUITY		
Share capital:		
40 common shares	2	2
100 class B shares	10	10
1,800,000 class C shares	<u>2</u>	<u>2</u>
	14	14
Retained earnings	<u>391,429</u>	<u>332,366</u>
	<u>391,443</u>	<u>332,380</u>
	 <u>\$1,290,750</u>	 <u>\$1,104,676</u>

WOODCHUCK FLOORING INCORPORATED

**STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2023**

	2023	2022
SALES	<u>\$5,409,165</u>	<u>\$6,276,460</u>
COST OF SALES		
Purchases	3,673,101	4,609,859
Wages and benefits	313,765	323,382
Subcontract	<u>166,938</u>	<u>166,951</u>
	<u>4,153,804</u>	<u>5,100,192</u>
GROSS PROFIT	<u>1,255,361</u>	<u>1,176,268</u>
EXPENSES		
Advertising	144,614	131,914
Amortization	56,233	44,968
Bad debts	-	10,029
Bank charges and interest	75,903	84,532
Insurance	13,729	15,387
Office and general	78,597	62,421
Professional services	33,936	27,978
Rent	96,496	95,692
Management salaries	276,852	241,161
Utilities	11,840	10,472
Telephone, computer and internet	16,022	12,345
Vehicle and travel	<u>52,360</u>	<u>86,014</u>
	<u>856,582</u>	<u>822,913</u>
NET INCOME FROM OPERATIONS	398,779	353,355
Gain on disposal of assets	<u>23,868</u>	<u>6,970</u>
Net income before income taxes	422,647	360,325
Provision for income tax	<u>(63,584)</u>	<u>(24,892)</u>
NET INCOME for the year	359,063	335,433
Retained earnings at the beginning of the year	332,366	246,933
Dividends paid	<u>(300,000)</u>	<u>(250,000)</u>
RETAINED EARNINGS at the end of the year	<u>\$ 391,429</u>	<u>\$ 332,366</u>

WOODCHUCK FLOORING INCORPORATED

NOTES TO THE FINANCIAL INFORMATION DECEMBER 31, 2023

1. Basis of Accounting

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

- accounts receivable less an allowance for doubtful accounts
- inventory accounted for at the lower of cost or net realizable value
- property and equipment amortized on the same basis as for income tax
- accounts payable and accrued liabilities
- current income taxes payable as at the reporting date