

Saranac Community Store Financial Statements

Year-end April 30, 2016 & 2017

Unaudited

**THE COMMUNITY STORE  
IN SARANAC LAKE**



I, Melinda Little, president of the Saranac Lake Community Store, Inc. ("SLCS") present this Report and financial statements for the SLCS for the purpose of disclosing and establishing early stage transactions and information for future venture capital fundraising.

I believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the SLCS and are in compliance with GAAP.

I hereby approve and authorize for issue these documents on behalf of the Saranac Lake Community Store:

A handwritten signature in blue ink that reads "Melinda L. Little". The signature is written in a cursive, flowing style.

Melinda L. Little  
President  
May 2, 2018

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2016**

	<u>Note</u>	<b>Profit &amp; Loss Account</b>	
		<b>Year to April, 30 2016</b>	<b>Year to April, 30 2015</b>
<b>Sales Revenue</b>		\$ 374,463	\$ 359,581
<b>Cost of Goods Sold</b>		\$ 206,738	\$ 201,203
<b>Gross Profit</b>		\$ 167,725	\$ 158,378
<b>Gross Profit %</b>	<b>1</b>	45%	44%
<b>Expenses</b>			
Rent	<b>2</b>	\$ 57,804	\$ 58,134
Payroll		\$ 90,872	\$ 79,717
Utilities		\$ 2,486	\$ 4,345
Professional		\$ 5,228	\$ 5,829
Insurance		\$ 4,989	\$ 5,857
Office & Computer		\$ 4,883	\$ 3,862
Advertising		\$ 6,577	\$ 6,805
Supplies		\$ 6,137	\$ 7,570
Maintenance		\$ 1,731	\$ 1,812
Depreciation	<b>3</b>	\$ 18,520	\$ 18,520
Training		\$ 1,059	\$ 503
<b>Total</b>		\$ 200,286	\$ 192,954
<b>Net Income/(Loss) from Operations</b>		\$ (32,561)	\$ (34,576)
<b>Other Income</b>			
Interest		\$ 165	\$ 190
<b>Net Income/(Loss) before Tax</b>		\$ (32,396)	\$ (34,386)
<b>Taxation</b>			
Federal		\$ -	\$ -
State		\$ 480	\$ 551
<b>Total</b>		\$ 480	\$ 551
<b>Net Income/(Loss)</b>		\$ (32,876)	\$ (34,937)
<b>EBITDA (Earnings before interest, tax &amp; depreciation)</b>	<b>4</b>	\$ (14,041)	\$ (16,056)

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2016**

		Balance Sheet as at April 30	
		2016	2015
<b>ASSETS</b>	<b>Note</b>		
<b>Current Assets</b>			
Bank & cash - operating		\$ 6,362	\$ 6,378
Money Market funds		\$ 72,091	\$ 84,926
<b>Total cash</b>	<b>5</b>	\$ 78,453	\$ 91,304
Accounts Receivable		\$ 1,199	\$ 311
Inventory		\$ 204,368	\$ 200,840
<b>Total current Assets</b>		\$ 284,020	\$ 292,455
<b>Fixed Assets</b>			
At cost:			
Leasehold Improvements		\$ 74,396	\$ 74,396
Other		\$ 19,028	\$ 18,631
<b>Total</b>		\$ 93,424	\$ 93,027
Accumulated Depreciation		\$ (83,160)	\$ (64,640)
<b>Net Fixed Assets</b>		\$ 10,264	\$ 28,387
<b>Other Assets</b>		\$ 9,200	\$ 9,680
<b>TOTAL ASSETS</b>		\$ 303,484	\$ 330,522
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 13,869	\$ 9,320
Other		\$ 19,376	\$ 18,087
<b>Total current Liabilities</b>		\$ 33,245	\$ 27,407
<b>Equity</b>			
Share Capital		\$ 542	\$ 542
Share Premium		\$ 541,158	\$ 541,158
<b>Total Issued Capital</b>	<b>5</b>	\$ 541,700	\$ 541,700
Retained Earnings/(Deficit)		\$ (271,561)	\$ (238,685)
Contributed Surplus		\$ 100	\$ 100
<b>Total Shareholders' Equity</b>		\$ 270,239	\$ 303,115
<b>TOTAL LIABILITIES &amp; EQUITY</b>		\$ 303,484	\$ 330,522

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2016**

**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 depressing the Gross Profit % to 45%. 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.
- 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 will become fully-depreciated during the current, 2017, fiscal year.
- 4 Surplus funds are held in a federally-insured, interest-bearing money market account with Community Bank. These accounts are operated as a self-funded line of credit to finance seasonal fluctuations in cash flow. Drawdowns are subject to approval by board members.
- 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.

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2017**

**Balance Sheet as at April 30**

	Note	2017	2016
<b>ASSETS</b>			
<b>Current Assets</b>			
Bank & cash - operating		\$ 3,897	\$ 6,362
Money Market funds		\$ 26,189	\$ 72,091
<b>Total cash</b>	<b>5</b>	\$ 30,086	\$ 78,453
Accounts Receivable		\$ 1,182	\$ 1,199
Inventory		\$ 204,935	\$ 204,368
<b>Total current Assets</b>		\$ 236,203	\$ 284,020
<b>Fixed Assets</b>			
At cost:			
Leasehold Improvements		\$ 74,396	\$ 74,396
Other		\$ 24,301	\$ 19,028
<b>Total</b>		\$ 98,697	\$ 93,424
Accumulated Depreciation		\$ (93,424)	\$ (83,160)
<b>Net Fixed Assets</b>		\$ 5,273	\$ 10,264
<b>Other Assets</b>		\$ 9,200	\$ 9,200
<b>TOTAL ASSETS</b>		\$ 250,676	\$ 303,484
		=====	=====
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable		\$ 10,209	\$ 13,869
Other		\$ 15,198	\$ 19,376
<b>Total current Liabilities</b>		\$ 25,407	\$ 33,245
<b>Equity</b>			
Share Capital		\$ 542	\$ 542
Share Premium		\$ 541,158	\$ 541,158
<b>Total Issued Capital</b>	<b>5</b>	\$ 541,700	\$ 541,700
Retained Earnings/(Deficit)		\$ (316,531)	\$ (271,561)
Contributed Surplus		\$ 100	\$ 100
<b>Total Shareholders' Equity</b>		\$ 225,269	\$ 270,239
<b>TOTAL LIABILITIES &amp; EQUITY</b>		\$ 250,676	\$ 303,484
		=====	=====

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2017**

	<u>Note</u>	<b>Profit &amp; Loss Account</b>	
		Year to April, 30 2017	Year to April, 30 2016
<b>Sales Revenue</b>		\$ 349,804	\$ 374,463
<b>Cost of Goods Sold</b>		\$ 195,979	\$ 206,738
<b>Gross Profit</b>		\$ 153,825	\$ 167,725
<b>Gross Profit %</b>	1	44%	45%
<b>Expenses</b>			
Rent	2	\$ 58,618	\$ 57,804
Payroll		\$ 90,429	\$ 90,872
Utilities		\$ 2,233	\$ 2,486
Professional		\$ 6,270	\$ 5,228
Insurance		\$ 5,058	\$ 4,989
Office & Computer		\$ 5,687	\$ 4,883
Advertising		\$ 9,618	\$ 6,577
Supplies		\$ 7,616	\$ 6,137
Maintenance		\$ 1,834	\$ 1,731
Depreciation	3	\$ 10,264	\$ 18,520
Training		\$ 911	\$ 1,059
<b>Total</b>		<b>\$ 198,538</b>	<b>\$ 200,286</b>
<b>Net Income/(Loss) from Operations</b>		<b>\$ (44,713)</b>	<b>\$ (32,561)</b>
<b>Other Income</b>			
Interest		\$ 98	\$ 165
<b>Net Income/(Loss) before Tax</b>		<b>\$ (44,615)</b>	<b>\$ (32,396)</b>
<b>Taxation</b>			
Federal		\$ -	\$ -
State		\$ 355	\$ 480
<b>Total</b>		<b>\$ 355</b>	<b>\$ 480</b>
<b>Net Income/(Loss)</b>		<b>\$ (44,970)</b>	<b>\$ (32,876)</b>
<b>EBITDA (Earnings before interest, tax &amp; depreciation)</b>	4	<b>\$ (34,449)</b>	<b>\$ (14,041)</b>

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2017**

**Cash Flow Statements  
Years to April 30, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities</b>		
Net income/(Loss) for the period	\$ (44,970)	\$ (32,876)
Change in Payables	\$ (7,838)	\$ 5,838
Change in Receivables	\$ 17	\$ (888)
Change in Inventory	\$ (567)	\$ (3,528)
Change in Other Assets	\$ -	\$ 480
<b>Net Cash Flows from Operating Activities</b>	<b>\$ (53,358)</b>	<b>\$ (30,974)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	\$ (5,273)	\$ (397)
Change in Accumulated Depreciation	\$ 10,264	\$ 18,520
<b>Net Cash Flows from Investing Activities</b>	<b>\$ 4,991</b>	<b>\$ 18,123</b>
<b>Net Cash Flows from Financing Activities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CASH FLOW</b>	<b>\$ (48,367)</b>	<b>\$ (12,851)</b>
<b>Cash at Beginning of Period</b>	<b>\$ 78,453</b>	<b>\$ 91,304</b>
<b>Net increase/(Decrease) in Cash</b>	<b>\$ (48,367)</b>	<b>\$ (12,851)</b>
<b>Cash at End of Period</b>	<b>\$ 30,086</b>	<b>\$ 78,453</b>

**Saranac Lake Community Store, Inc.**

**Financial Statements - April 30, 2017**

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- 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 depressing the Gross Profit % to 45%. 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. Remaining assets comprise upgraded computer systems.
- 4** Surplus funds are held in a federally-insured, interest-bearing money market account with Community Bank. These accounts are operated as a self-funded line of credit to finance seasonal fluctuations in cash flow. Drawdowns are subject to approval by board members.
- 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.