Saranac Lake Community Store, Inc.

Financial Statements - April 30, 2019

Notes to the Financial Statements

1. 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 . In the current year there was exceptional discounting depressing the Gross Profit % to 39%. A level of 40-45% is considered sustainable going forward.

2. 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.

3. 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.

4. 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.

5. 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.