

CONFIDE ENTERPRISES LTD.

FINANCIAL INFORMATION

FOR THE YEAR ENDED AUGUST 31, 2023

COMPILATION ENGAGEMENT REPORT

To Management of **Confide Enterprises Ltd.**

On the basis of information provided by management, we have compiled the balance sheet of **Confide Enterprises Ltd.** as at August 31, 2023, the statement of income (loss) and deficit 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.



AY Au-Yeung & Company LLP
Chartered Professional Accountants

Vancouver, BC
February 25, 2024

**CONFIDE ENTERPRISES LTD.
BALANCE SHEET
AS AT AUGUST 31, 2023**

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 369,863	\$ 1,590,656
Investments (note 2)	1,113,159	66,581
Accounts receivable	387,801	489,907
Income tax recoverable	48,444	0
Prepaid expenses	136,526	140,491
	<u>2,055,793</u>	<u>2,287,635</u>
Non-current assets:		
Due from related party (note 6)	9,400	9,400
Pre-construction costs (note 5)	367,180	0
Properties and equipment (notes 3 and 4)	3,318,000	3,293,283
	<u>\$ 5,750,373</u>	<u>\$ 5,590,318</u>
<u>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 360,871	\$ 117,796
Unearned revenue	91	300
Security deposits	52,176	47,131
Mortgage payable (note 4)	209,049	204,733
Income tax payable	0	195
	<u>622,187</u>	<u>370,155</u>
Current liabilities before callable debt	622,187	370,155
Due to related party (note 6)	3,812,887	3,812,887
Shareholder's loan (note 7)	206,333	79,454
	<u>4,641,407</u>	<u>4,262,496</u>
Non-current liabilities:		
Mortgages payable (note 4)	7,330,071	7,539,120
	<u>11,971,478</u>	<u>11,801,616</u>
Shareholders' deficiency:		
Share capital (note 8)	261	261
Deficit - per Statement II	(6,221,366)	(6,211,559)
	<u>(6,221,105)</u>	<u>(6,211,298)</u>
	<u>\$ 5,750,373</u>	<u>\$ 5,590,318</u>

Approved by the Director

Director

(See accompanying notes)

**CONFIDE ENTERPRISES LTD.
STATEMENT OF INCOME (LOSS) AND DEFICIT
FOR THE YEAR ENDED AUGUST 31, 2023**

	<u>2023</u>	<u>2022</u>
Revenues:		
Rental	\$ 1,144,627	\$ 1,118,085
Laundry	15,557	14,597
Parking	4,220	3,760
Interest (note 2)	70,755	3,178
Federal government forgivable loan	0	10,000
	<u>1,235,159</u>	<u>1,149,620</u>
Expenses:		
Accounting and legal	12,725	18,125
Bad debt	1,030	0
Bank charges	1,627	641
Equipment rental	2,662	2,684
Insurance	69,882	70,612
License	5,438	4,973
Meals and entertainment	0	1,073
Mortgage expenses	0	108,302
Mortgage interest (note 4)	162,744	177,751
Office and general	742	941
Property management fee	43,987	42,041
Property tax	114,477	114,608
Repairs and maintenance	507,267	165,286
Representation costs	0	51,602
Salaries and management fees	141,438	142,840
Telephone	2,027	1,893
Travelling	2,551	3,978
Utilities	32,954	32,354
Water and scavenging	88,417	84,184
	<u>1,189,968</u>	<u>1,023,888</u>
Income before amortization and taxes	45,191	125,732
Amortization	54,998	52,870
Income (loss) before income taxes	(9,807)	72,862
Income tax expense	0	48,444
Net income (loss) for the year	(9,807)	24,418
Deficit, beginning of year	(6,211,559)	(6,235,977)
Deficit, end of year	<u>\$ (6,221,366)</u>	<u>\$ (6,211,559)</u>

(See accompanying notes)

**CONFIDE ENTERPRISES LTD.
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

1. Basis of accounting:

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

- Investments at cost
- Accounts receivable are recognized in accordance with the lease term
- Income tax recoverable/payable as at reporting date
- Prepaid expense
- Due to/from related party at cost
- Properties and equipment recorded at historical cost and amortized over their estimated useful lives
- Accounts payable and accrued liabilities
- Unearned revenue
- Shareholders' loans at cost
- Preferred shares as share capital at paid-up value for tax purposes

2. Investments:

Investment is comprised of term deposit. The terms, conditions and carrying value of the investments as at August 31, 2023 are as follows:

	<u>Maturity date</u>	<u>Interest rate</u>	<u>Carrying value</u>
Term deposit	June 10, 2024	4.70% p.a.	\$ 1,113,159 =====

**CONFIDE ENTERPRISES LTD.
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

3. Properties and equipment:

Amortization is provided based on the estimated useful lives of properties and equipment using the following method and rates:

	<u>Methods</u>	<u>Rates and duration</u>
Automobile	Diminishing balance	30% per annum
Building	Diminishing balance	4% per annum
Computer	Diminishing balance	55% per annum
Furniture and equipment	Diminishing balance	20% per annum

All properties and equipment are held for leasing purposes.

	<u>2023</u>	<u>2022</u>
Automobile	\$ 45,597	\$ 45,597
Less: Accumulated amortization	45,381	45,220
	<u>216</u>	<u>377</u>
Computer	914	914
Less: Accumulated amortization	914	912
	<u>0</u>	<u>2</u>
Furniture and equipment	384,091	373,126
Less: Accumulated amortization	353,790	346,074
	<u>30,301</u>	<u>28,961</u>
Buildings	3,809,545	3,738,886
Less: Accumulated amortization	2,689,062	2,641,943
	<u>1,120,483</u>	<u>1,096,943</u>
Land, at cost	2,167,000	2,167,000
Total	<u>\$ 3,318,000</u> =====	<u>\$ 3,293,283</u> =====

**CONFIDE ENTERPRISES LTD.
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

4. Mortgages payable:

	<u>2023</u>	<u>2022</u>
Mortgage with interest rate at 1.92% per annum and monthly principal and interest repayments of \$ 15,302, secured by property at 2701 Bainbridge Avenue, Burnaby, BC, matures on December 1, 2026	\$ 3,454,140	\$ 3,570,501
Mortgage with interest rate at 2.33% per annum and monthly principal and interest repayments of \$ 15,351, secured by property at 460 East 15th Avenue, Vancouver, BC, matures on October 1, 2024	4,084,980	4,173,352
	<u>7,539,120</u>	<u>7,743,853</u>
Less: current portion	(209,049)	(204,733)
Non-current portion	<u>\$ 7,330,071</u> =====	<u>\$ 7,539,120</u> =====

Scheduled principal repayments required in the next four years are as follows:

2024	\$ 209,049
2025	4,115,434
2026	123,227
2027	3,091,410
	<u>\$ 7,539,120</u> =====

5. Pre-construction costs:

During the year, the Company incurred \$ 367,180 of pre-construction costs, which were substantially made up of building development design, and building permit processing and application costs for the property at 144 West 21st Street, North Vancouver, BC.

**CONFIDE ENTERPRISES LTD.
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

6. Due from/to related party:

Loan due from related party carries no specific repayment terms. No interest was charged during the year.

Loan due to related party is a promissory note payable to an estate of a former shareholder related to the current shareholders. The promissory note is payable on demand and non-interest bearing.

7. Shareholder's loan:

Shareholder's loan carries no specific repayment terms. No interest was charged on advances from shareholders during the year.

8. Share capital:

	<u>2023</u>	<u>2022</u>
Issued and paid up:		
300 voting Class A common shares without par value	\$ 3	\$ 3
150 non-voting Class B common shares without par value	1	1
50 non-voting Class C common shares without par value	1	1
50 non-voting Class D common shares without par value	1	1
50 non-voting, Class E non-cumulative preference shares with a dividend rate of 10% per annum and a par value of \$ 0.01 each (aggregate redemption value of \$ 0.5)	1	1
100 non-voting Class F non-cumulative preference shares with a dividend rate of 10% per annum and a par value of \$1 each (aggregate redemption value of \$ 100)	100	100
15,496 non-voting Class G non-cumulative preference shares with a dividend rate of 10% per annum and a par value of \$ 0.01 each (aggregate redemption value of \$ 24,590,482)	154	154
	<u>\$ 261</u>	<u>\$ 261</u>
	=====	=====

**CONFIDE ENTERPRISES LTD.
NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2023**

9. Rental revenues and expenses by property:

	<u>Burnaby Property</u>	<u>North Vancouver Property</u>	<u>Vancouver Property</u>	<u>Total</u>
Revenues:				
Rental	\$ 456,592	\$ 185,935	\$ 502,100	\$ 1,144,627
Laundry	841	4,235	10,481	15,557
Parking	2,580	0	885	3,465
Other	425	30	300	755
Interest	10,116	7,545	7,546	25,207
	<u>470,554</u>	<u>197,745</u>	<u>521,312</u>	<u>1,189,611</u>
Expenses:				
Accounting and legal	4,242	4,241	4,242	12,725
Bad debt	0	0	1,030	1,030
Bank charges	525	550	552	1,627
Equipment rental	884	1,778	0	2,662
Insurance	26,489	14,945	28,448	69,882
Licences	1,166	946	3,326	5,438
Mortgage interest	67,079	0	95,665	162,744
Office and general	194	204	344	742
Property management fees	16,851	7,976	19,160	43,987
Property taxes	32,208	36,519	45,750	114,477
Repairs and maintenance	331,348	14,616	161,302	507,266
Salaries and management fees	47,598	46,501	47,339	141,438
Telephone	1,096	931	0	2,027
Travelling	850	851	850	2,551
Utilities	2,714	12,160	18,080	32,954
Water and scavenging	27,126	25,519	35,772	88,417
	<u>560,370</u>	<u>167,737</u>	<u>461,860</u>	<u>1,189,967</u>
Income (loss) before amortization	(89,816)	30,008	59,452	(356)
Amortization	18,412	15,246	21,177	54,835
Net rental income (loss)	<u>\$ (108,228)</u>	<u>\$ 14,762</u>	<u>\$ 38,275</u>	<u>\$ (55,191)</u>