

# CONFIDENTIAL INFORMATION MEMORANDUM

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# Introduction

## Disclaimer/Confidential Agreement

**Murphy Business**, is furnishing this Confidential Information Memorandum only to those prospective parties that have made a specific request for information regarding **Box Cars and One-Eyed Jacks (The Company)** with the intention of determining any interest in submitting an offer to acquire The Company and have subsequently executed a valid Confidentiality Agreement. The Confidential Information Memorandum is intended to provide a prospective purchaser with pertinent preliminary information regarding The Company and discuss the factors that create value within The Company.

The information contained herein is confidential and may not be reproduced or retransmitted without the express permission of The Company. This copy is electronically registered to recipient under the terms of the Confidentiality Agreement. Murphy Business has relied upon The Company for its information and makes no representations, implied or otherwise concerning the accuracy or completeness of the information, financial data, and projections herein. Murphy Business expressly disclaims any and all liability for any information, projections, or representations (expressed or implied) contained herein, for omissions from this Confidential Information Memorandum or for any other written or oral communications transmitted to any party in the course of its evaluation of The Company.

Prospective investors or others are encouraged to conduct their own due diligence and independently affirm any investment, acquisition, or merger decision.

If you have not executed and delivered or are a party to a valid Confidentiality Agreement under which this evaluation material is being made available to you then you have received this Confidential Information Memorandum in error. If so, please notify us immediately by email and/or telephone that you have permanently deleted this file and destroyed any copies made.

The Company reserves the right to negotiate with one or more prospective purchasers at any time and to enter into a definitive agreement relating to a transaction with The Company without prior notice to the recipient of this Confidential Information Memorandum or other prospective purchasers. Also, The Company reserves the right, at any time, to terminate the further participation in the investigation and proposal process by any party and to modify any procedures without giving advance notice or providing any reason therefore. The Company also reserves the right during the evaluation period to take any action, whether within or outside the ordinary course of business.

**This Confidential Information Memorandum contains certain forward-looking statements concerning The Company and industry. These statements are management and advisor's current assumptions and actual results may be substantially different. No representation or warranty is made as to the feasibility or accuracy of such projections.**

**NEITHER THIS CONFIDENTIAL INFORMATION MEMORANDUM NOR ITS DELIVERY TO YOU SHALL CONSTITUTE OR BE CONSTRUED TO BE AN OFFER TO SELL ANY SECURITIES OF THE COMPANY. THIS CONFIDENTIAL INFORMATION MEMORANDUM SHALL NOT BE DEEMED AN INDICATION OF THE STATE OF AFFAIRS OF THE COMPANY OR CONSTITUTE AN INDICATION THAT THERE HAS BEEN NO CHANGE IN THE BUSINESS OR AFFAIRS OF THE COMPANY.**

### **Murphy Business&Financial Corporation LLC**

Murphy Business & Financial Corporation LLC is the largest and most successful business brokerage firm in North America with business brokers conveniently located throughout the United States and Canada. We specialize in businesses for sale, mergers & acquisitions, franchises brokerage, business valuations.

Murphy Business offers our clients the advantages of working with our large national network of transaction professionals who have completed thousands of transactions and have access to our extensive database of companies for sale and a database of existing buyers.

Our proven process and system provides our clients with the means to achieve their goals through a more successful and confidential business transaction.

### **Transaction Process/ Next Steps**

The information contained in this Confidential Information Memorandum is intended to provide a prospective purchaser with sufficient information to make a preliminary determination with regard to potential interest in entering into a business purchase transaction. Although any purchaser will have the opportunity to conduct due diligence prior to completion of a transaction, we do not expect to provide additional information until after a purchaser has submitted either an Offer to Purchase (Offer), or a Letter of Intent (LOI) as more fully described below. The Purchase Agreement or the LOI are all subject to completion of due diligence and negotiation of mutually acceptable terms and conditions of a final definitive agreement before becoming binding agreements.

#### **If you have no further interest**

If you decide that you have no further interest in this opportunity, please inform us and proceed with the return of all information in accordance with the confidentiality agreement (NDA) that you have signed.

#### **If you have further interest**

If you decide that you have further interest in this opportunity, we ask you to submit a written Offer to Purchase (provided by Murphy Business) or a Letter of Intent (LOI) to Murphy Business, containing the salient terms of your proposal, including, without limitation:

- A preliminary value for the proposed transaction
- A clear indication of the structure and type of transaction you are proposing
- The consideration to be paid including cash, note terms, etc.
- Security to be offered for any seller notes
- Please indicate any key assumptions used to arrive at the purchase price
- A suggested time line for closing on the transaction and any requirements that you may have regarding the closing date of a transaction
- A description of your sources and level of financing for the transaction and an indication of the timing and steps required to secure financing. Indicate any requirement to raise outside capital in order to effect the transaction.
- Any material assumptions upon which your Proposal or valuation is based on that needs to be discussed prior to your firm moving forward
- A description of the additional due diligence that you would need to complete in order to execute definitive documentation and an estimate of the time required to perform your due diligence
- Confidential financial documentation that validates purchaser's capability to perform as proposed

### **Due Diligence, Purchase Agreement and Closing**

Purchaser will be given the opportunity, together with its legal, financial, and other advisors, to conduct further due diligence with respect to The Company per the terms of the Offer to Purchase. Concurrent with due diligence review, it is expected that the parties and their counsel will negotiate any other agreements necessary, such as securing any new or assigned leases, in order to close the transaction.

### **Fees**

Each party shall pay its own entire costs and expenses incident to legal, accounting, and other professional advisor's expenses associated with the preparation of the purchase agreements, due diligence, and other professional services whether or not such transaction is consummated.

### **Contact Information**

Under no circumstances should purchaser or purchaser's agents without prior approval of Murphy Business, contact any officers, directors, owners, employees, vendors, customers, or shareholders of The Company.

### **Additional Information**

All communication regarding this Memorandum and requests for additional information should be directed to the Murphy Business Broker at the address below:

#### **Murphy Business Alberta**

Steven Fylypchuk

#151, 234-5149 Country Hills Blvd NW

Calgary Alberta T3A 5K8

403-605-1366

[s.fylypchuk@murphybusiness.ca](mailto:s.fylypchuk@murphybusiness.ca)

# Company Overview

## **Price & Terms**

Offered Price: **\$1,250,000 CAD**

Sale Structure: **Share Sale**

## **Business Summary**

Box Cars and One-Eyed Jacks is a Canadian-based educational resource publishing, manufacturing, and professional development company specializing in hands-on Math and Literacy games for Kindergarten through Grade 9 in schools across North America. The company was incorporated in Edmonton, Alberta, Canada in 1992 and continues to thrive three decades later. In addition to its extensive array of educational resources, Box Cars and One-Eyed Jacks provides professional development workshops ranging from half-day to three-day sessions, bringing effective teaching strategies to thousands of districts, schools, teachers, and families across North America.

## **Business Type**

Distribution, Manufacturing, Wholesale, Retail.

Educational Resource Manufacturer, Educational Publishing, and Professional Development Provider.

## **Manufacturing and Publishing**

Manufacturing: Math and Literacy manipulatives are manufactured 90% in China and 10% in the US.

Publishing: Teacher and Professional Resources are printed in Edmonton, Alberta, Canada.

## **Ownership Structure**

Jane Felling owns all of Box Cars And One-Eyed Jacks Inc. through her ownership of all Class A shares and all shares of Felling Four Inc., which owns the Class B shares of Box Cars And One-Eyed Jacks Inc.

## **Founders**

Box Cars and One-Eyed Jacks was incorporated in Edmonton, Alberta, Canada in 1992, founded by Jane Felling (current owner) and Joanne Currah (retired in 2010).

## **Company History**

The company started by providing professional development workshops in Alberta and expanded its offerings with more teacher support resources over the years. By 1994, the business began expanding into the US, and by the early 2000s, manufacturing in China was established. Today, Box Cars has a strong market presence in both the US (65%) and Canada (35%), with significant sales in the educational sector and professional development services.

Despite setbacks during COVID-19, the company pivoted to virtual platforms and experienced some of its most profitable years since 2021.

## **Major Accomplishments**

Developed and is the sole source of many math and literacy manipulatives used in schools across North America.

Built a reputation for providing first-class professional development opportunities to schools, parents, and families.



### **Legal Name and Incorporation Details**

Legal Name:	Box Cars and One-Eyed Jacks Inc.
Incorporated:	1992
Incorporated Province:	Alberta
Fiscal Year End:	December 31

<b>Shareholder's Name</b>	<b>Number and Class of Shares</b>
Jane Felling	50 Class "A" Common Voting shares of the Corporation
FELLING FOUR INC.	50 Class "B" Common Voting shares of the Corporation

### **Litigation**

There are no pending litigation matters or current lawsuits against the company.

### **Reason for Sale**

The owners are in their 60s and wish to reduce their workload and focus less on running the business.

# Products & Services

## **Overview of Products**

All of these would be of interest to an educational company that supplies schools with hands-on manipulatives and resource books:

24 Math Book Titles and 3 Literacy Titles – published and warehoused in Edmonton, Alberta.

PDFs of book titles – sold online on the website.

Dice: 50+ types of dice/colors manufactured and warehoused in Edmonton, Alberta – own molds for many (list to be provided). 90-95% of dice are manufactured in China. Box Cars' extensive manufacturing and ordering history can be provided.

Cards – manufacture unique math cards and literacy cards.

Miscellaneous manipulatives for math and literacy instruction including: dominoes, math shakers, mesh bags, number lines, letter tiles, foldable rulers.

Recorded Workshops Video Library – could be purchased by school districts/schools for professional development as an option instead of in-person trainings.

Website: [Boxcarsandoneeyedjacks.com](http://Boxcarsandoneeyedjacks.com).

Email Database (Campaign Manager) with approximately 18,000 names.

## **Assets/Products Excluded from the Sale**

\*Domino Math Games - Connecting The Dots (BK15)\* and \*Domino Math Games - Linking The Learning (BK16)\* are not included in the sale of the company.

The rights to these two books are shared between Box Cars And One-Eyed Jacks and Cadamac Ltd. Both companies coordinate the publishing and sales of these titles. The plan has always been that once a book sells out, it will not be reprinted. Currently, \*Linking The Learning\* has sold out and will not be reprinted, and \*Connecting The Dots\* is nearing the end of its stock and will also not be reprinted once it is sold out."

## **Overview of Services**

Full details of all professional development services can be found on the Company's website, but include the following:

Professional development for school districts/schools – Math and Literacy Pre-Kindergarten through Grade 9. Workshops are provided in person or virtually. Workshops can be as short as 60 minutes, and a program can be put together for full to multiple day trainings. Currently charging \$500.00 per speaking hour plus travel for in-person sessions.

Family math and literacy game workshops (information on the website). Family math and literacy resources – typically purchased by school funding grants for families to keep after a workshop and use at home. Charges for family math nights are typically \$600.00 plus travel plus repurchase of family kits.

Leader in providing classroom kits and customized kits to schools across North America. Known for providing detailed packaging and delivery of kits to work within budget constraints of customers. Excellent customer service, with online orders turned around daily and large school/district orders typically within a week.

## **Sales Breakdown**

See Appendix 01 – 30-month USA Sales Breakdown by Product and Services.

See Appendix 02 – 30-month CANADA Sales Breakdown by Product and Services.

## **Seasonality**

Schools operate August – June. Purchasing by districts continues throughout the summer months. What started as a very seasonal business in the 1990s has expanded to be consistently busy throughout the calendar year. Slowest months historically and currently are July and December. Busiest quarter in Canada is the first quarter; in the US, the second and third quarters.

## **Future Products/Services**

New owners should consider expanding the following markets:

Canada: expand the Ontario market.

US: expand into the Northeast Coast, Florida, Midwest US states while maintaining presence in CA and TX.

## **Intellectual Property**

There are no patents, but the Company owns molds for manufacturing a wide variety of math and literacy manipulatives – sole source, not accessible to other companies.

Some items manufactured on open molds in China – any company can manufacture using these molds (e.g., regular spotted dice). A detailed list will be provided during due diligence.

## **Copyrights/Trademarks**

Copyrights – list to be provided. All intellectual property (book titles) are listed under Box Cars and One-Eyed Jacks. ISBN numbers on all titles. Books are printed in Edmonton. PDFs are on-site with Box Cars and One-Eyed Jacks and can be sold as PDFs if owner wishes to stop printing and sell only as PDFs.

# **Market & Clients**

## **General Description of the Market**

The market is vast. Math and Literacy are taught in all schools and districts across North America. Schools need to provide hands-on educational opportunities to their students, and the company's resources and manipulatives match curriculums across North America. In the United States, the company also supports the extensive after-school programs that exist in thousands of districts, ELL second language programs, and Title 1 programming. The parent/family market is also growing with schools wanting to engage families with resources to use at home. The company provides these resources as well as professional development support.

## **Typical Customer Profile**

There are three main categories of customers:

### **School Districts across North America – generally purchase orders**

School Districts purchase for all schools, putting resources in all classrooms. They also purchase district-wide professional development from the company to support teaching practices.

### **Individual Schools – generally purchase orders**

Schools make purchases directly without funding from the central office, typically outfitting all classrooms and purchasing professional development to support implementation.

### **Individual Teachers – generally PayPal using the online store**

Individual Teachers typically make purchases directly from the online store and directly from the company at educational conferences. Pre-K to Grade 3 teachers are the biggest purchasers, followed by Grades 4 to 6, then middle years/junior high Grades 7 to 9.

### **Geographic Market Serviced**

Canada: Most sales are generated in the home province, British Columbia, and Manitoba, with little to no presence in Ontario and east. There is a great opportunity to grow the Canadian market.

United States: Most sales are generated in Texas and California, with very little consistent sales from the East Coast, presenting a tremendous area of growth potential.

Customer Base is from all over North America (Canada and the US) with some very rare orders from outside North America.

## **Sales & Marketing**

### **Marketing Plan Overview**

The company's marketing plan encompasses a diverse range of strategies to engage with educational institutions and professionals across North America. The marketing efforts focus on establishing direct relationships through workshops, conferences, and online platforms, as well as leveraging referrals and word-of-mouth recommendations.

#### **Marketing Methods:**

1. Inside Sales: The company's consultants conduct follow-up sales after workshops and conventions, capitalizing on the initial engagement with potential clients.
2. Trade Shows: Participation in teacher conferences and educational events, ranging from 1,000 to 12,000 attendees, allows the company to conduct workshops, make direct sales at the booth, and gather contacts for further engagement in professional development and resource purchasing.
3. Contracts: Box Cars actively markets and pursues paid speaking engagements, charging \$500.00 per speaking hour in both Canada and the U.S., plus expenses. In constructing any contract, the company endeavors to incorporate pre-purchase of resources as part of the overall package, which includes speaking fees, products, and expenses.

Box Cars utilizes multiple channels such as Constant Contact, face-to-face interactions at conferences, phone outreach to existing contacts, and referrals from previous contracts, which often result in rebookings for follow-up sessions. Word-of-mouth recommendations from district administrators, schools, and teachers are also pivotal in acquiring new contracts.

The company receives numerous inquiries through its submission box for professional development, with an estimated 65-75% of these inquiries resulting in bookings. Additionally, Box Cars handles daily inquiries for resource quotes.

4. Direct Mail: Utilizes Campaign Manager for digital mail, as the company has ceased physical mail advertisements.

5. Internet: The active online store at [www.boxcarsandoneeyedjacks.com](http://www.boxcarsandoneeyedjacks.com) supports sales using Visa and MasterCard via PayPal as the credit card processor.

6. Networking/Referrals: Referral and networking marketing is one of the company's most powerful strategies. When Box Cars delivers exceptional service, superintendents, principals, curriculum coordinators, and teachers recommend the company to their colleagues within and outside their school districts. These referrals

mean that potential clients are often “already sold” on professional development and resources before even making contact.

The company relies heavily on the strong relationships it has built over the years to secure more contracts, as educators trust and value recommendations from their peers.

### **Revenue-Generating Marketing Channels**

Conferences and large speaking engagements generate immediate on-site sales and, more importantly, lead to follow-up opportunities for additional work and resource purchases.

Campaign Manager emails are vital for driving sales through targeted communication.

Direct phone calls and personalized follow-up emails are essential for maintaining contact with key clients and ensuring repeat business.

### **Internet Presence**

The company maintains an active online presence through its website, [www.boxcarsandoneeyedjacks.com](http://www.boxcarsandoneeyedjacks.com), and YouTube channel. While video production has decreased post-COVID, previous efforts have generated sales. The company also has Facebook and Instagram accounts, though posts are infrequent.

### **Future Marketing Strategies**

Future marketing efforts should include a more formal and robust email marketing schedule via Campaign Manager to drive online sales. The company should produce more intentional online sales campaigns and dedicated emails targeting specific customer segments.

### **Sales Process**

The company does not employ a traditional sales force; however, consultants who deliver professional development sessions often promote and sell products as part of their contracts.

### **Opportunities for Growth**

Canada: There is significant potential to develop the Ontario market.

U.S.: Expanding into the eastern seaboard, Midwest, Florida, and after-school markets nationwide presents a substantial growth opportunity.

Growth Potential: California and Texas alone generate significant sales annually. Replicating the business model in other populous states such as New York, Virginia, Pennsylvania, Massachusetts, and Florida could yield considerable growth. The company has been limited by personnel constraints in expanding into these regions effectively.

In Canada, over 80% of sales come from Alberta and British Columbia, highlighting the opportunity for expansion into the Ontario/Toronto metro area.

### **Direct Competition in Canada**

In Canada, there are no companies similar to Box Cars that offer both professional development and educational resources. While there are several educational supply companies, primarily based in Ontario, that sell math, literacy, and various manipulatives to schools, they do not provide professional development services. This unique offering positions Box Cars as a leader in the Canadian market.

### **Direct Competition in the U.S.**

In the United States, there are at least 10 to 20 large educational companies that provide extensive math, literacy, and miscellaneous manipulatives to schools. This includes printed resource books as well. Many of these companies are also textbook suppliers and often include professional development as part of their purchase packages, although it is unclear whether this service is charged separately or bundled into the overall contract.

Additionally, there are numerous accomplished speakers and consultants who present workshops in the U.S. Box Cars competes against these individuals for school district and school budgets. However, these speakers typically operate independently and primarily sell published books rather than a broad range of manipulatives like Box Cars offers. They are often sponsored by publishers who pay them to speak on their behalf.

### **Top Direct Competitors**

1. Hand2mind ([www.hand2mind.com](http://www.hand2mind.com))
2. Nasco ([www.nascoeducation.com](http://www.nascoeducation.com)) - Owns Spectrum Education in the Toronto area, Canada.
3. EAI Education ([www.eaieducation.com](http://www.eaieducation.com))

### **Basis of Competition**

Box Cars competes primarily through the sale of math manipulatives. The company's pricing is competitive and sometimes superior, particularly for items like dice. As a sole source provider for certain manufactured items, such as math shakers, specific dice types, dice trays, cards, foldable rulers, mesh bags, and number lines, schools and districts must purchase these items directly from Box Cars.

### **Competitive Advantages**

1. Sole Source Products: Box Cars is the exclusive supplier of certain items, ensuring that teachers and schools can only acquire these products from them.
2. Customization: The company is small enough to offer customized resource packages tailored to the specific needs of districts, in addition to its standard kits.
3. Color and Design: Box Cars manufactures manipulatives in vibrant pantones, unlike larger companies that use standard colors. The shift to using bright acrylic colors, though more costly, has significantly increased sales due to customer preference.
4. Quality: The manufacturing quality of Box Cars' products is exceptional, setting them apart from the competition.

### **Competitive Weaknesses**

Box Cars faces limitations in marketing to new markets, primarily due to personnel constraints.

## **Operations**

### **Order, Billing, and Collection Process**

Orders are received through multiple channels, including online sales via the company website, purchase orders from districts, schools, or organizations, as well as phone, fax, email, and rarely, mail. Occasionally, the company is asked to provide a quote as part of a district's purchasing process.

Upon receiving an order, it is entered into the accounting program (SAGE US for US or international orders / SAGE Canada for Canadian orders). An invoice and packing slip are generated and handed off to the shipping department, where the order is typically shipped within 1-2 business days. Large orders may require more time to assemble and are shipped either as individual packages or on pallets. Customers with significant orders are kept informed of their shipment's estimated time of arrival (ETA), and the shipper is responsible for tracking time-sensitive shipments.

Once the order is shipped, the invoice is filed in the appropriate invoice binder (US or Canada) or returned to the front office for storage and archiving if already paid. Payments received online or via phone orders are immediate. When a payment is received, the invoice is removed from the binder, marked as PAID, and details of the payment method are attached to the invoice. Accepted payment methods include credit card, check,

direct deposit (Canada only), and occasionally cash. Invoices are archived in the warehouse for seven years before being shredded.

The owner regularly reviews the invoice binders (typically one or more times per week) to identify any delinquent invoices (30 or more days overdue) and follows up with customers for payment or status. This information is logged on the invoice, including the date of contact and the person spoken to or emailed. Instances of bad debts are rare, with less than one occurring every few years.

### **Inventory Process**

Box Cars and One-Eyed Jacks maintain a robust inventory process to ensure accurate stock levels and timely reordering of materials.

Teacher Resource Books are printed locally with a 2-3 week turnaround time for print runs. The company has maintained a longstanding relationship with its printer for over 25 years, ensuring reliability and high-quality output. Exact inventory counts are conducted twice a year, with print runs ranging from 500 to 3,000 copies depending on the title. An option exists to shift to PDF-only sales, which would reduce inventory requirements. Comprehensive print run records are maintained from the beginning to assist with future ordering timelines.

Manipulatives, including dice, cards, shakers, dice trays, and miscellaneous items, undergo an exact inventory count at the end of the corporate year. A mid-year count is conducted at the end of the school year in June. Ordering from China involves a 3-4 month lead time from project initiation to warehouse receipt, necessitating frequent inventory scanning after peak seasons in March and November for rough counts.

Complete manufacturing records are maintained for each product to gauge ordering timelines, history, and costs. The company aims to maintain a 1-2 year supply when ordering from China, with generally accurate projections. Occasionally, large orders significantly reduce stock levels, prompting orders from a middle supplier in Boston.

### **Pricing Structure and Future Considerations**

The pricing structure for customers is typically set at full retail plus applicable taxes and shipping. Discounts of up to 10% may be offered to districts and schools on products not already discounted, depending on the customer and whether a speaking contract is included. All kits are pre-discounted.

Box Cars has been awarded bids through several bidding consortiums, primarily in Texas, where a straightforward 10% discount off retail pricing is applied.

### **Accounts Receivable**

Accounts receivable seldom exceed 30 days, as they are actively pursued and documented by the owner. The majority of clients either pay upfront or are school districts that use Purchase Orders, which ensures that obtaining final payment is rarely an issue.

### **Operating Days and Hours**

The company operates from Monday to Friday, 7:30 AM to 3:00 PM, during the school year (September to June). During the summer months, hours are reduced around Canadian and US holidays, typically shifting to Monday to Thursday through July and mid-August. Consultants conducting workshops may work additional hours, including evenings and weekends, as required. The company is closed for two weeks over the Christmas break.

### **Recommended Working Capital**

\$120,000 to cover salaries, leases, utilities etc. for three months.



## **Technology**

### **Technology Used in Daily Operations**

The company utilizes a common server for file storage, along with email and website domains, as part of its daily operations.

### **Current State of Technology**

In the next few months (August-October 2024), the company will need to upgrade the computers in the office (a total of 5). This upgrade is not considered a significant expense, with costs projected to be less than \$15,000.

### **Potential for Increased Efficiency with Newer Technology**

The upcoming computer upgrades will maintain the efficiencies already in place. However, exploring the potential benefits of using electronic means of communication beyond just email could be beneficial. Previous attempts in 2017 to maximize electronic communication avenues with clients did not result in measurable sales increases and added to business expenses. This initiative was halted after one year.

## **Organization**

### **Management Team and Staff**

Box Cars and One-Eyed Jacks' success is underpinned by a dedicated and skilled management team and staff, each bringing valuable expertise and commitment to their roles. The following table outlines key details of each team member, including their compensation, weekly hours, years of service, benefits, and intentions regarding staying with the business post-sale.

<b>Title/Job Classification</b>	<b>Pay Rate as of June 2024</b>	<b>Hours/Week</b>	<b>Years of Service</b>	<b>Health Insurance H.C.S.A</b>	<b>Vacation (weeks)</b>	<b>Staying With Business?</b>
Owner & Consultant (Jane)	\$72,000/year	35	30+	Max \$5,000/year	5	Yes - limited
Business Manager & Consultant (John)	\$54,000/year	35	16	Max \$5,000/year	5	Yes - limited
Office Manager (Theresa)	\$2,877.50 bi-weekly. pro-rated to actual hours /35hr FTE	31.5	8	Max \$5,000/year	5	Yes - limited
Shipper (Remi)	\$32.00/hour	31.5	Less than 1 year	Max \$2,000/year	5	Yes
Casual Labour & Consultant (Nadine)	\$30.00/hour, \$250/workshop	7 +/-	Less than 1 year	Not Applicable	Not Applicable	Yes

### **Staffing Notes**

Cross-training is encouraged and planned with the onboarding of new staff. This includes training in basic invoice entry and order shipping processes.



The owner and business manager have committed to remaining with the company for up to 12 months post-sale, assisting with the transition and potentially providing additional services on a case-by-case basis at a pre-determined rate.

The office manager is also committed to staying with the company for up to 12 months post-sale and may consider remote work with occasional office visits thereafter.

The shipper is dedicated to continuing employment beyond the initial 12 months post-sale, ensuring stability in the shipping department.

The Casual Labourer/Consultant is paid 30.00 per hour when working in the office or warehouse but is paid 250.00 / workshop presented when consulting and is committed to staying on with the business.

### **Compensation and Benefits**

Bonuses are awarded to the office manager, shipper, and casual employee at the discretion of the owner, typically after busy periods and during Christmas. These bonuses are not a formal part of their compensation packages and are not tied to performance incentives.

### **Labour Market Rating**

The labour market rating is average for office and warehouse operations. However, finding quality consultants familiar with the product line and capable of delivering effective presentations to teachers poses a challenge.

### **Business Liability**

The company's business liability is rated as low. There are no current requirements to participate in WCB, and there is no history of work-related injuries.

### **Key Employee Roles and Replacement**

#### **Jane Felling, Owner/Consultant**

Jane Felling serves as the Owner and a Consultant for Box Cars and One-Eyed Jacks. Her primary responsibility is securing new contracts and negotiating terms with clients. She significantly influences the company's strategic direction in consultation with John Felling. Jane is also responsible for making key manufacturing decisions, often utilizing the services of Grand Prix in Boston for overseas production.

For her replacement, it is critical to possess strong communication skills for "cold calling" individuals who place large orders and for effectively engaging with district and school leaders regarding the company's services and products. Additionally, the replacement or an additional consultant must be capable of providing district and school professional development, leading school/parent engagement sessions, and presenting at regional and national conferences.

#### **John Felling, Business Manager/Consultant**

John Felling functions as the Business Manager and Consultant, focusing on the day-to-day operational systems of the business. His responsibilities encompass tax and licensing compliance, technology, internet and website maintenance (in coordination with the Office Manager and Bubble Up Marketing), accounting oversight, human resources, and the development and implementation of company policies and procedures. John manages the logistics related to products manufactured overseas, handling shipping, importing, and transit to the warehouse through DSV Sea and Air. He also delivers a substantial portion of professional development workshops and school/family engagement sessions, gaining recognition as a national speaker on Math and, to a lesser extent, English Language Arts. Together with Jane, he is responsible for training new consultants.

#### **Theresa Felling, Office Manager**

Theresa Felling is the Office Manager, overseeing daily office operations under the supervision of the Business Manager and Owner. Her duties include serving as the first point of contact for customers via phone or email and handling financial entries such as quotes, invoicing, and month-end reconciliations. She also manages marketing brochures and website content (in collaboration with the Business Manager), including updating images and website information.

A potential replacement for Theresa would require proficiency in accounting software such as Sage Professional (or similar) and graphic design programs like Adobe In-Design (or similar).

#### **Remi Charron, Shipper/Receiver**

Remi Charron is responsible for processing online sales from the website, creating invoices/packing slips for online orders, and ensuring timely packing and shipping. He manages the warehouse's organization and operation, supervising the casual labourer during warehouse duties. Remi also prepares and ships large orders, including those needed for conferences where Box Cars and One-Eyed Jacks are exhibiting. His role demands knowledge of Canada Post's online platform, UPS Worldship, and the logistics involved with arranging shipments through trucking companies, often requiring cross-border transactions between the US and Canada. A replacement for Remi should be adept with online shipping software, cross-border logistics, and capable of handling physical tasks like lifting 50lb boxes and packages safely.

#### **Financial Management and Reporting**

The office manager maintains daily financial records under the supervision of the business manager.

Payroll is processed bi-weekly for the office manager, shipper, and casual labourer, and monthly for the owner and business manager.

Profit and loss statements are regularly updated by the business manager and tracked monthly. See Appendix 03.

US Federal (and where required) State corporate tax returns and related filings are completed by Andersen Tax in consultation with corporate accountant Daniel J. St. Arnaud Professional Corporation. Canadian Federal and Provincial corporate tax returns and related filings are completed by Daniel St. Arnaud Professional Corporation. US and Canadian Sales tax (including GST and HST) returns are completed (where required) for both the US and Canada by the Business Manager.

The Business Manager occasionally consults with Andersen Tax and Daniel St. Arnaud Professional Corporation when it's necessary for issues that may arise with sales tax or corporate tax filings in the US and Canada.

#### **Owner Involvement**

Jane Felling's primary responsibilities include marketing, and finding contracts for professional development, putting quotes and proposals together, keeping track of inventory levels, ordering of inventory, doing in person and virtual workshops as necessary, doing in person trade shows/conferences

John Felling focuses on budgeting, human resources (hiring and performance/salary reviews) all banking, oversee tax compliance, upkeep of business licenses, tech, systems upkeep, doing in-person and virtual workshops as necessary.

#### **Owner Work Schedule**

The owner typically works from 7:30 AM to 3:00 PM, five days a week, with extended hours for workshops. Reduced summer hours are observed, with a four-day week from June to August and in late December.

#### **Replacement of Owner**

The role of the owner could be replaced by a CEO with a salary of \$75,000 plus a \$5,000 healthcare spending account. Responsibilities would include finding new contracts for professional development sessions, identifying key advertising strategies. Determine which conferences/conventions to exhibit to and to apply to present at, present professional development sessions at conferences/conventions, schools & districts, oversee sub-contracted consultants. Call on delinquent accounts.

### **Required Licenses**

The company requires several licenses to operate:

- City of Edmonton Business License
- Authorized Representative for Texas and Missouri
- US Sales Tax and Canadian GST/HST registrations

### **Transition Period**

Initial training is offered for four weeks at no cost and up to 26-weeks (at present salary), with potential extensions negotiated during the sale.

The owner may stay beyond the transition period if negotiated, and key positions will be supported for up to 18 months post-sale.

Three family members actively work in the business: Jane Felling, John Felling, and Theresa Felling.

An individual with reasonable skills but no direct business experience could manage the business after six months of intensive learning and an additional 6-12 months to master less frequent but essential operations.

## Facilities & Assets

### **Company Facilities**

Located at **17920 105 Ave NW, Unit 101, Edmonton, Alberta, Canada, T5S 2H5.**

The company's facilities comprise an office and a warehouse, totaling approximately 3,157 square feet according to the lease. The office space is approximately 800 square feet, while the warehouse occupies around 2,350 square feet.

### **Lease Terms**

Monthly Rent: \$3,591.08 (March 1, 2024 - February 28, 2025)  
Increasing to \$3,660.15 (March 1, 2025 -February 28, 2026).  
Annual Rent: Calculated based on the monthly rent.  
Leased Space: 3,157 square feet.  
Lease Expiry Date: February 28, 2026.

### **Facility Utilization and Expansion**

100% of the available square footage is utilized, though there is some unused space on shelving within the warehouse. There is limited space available for expansion in the office area.

### **Condition of Company Assets**

The company's assets are generally in good working order. Computer-related assets are due for upgrading, with an estimated cost of \$15,000 anticipated in the fall of 2024.

### **Annual Capital Expenditures/Improvements**

The company typically spends around \$1,000 annually on capital expenditures and improvements, except for computer upgrades, which occur every 3-5 years.

### **Building and Parking Details**

Building Type & Condition: The building is constructed of concrete block and is in good condition.  
Parking Adequate: 3 spaces included with the lease.  
Years at Current Location: The company has been at the current location since 2012.

The business could be relocated within North America, with costs related to the physical movement of stock. Relocation of staff may be challenging but feasible with the use of internet-based meeting software such as Zoom.

### **Leased Assets and Liabilities**

The following assets are leased:

- Pitney Bowes (expires April 2025 and will renew on a yearly basis afterward).
- Software for SAGE Premium Pro Accounting Software - Yearly lease renews each July.
- Adobe Suite x 1 - Annual renewal.
- Adobe Acrobat Pro x 3 - Annual renewal.

# Financial Analysis

## Assets & Liabilities

Assets	Included in Sale	Liabilities	Included in Sale
Accts Receivable	\$0	Accts Payable	\$0
Inventory <sup>[1]</sup>	\$250,000	Other Current	\$0
FF&E	\$30,000	Long Term	\$0
Leasehold	\$0	Other Liabilities	\$0
Accumulated Depreciation	\$0		
Real Estate	\$0		
Other Assets	\$0		
<b>Total Assets</b>	<b>\$280,000</b>	<b>Total Liabilities</b>	<b>\$0</b>

Note: **This assumes a cash-free, debt-free, net working capital free acquisition structure**, whereby the Seller keeps the cash and AR, but is also responsible for paying off AP and other debt and liabilities.

### **Inventory Note**

Inventory fluctuates throughout the year. The Purchase Price includes above indicated amount of inventory. At closing, the Purchase Price will be increased or decreased depending on the actual inventory on hand.

## Financial Performance

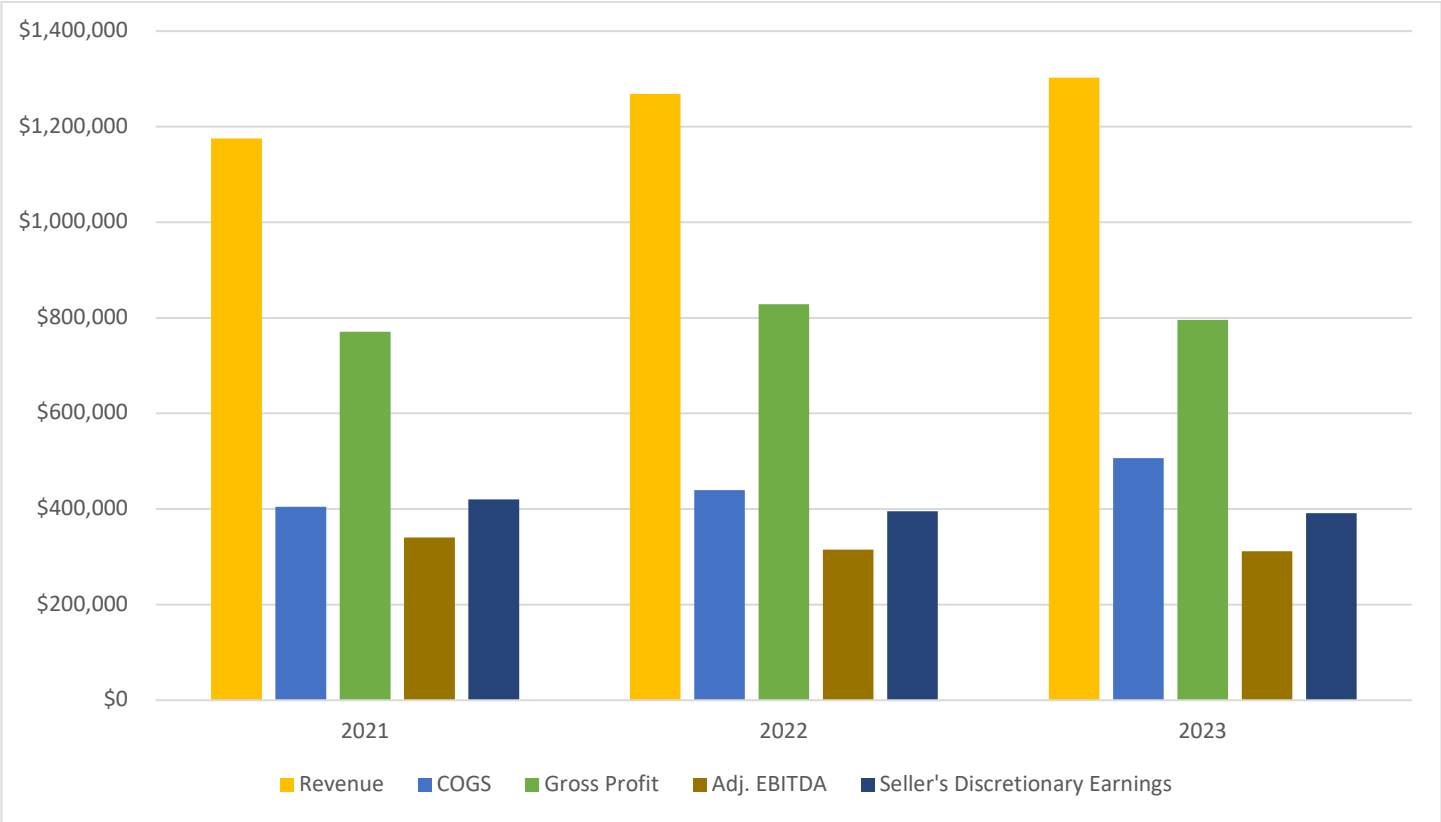
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2021-2023</b>
<b>Source</b>	P/L	P/L	P/L	3-yr
<b>Basis</b>	Statement	Statement	Statement	Average
	Accrual	Accrual	Accrual	
<b>Revenue</b>	\$1,175,671	\$1,268,523	\$1,302,291	\$1,248,828
<b>COGS</b>	\$404,686	\$439,724	\$506,227	\$450,212
<b>Gross Profit</b>	\$770,985	\$828,799	\$796,064	\$798,616
<b>Total Expenses (Excl COGS)</b>	\$350,602	\$433,684	\$404,597	\$396,294
<b>Adj. EBIT</b>	\$332,690	\$305,338	\$307,053	\$315,027
<b>Adj. EBITDA</b>	<b>\$340,383</b>	<b>\$315,115</b>	<b>\$311,467</b>	<b>\$322,322</b>
<b>Seller's Discretionary Earnings</b>	\$420,383	\$395,115	\$391,467	\$402,322

<b>Margins (Using Total Revenue)</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2021-2023</b>
<b>Source</b>	P/L	P/L	P/L	3-yr
	Statement	Statement	Statement	
<b>COGS</b>	34.4%	34.7%	38.9%	36.1%
<b>Gross Profit</b>	65.6%	65.3%	61.1%	63.9%
<b>Adj. EBITDA</b>	29%	24.8%	23.9%	25.8%
<b>Seller's Discretionary Earnings</b>	35.8%	31.1%	30.1%	32.2%

### SDE Note :

Seller's Discretionary Earnings ("SDE"), equals pretax income plus the following additions: interest, depreciation, amortization, owner's compensation, personal expenses, and other normalizing (positive or negative) adjustments. SDE is calculated to give the prospective buyer a sense of the owner's discretionary cash flow the Company has generated on a normalized basis. The resulting amount is the cash flow that the owner has available that period to use at their discretion to cover their own compensation, debt service, return on equity, and any capital expenditures. See the "Recasted Income Statements" section for details.

Financial Performance - Chart



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## **Income Statement Adjustments**

**Year: 2021**

**Source: P/L Statement**

	Statement	Add Backs	Adjusted	Notes
<b>Revenue (Gross Sale)</b>				
Revenue	\$1,175,671	\$0	\$1,175,671	
<b>Total Revenue</b>	\$1,175,671	\$0	\$1,175,671	
<b>Cost of Goods Sold</b>				
Freight In	\$111,713	\$0	\$111,713	
Purchases	\$267,673	\$0	\$267,673	
Sub-contracts	\$19,381	\$0	\$19,381	
Workshop/Conference expenses	\$5,919	\$0	\$5,919	
<b>Total Cost of Goods Sold</b>	\$404,686	\$0	\$404,686	
<b>Gross Profit</b>	\$770,985	\$0	\$770,985	
<b>Expenses</b>				
Owner Salary	\$79,746	\$79,746	\$0	
Salaries and Wages	\$154,341	\$0	\$154,341	
Bad Debt	\$1,575	\$0	\$1,575	
Rents	\$42,539	\$0	\$42,539	
Taxes & Licenses	\$2,267	\$0	\$2,267	
Advertising	\$12,001	\$0	\$12,001	
Amortization	\$7,693	\$7,693	\$0	
Management Fees	\$48,000	\$0	\$48,000	
Meals	\$5,038	\$0	\$5,038	
Office	\$20,995	\$0	\$20,995	
Professional fees	\$19,516	\$0	\$19,516	
Travel	\$15,072	\$0	\$15,072	
Telephone & Utilities	\$5,774	\$0	\$5,774	
Vehicle	\$5,434	\$0	\$5,434	
Bank Charges	\$18,050	\$0	\$18,050	
<b>Total Expenses</b>	\$438,041	\$87,439	\$350,602	
<b>Net Income</b>	\$332,944			
<b>Sellers Discretionary Earnings</b>	\$420,383			



**Year: 2022**

**Source: P/L Statement**

	Statement	Add Backs	Adjusted	Notes
<b>Revenue (Gross Sale)</b>				
Revenue	\$1,268,523	\$0	\$1,268,523	
<b>Total Revenue</b>	\$1,268,523	\$0	\$1,268,523	
<b>Cost of Goods Sold</b>				
Freight In	\$162,840	\$0	\$162,840	
Purchases	\$214,941	\$0	\$214,941	
Sub-contracts	\$29,780	\$0	\$29,780	
Workshop/Conference expenses	\$32,163	\$0	\$32,163	
<b>Total Cost of Goods Sold</b>	\$439,724	\$0	\$439,724	
<b>Gross Profit</b>	\$828,799	\$0	\$828,799	
<b>Expenses</b>				
Owner Salary	\$80,079	\$80,079	\$0	
Salaries and Wages	\$138,169	\$0	\$138,169	
Bad Debt	\$271	\$0	\$271	
Rents	\$42,160	\$0	\$42,160	
Taxes & Licenses	\$852	\$0	\$852	
Advertising	\$13,874	\$0	\$13,874	
Amortization	\$9,777	\$9,777	\$0	
Management Fees	\$48,000	\$0	\$48,000	
Meals	\$10,303	\$0	\$10,303	
Office	\$65,517	\$0	\$65,517	
Professional fees	\$26,372	\$0	\$26,372	
Travel	\$48,215	\$0	\$48,215	
Telephone & Utilities	\$6,544	\$0	\$6,544	
Vehicle	\$9,225	\$0	\$9,225	
Bank Charges	\$24,182	\$0	\$24,182	
<b>Total Expenses</b>	\$523,540	\$89,856	\$433,684	
<b>Net Income</b>	\$305,259			
<b>Sellers Discretionary Earnings</b>	\$395,115			

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**Year: 2023**

**Source: P/L Statement**

	Statement	Add Backs	Adjusted	Notes
<b>Revenue (Gross Sale)</b>				
Revenue	\$1,302,291	\$0	\$1,302,291	
<b>Total Revenue</b>	\$1,302,291	\$0	\$1,302,291	
<b>Cost of Goods Sold</b>				
Freight In	\$92,023	\$0	\$92,023	
Purchases	\$312,105	\$0	\$312,105	
Sub-contracts	\$65,449	\$0	\$65,449	
Workshop/Conference expenses	\$36,650	\$0	\$36,650	
<b>Total Cost of Goods Sold</b>	\$506,227	\$0	\$506,227	
<b>Gross Profit</b>	\$796,064	\$0	\$796,064	
<b>Expenses</b>				
Owner Salary	\$79,672	\$79,672	\$0	
Salaries and Wages	\$140,815	\$0	\$140,815	
Rents	\$42,775	\$0	\$42,775	
Taxes & Licenses	\$1,012	\$0	\$1,012	
Advertising	\$2,947	\$0	\$2,947	
Amortization	\$4,414	\$4,414	\$0	
Management Fees	\$48,000	\$0	\$48,000	
Meals	\$10,186	\$0	\$10,186	
Office	\$34,430	\$0	\$34,430	
Professional fees	\$27,644	\$0	\$27,644	
Travel	\$47,034	\$0	\$47,034	
Telephone & Utilities	\$7,018	\$0	\$7,018	
Vehicle	\$26,441	\$0	\$26,441	
Bank Charges	\$16,295	\$0	\$16,295	
<b>Total Expenses</b>	\$488,683	\$84,086	\$404,597	
<b>Net Income</b>	\$307,381			
<b>Sellers Discretionary Earnings</b>	\$391,467			

## Unadjusted Income Statement Summary

Year	2021		2022		2023	
Source	P/L Statement		P/L Statement		P/L Statement	
Revenue Gross Sales						
Revenue	\$1,175,671	100%	\$1,268,523	100%	\$1,302,291	100%
Total Revenue	\$1,175,671	100%	\$1,268,523	100%	\$1,302,291	100%
Cost of Goods Sold						
Freight In	\$111,713	9.5%	\$162,840	12.8%	\$92,023	7.1%
Purchases	\$267,673	22.8%	\$214,941	16.9%	\$312,105	24%
Sub-contracts	\$19,381	1.6%	\$29,780	2.3%	\$65,449	5%
Workshop/Conference expenses	\$5,919	0.5%	\$32,163	2.5%	\$36,650	2.8%
Total COGS	\$404,686	34.4%	\$439,724	34.7%	\$506,227	38.9%
Gross Profit	\$770,985	65.6%	\$828,799	65.3%	\$796,064	61.1%
Expenses						
Salaries and Wages	\$154,341	13.1%	\$138,169	10.9%	\$140,815	10.8%
Bad Debt	\$1,575	0.1%	\$271	0%	\$0	0%
Rents	\$42,539	3.6%	\$42,160	3.3%	\$42,775	3.3%
Taxes & Licenses	\$2,267	0.2%	\$852	0.1%	\$1,012	0.1%
Advertising	\$12,001	1%	\$13,874	1.1%	\$2,947	0.2%
Amortization	\$7,693	0.7%	\$9,777	0.8%	\$4,414	0.3%
Management Fees	\$48,000	4.1%	\$48,000	3.8%	\$48,000	3.7%
Management Salaries	\$79,746	6.8%	\$80,079	6.3%	\$79,672	6.1%
Meals	\$5,038	0.4%	\$10,303	0.8%	\$10,186	0.8%
Office	\$20,995	1.8%	\$65,517	5.2%	\$34,430	2.6%
Professional fees	\$19,516	1.7%	\$26,372	2.1%	\$27,644	2.1%
Travel	\$15,072	1.3%	\$48,215	3.8%	\$47,034	3.6%
Telephone & Utilities	\$5,774	0.5%	\$6,544	0.5%	\$7,018	0.5%
Vehicle	\$5,434	0.5%	\$9,225	0.7%	\$26,441	2%
Bank Charges	\$18,050	1.5%	\$24,182	1.9%	\$16,295	1.3%
Total Expenses	\$438,041	37.3%	\$523,540	41.3%	\$488,683	37.5%
Net Income	\$332,944	28.3%	\$305,259	24.1%	\$307,381	23.6%

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## Recasted Income Statement

Year	2021		2022		2023	
Source	P/L Statement		P/L Statement		P/L Statement	
Revenue Gross Sales						
Revenue	\$1,175,671	100%	\$1,268,523	100%	\$1,302,291	100%
Total Revenue	\$1,175,671	100%	\$1,268,523	100%	\$1,302,291	100%
Cost of Goods Sold						
Freight In	\$111,713	9.5%	\$162,840	12.8%	\$92,023	7.1%
Purchases	\$267,673	22.8%	\$214,941	16.9%	\$312,105	24%
Sub-contracts	\$19,381	1.6%	\$29,780	2.3%	\$65,449	5%
Workshop/Conference expenses	\$5,919	0.5%	\$32,163	2.5%	\$36,650	2.8%
Total COGS	\$404,686	34.4%	\$439,724	34.7%	\$506,227	38.9%
Gross Profit	\$770,985	65.6%	\$828,799	65.3%	\$796,064	61.1%
Expenses						
Salaries and Wages	\$154,341	13.1%	\$138,169	10.9%	\$140,815	10.8%
Bad Debt	\$1,575	0.1%	\$271	0%	\$0	0%
Rents	\$42,539	3.6%	\$42,160	3.3%	\$42,775	3.3%
Taxes & Licenses	\$2,267	0.2%	\$852	0.1%	\$1,012	0.1%
Advertising	\$12,001	1%	\$13,874	1.1%	\$2,947	0.2%
Management Fees	\$48,000	4.1%	\$48,000	3.8%	\$48,000	3.7%
Meals	\$5,038	0.4%	\$10,303	0.8%	\$10,186	0.8%
Office	\$20,995	1.8%	\$65,517	5.2%	\$34,430	2.6%
Professional fees	\$19,516	1.7%	\$26,372	2.1%	\$27,644	2.1%
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Telephone & Utilities	\$5,774	0.5%	\$6,544	0.5%	\$7,018	0.5%
Vehicle	\$5,434	0.5%	\$9,225	0.7%	\$26,441	2%
Bank Charges	\$18,050	1.5%	\$24,182	1.9%	\$16,295	1.3%
Total Expenses	\$350,602	29.8%	\$433,684	34.2%	\$404,597	31.1%
Seller Discretionary Earnings	\$420,383	35.8%	\$395,115	31.1%	\$391,467	30.1%

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## **Historical Balance Sheet**

<b>ASSETS</b>	<b>2023</b>
<b>Current Assets</b>	
Cash	\$304,888
Accounts Receivable	\$63,717
Inventory	\$524,452
Income Taxes recoverable	\$5,581
GST Recoverable	\$2,216
Prepaid expenses	\$10,770
<b>Total Current Asset</b>	<b>\$911,624</b>
<b>Fixed Assets</b>	
Equipment	\$3,715
<b>Total Fixed Asset</b>	<b>\$3,715</b>
<b>Other Assets</b>	
<b>Total Other Asset</b>	<b>\$0</b>
<b>Total Asset</b>	<b>\$915,339</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$6,737
Due to related parties	\$908,501
<b>Total Current Liabilities</b>	<b>\$915,238</b>
<b>Long-Term Liabilities</b>	
<b>Total Long-Term Liabilities</b>	<b>\$0</b>
<b>Other Liabilities</b>	
<b>Total Other Liabilities</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$915,238</b>
<b>Equity</b>	<b>\$101</b>

**Recasted Balance Sheet – As Acquired****ASSETS****2023****Current Assets**

Cash	\$0
Accounts Receivable	\$0
Inventory	\$250,000
Income Taxes recoverable	\$0
GST Recoverable	\$0
Prepaid expenses	\$0
<b>Total Current Assets</b>	<b>\$250,000</b>

**Fixed Assets**

Equipment	\$30,000
<b>Total Fixed Assets</b>	<b>\$30,000</b>

**Other Assets**

<b>Total Other Assets</b>	<b>\$0</b>
<b>Total Assets</b>	<b>\$280,000</b>

**LIABILITIES****Current Liabilities**

<b>Total Current Liabilities</b>	<b>\$0</b>
----------------------------------	------------

**Long-Term Liabilities**

<b>Total Long-Term Liabilities</b>	<b>\$0</b>
------------------------------------	------------

**Other Liabilities**

<b>Total Other Liabilities</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$0</b>
<b>Equity</b>	<b>\$280,000</b>

## Appendix - FAQs

1) What is the total number of skus?

- a) We have 67 specific dice cards tiles etc that are sold individually and mixed with each other in various kits that often include one or more books.  
We have 20 specific Book Titles of which some are printed hard copies and a few that are sold as PDF (electronic versions). Books and PDFs are often sold in kits that also contain a mix if dice, cards, tiles etc.

169 = Total number of SKUs that would be for specific products as well as for kits.

2) What is the total number of transactions processed per year?

- a) 2022 - 1346 total Canada invoices  
2022 - 631 total US Invoices

2023 - 1043 total Canada invoices  
2023 - 838 total US invoices

2024 - 679 total Canada invoices so far this year Up to and including Oct 28  
2024 - 432 total US invoices so far this year Up to and including Oct 28

3) What is the repeat purchase rate for the company?

- a) We don't have an easy way of mining this data but would estimate that approximately 50% of buyers repeat a purchase in a year. There are some buyers who make purchases every year.

4) How many Consultants does the company have, and utilization vs. owners

- a) For Canada - Jane and John do 80-90% of the workshops in Canada (in person as well as ZOOM). We also have 2 CDN Sub-Contracted consultants paid on contract by contract basis for the work that they do - mostly in-person.  
For US - Jane and John do about 80% of the workshops (mostly via ZOOM, many still in person). Our US 2 US Sub-Contracted consultants do in person workshops almost entirely (again on a contract by contract basis) which amount to about 20% of all US workshops. There are a few additional US consultants who do only 1 or 2 workshops a year, less than 1% of all US workshops

(Answered by John) Sub-Contracted Consultant Fees and Expenses are captured in the P&L (we "P&L" Income Statement)

(Answered by John) Revenue for workshops done by Sub-Contractors is captured as part of the Income account "Speaker Fees Conv + Wrkshps which also captures the revenue for workshops done by Jane and John.

(Answered by John) Payments made to the Sub-Contractors for the speaking as well as commissions, as well as their expenses such as mileage, meals, hotels etc are captured in the Expense account "Sub-Contractor Expenses" in the SAGE accounting program.

(Answered by Jane) WORKSHOPS - we continue to provide both in person and zoom workshops, approximately 50% of our workshops remain virtual, very profitable to do them.

5) How many trade shows in a Year?

- a) Canada: between 8 - 10 a year (6 in Alberta Feb and early Mar each year, as well as the occasional tradeshow/teacher convention in other provinces.

US between 8 - 10 year. These are typically State math Conferences (CAMT), After School Program Conference (BOOST), National Math (NCTM) and National Curriculum/Leadership conferences ASCD.

Number of Workshops in a Year - Workshop Contracts are very seasonal. Most are in January - March and September - Late November. There can be some summer, and near back to school.

Average - 120 - 150 per year. These are both in person and virtual sessions. We charge \$500.00 per hour per speak (we sometimes have more than one speaker speaking at the same time for the same contract). As an example, one speaker 2 hours = 2x500 for \$1,000 total. Another example would be two speakers for 2 hours - 2 x 2 x 500 for a total of \$2,000)

6) Products produced in US vs. China.

a) (Answered by John) Don't have the total answer to your question. Back around 2010 when John explored the possibility of manufacturing in the US, very early in his research it became apparent that it was going to be 3-4 times more expensive to manufacture in US than overseas and didn't pursue more detailed inquiries from businesses back then. The quality and cost for manufacturing in China has been excellent.

(Answered by Jane) Our Chinese manufacturing is handled by a company based out of Boston, they find the factories in China, set up contracts for us, provide test samples, and handle our orders out of China. They have been excellent. We have dealt with this company for over 20 years.

(Answered by Jane) DICE - We manufacture approximately 45 different types of dice. These are all made in China. We do some purchasing through a supplier in Boston, but they are made in China as well. WE have never sourced making them in the US or in Canada so don't know if they could be easily made here. Own many molds for dice, some dice are manufactured using open molds.

(Answered by Jane) BOOKS: are all printed in Canada. New owner would have access to PDF and books can easily be printed in both Canada and the US should they choose to print. If they choose not to reprint PDF are sold, we are currently selling some of our teacher resource books this way. Own copyright

(Answered by Jane) DICE TRAYS: manufactured in China. Have not sourced a factory in either Canada or US - own mold

(Answered by Jane) MATH SHAKERS: Manufactured in China. Have not sourced a factory in either Canada or US - own mold

(Answered by Jane) CARDS: small and large cards are manufactured in China, have not sourced manufacturing in Canada or the US. I am sure there would be manufacturers in the US, but I am not sure if they would be competitive.

(Answered by Jane) MESH BAGS: These are manufactured in China, have not sourced manufacturing in Canada or US.

(Answered by Jane) DOMINOES: these are manufactured in China, have not sourced manufacturing in Canada or US.

(Answered by Jane) LETTER TILES: Manufactured in the US



- 7) Can you tell me what the Revenue split is (%) between products & services? I did see one line item in the appendices for speaker fees. Would speaker fees account for services and everything else product? Or is there a little more to it?
- a) Approx. 75 - 80% Product 20 - 25% Speaking Fees for Revenue Breakdown  
Product Revenue is for products sold  
Speaker Fees under Other Revenue is for Speaking income  
All other income in the Other Revenue category comes from Travel Recovery, Shipping Recovery and Interest and refunds (like GST refunds).
- 8) In 2023 you paid out \$65,000 to subcontractors. Can you give a little bit more detail on that? I.e: how many subcontractors and maybe expand a little bit on what they did?
- a) (from memory - away and don't have access to SAGE)  
The \$65,000 paid to Sub-Contractors would be for both payments and commissions for speaking and sales promotion. In addition, that figure would also (I think) reflect reimbursements for out of pocket expenses when they traveled.

Main US Sub Contractors are Nancy in California (the busiest sub-contractor 80% of the subcontracted work), Lori in South Carolina about 20% of the subcontracted work. In Canada, Jane and I do the vast majority of workshops. We had one Canada subcontractor, Jennifer who did about 5-10 workshops each year. We've very recently added one more Canada sub-contractor Nadine who has just started to do workshops.

## Appendix – Glossary of Terms

### **Asset Sale [See Share/Stock Sale]**

The Buyer acquires all or part of the company's assets while the Seller retains the ownership of the company entity (Shares).

### **Capital Expenditure (CAPEX)**

Funds used by a company to acquire or upgrade physical assets such as property, plant, or equipment. This outlay is made by companies to maintain or increase the scope of their operations.

### **Cash Flow from Operation (CFO)**

CFO represents the cash generated from the operations of a company. Cash flow is also often used to identify the company's earnings.

### **Earnings**

Earnings are synonymous with the profit of the business and are separate from revenue.

### **EBITDA**

Earnings before interest, taxes, depreciation, and amortization. EBITDA is an indicator of the company's financial performance. It could be normalized (recasted) or not. When normalized it is net any discretionary, non-recurring and non-operational expenses or income. It is the Net Profit of the business plus interest on long-term debt plus taxes plus depreciation and amortization.

### **Fair Market Value (FMV)**

The price at which the business and/or property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts.

### **FF&E**

Furniture, fixtures and equipment.

### **Free Cash Flow (FCF)**

FCF represents the cash that a company is able to generate after meeting its reinvestment needs in the form of working capital and capital expenditures.

### **Goodwill**

The collection of intangible assets represented in dollars by the difference between the total purchase price for the business and the net value of the tangible assets being purchased.

### **Gross Margin**

A company's total sales revenue minus cost of goods sold, divided by the total sales revenue, expressed as a percentage. Gross margin is an important measure of a company's profitability.

### **NAICS Code**

North American Industry Classification System code.

### **Net Book Value (NBV) [see Fair Market Value]**

NBV is the value at which an asset is carried on a balance sheet - the historical cost of an asset minus accumulated depreciation.

### **Net Working Capital (NWC)**

Also called working capital, though there are a number of methods for calculating this, it is traditionally calculated as total current assets minus total current liabilities, excluding interest-bearing debt. Investment in Net Working Capital in the form of inventory and accounts receivable is necessary to maintain the company's daily operations. Net Working Capital is a measure of both a company's efficiency and its short-term financial health.

## **Glossary of Terms - Continued**

### **Normalized (Recasted) Financial Statements**

Normalized financial statements are financial statements that have been adjusted to eliminate non-cash, non-recurring, and non-business related items.

### **Seller's Discretionary Earnings (SDE)**

SDE is a commonly used valuation multiple for small businesses where the buyer would most likely be an individual or Main Street buyer, who would take a hands-on approach to working in the business. It is typically EBITDA plus one owner's salary adjusted to FMV.

### **Share/Stock Sale [See Asset Sale]**

The Buyer acquires all or part of the company's stock/shares and the ownership of the company or specific stocks/shares is/are transferred to the Buyer. Since the assets of the business are owned by the company and the company is an independent entity and its ownership is represented by the stocks/shares, purchasing the shares includes the assets and liabilities of the company unless otherwise specifically excluded

### **SIC Code**

Standard Industrial Classification Code.