

Saranac Lake Community Store, Inc.

Financial Statements - April 30, 2020

		Profit & Loss Account	
	<u>Note</u>	Year to April, 30 2020	Year to April, 30 2019
Sales Revenue	1	\$ 330,485	\$ 379,900
Cost of Goods Sold		\$ 195,241	\$ 232,974
Gross Profit		\$ 135,244	\$ 146,926
Gross Profit %	2	41%	39%
Expenses			
Rent	3	\$ 63,684	\$ 64,144
Payroll		\$ 81,945	\$ 94,024
Utilities		\$ 3,639	\$ 3,888
Professional		\$ 16,711	\$ 9,151
Insurance		\$ 4,690	\$ 5,323
Office & Computer		\$ 5,253	\$ 7,058
Advertising		\$ 9,197	\$ 7,128
Supplies		\$ 8,458	\$ 11,639
Maintenance		\$ 2,210	\$ 2,217
Depreciation	4	\$ 2,292	\$ 1,511
Total		\$ 198,079	\$ 206,083
Net Income/(Loss) from Operations		\$ (62,835)	\$ (59,157)
Other Income			
Interest Income		\$ -	\$ 25
Grants		\$ 4,700	\$ -
Total		\$ 4,700	\$ 25
Other Expense			
Interest Expense		\$ 8,960	\$ 2,677
Net Income/(Loss) before Tax		\$ (67,095)	\$ (61,809)
Taxation			
Federal		\$ -	\$ -
State		\$ 175	\$ 207
Total		\$ 175	\$ 207
Net Income/(Loss)		\$ (67,270)	\$ (62,016)
EBITDA (Earnings before interest, tax & depreciation)		\$ (55,843)	\$ (57,646)

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Financial Statements - April 30, 2019

Balance Sheet as at April 30

2020

2019

ASSETS	Note			
Current Assets				
Bank & cash - operating		\$	(1,539)	\$ 4,694
Money Market funds		\$	-	-
Total cash		\$	(1,539)	\$ 4,694
Accounts Receivable		\$	733	\$ 796
Inventory		\$	211,440	\$ 231,547
Total current Assets		\$	210,634	\$ 237,037
Fixed Assets				
At cost:				
Leasehold Improvements		\$	74,396	\$ 74,396
Other		\$	49,719	\$ 49,093
Total		\$	124,115	\$ 123,489
Accumulated Depreciation		\$	(98,282)	\$ (95,990)
Net Fixed Assets		\$	25,833	\$ 27,499
Other Assets		\$	9,200	\$ 9,200
TOTAL ASSETS		\$	245,667	\$ 273,736
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LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable		\$	9,532	\$ 12,061
Short-term loans		\$	39,553	\$ 36,105
Other		\$	31,491	\$ 17,046
Total Current Liabilities		\$	80,576	\$ 65,212
Long-Term Liabilities				
Crowd-sourced loans	5	\$	79,903	\$ 79,366
Accrued interest		\$	7,933	\$ 2,334
PPP loan	6	\$	17,700	-
Total Long-term Liabilities		\$	105,536	\$ 81,700
Equity				
Share Capital		\$	542	\$ 542
Share Premium		\$	541,158	\$ 541,158
Total Issued Capital	7	\$	541,700	\$ 541,700
Retained Earnings/(Deficit)		\$	(482,345)	\$ (415,076)
Contributed Surplus		\$	200	\$ 200
Total Shareholders' Equity		\$	59,555	\$ 126,824
TOTAL LIABILITIES & EQUITY		\$	245,667	\$ 273,736
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Notes to the Financial Statements

- 1 Due to restrictions resulting from the COVID-19 virus, the store closed starting March 15 but continued e-commerce sales and telephone orders with curbside pickup. This had a significant impact on sales which were down some 90% for the balance of the fiscal year and into the current year with a phased reopening starting in June of 2020.
- 2 Gross Profit % varies by product line with a target level of about 52-53% overall at the time of purchase. The current period reflects a full annual cycle with periodic seasonal clearance sales . A level of 40-45% is considered sustainable going forward.
- 3 A lease was signed for approximately 4000 sq. ft. of retail space at 97 Main Street, Saranac Lake on April 9, 2011 with a term of five years and an option of a further five years. In November 2013, the initial term of the lease was extended by one year in return for a rent reduction of \$250/month. In April 2017 it was renewed for five years with a rent increase of \$500/month for the first two years.
- 4 Leasehold improvements are depreciated over the initial term of the lease, five years. Fixtures & Fittings and Office equipment are also depreciated over a five-year period. Depreciation commenced when assets were placed into service, October 29,2011, and most became fully-depreciated during the year ended April 30, 2017. Remaining assets comprise upgraded computer systems and website development that was placed into service January 1, 2019.
- 5 In the summer of 2018 the Company conducted a Regulation Crowdfunding offering via Wefunder Portal LLC. CRD Number: #283503. This takes the form of a Revenue Share Loan to be repaid at 1.5X original investment, 2X for early investors, out of 5% of gross revenue. The offering raised over \$80,000 to be used for rebranding, establishment of a robust e-commerce site and associated working capital. Imputed interest is being accrued and debt service will commence in the first quarter of 2021.
- 6 The Paycheck Protection Program (PPP) loan is expected to be largely or entirely forgiven, but the Federal Government has still not issued the regulations for loan forgiveness. Accordingly, the PPP loan remains classified as a loan on the Balance Sheet as of April 30.
- 7 Issued Capital comprises 5,417 shares with a par value of 10 cents each that were issued at \$100 per share. Shares were issued to subscribers to the Offering following its closure on December 22, 2011.

The Share Premium represents the difference between the issue price of \$100 and the par value of 10 cents.