

**PARATECH, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED OCTOBER 31, 2022 AND 2021**

# **PARATECH, INC.**

**YEARS ENDED OCTOBER 31, 2022 AND 2021**

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## **Independent Accountants' Review Report**

Stockholder and Management  
Paratech, Inc.

We have reviewed the accompanying financial statements of Paratech, Inc. (a corporation), which comprise the balance sheets as of October 31, 2022 and 2021, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Paratech, Inc. and to meet our other ethical responsibilities, in accordance with the relevant requirements related to our reviews.

## Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Ostrow Reisin Berk & Abrams, Ltd.*

February 28, 2023

# PARATECH, INC.

## BALANCE SHEETS

October 31,	2022	2021
<b>ASSETS</b>		
Current assets:		
Cash	\$ 3,047,685	\$ 5,122,192
Accounts receivable, trade	2,583,099	2,080,586
Stockholder advance	75,668	71,368
Inventories	6,904,661	5,011,098
Prepaid expenses	250,361	191,935
Recoverable income taxes	15,337	643
Total current assets	12,876,811	12,477,822
Property, plant and equipment, net	4,559,672	3,278,219
Other assets:		
Construction in progress	102,350	143,510
Deposits	43,758	43,758
Total other assets	146,108	187,268
Total assets	\$ 17,582,591	\$ 15,943,309

*See accountants' review report and notes to financial statements.*

# PARATECH, INC.

## BALANCE SHEETS (CONTINUED)

October 31,	2022	2021
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 264,292	\$ 211,357
Capital lease obligation, current portion	13,892	13,270
Accounts payable	768,999	419,831
Accrued expenses:		
Rent	48,583	48,583
Payroll	592,560	512,314
Interest	2,743	2,835
Contract liabilities	454,481	252,742
Total current liabilities	2,145,550	1,460,932
Long-term liabilities:		
Long-term debt, less current maturities	546,833	464,222
Capital lease obligation, net of current portion	5,857	19,749
Deferred income taxes	810,969	711,468
Total long-term liabilities	1,363,659	1,195,439
Total liabilities	3,509,209	2,656,371
Stockholder's equity:		
Common stock:		
Voting stock, no par value; authorized 2,000 shares; issued and outstanding 1,000 shares	1,020	1,020
Non-voting stock, no par value; authorized 198,000 shares; issued 99,000 shares and outstanding 49,000 shares	49,961	49,961
Additional paid-in capital	210,000	210,000
Retained earnings	18,812,401	18,025,957
Less: Treasury stock, 50,000 shares, at cost	(5,000,000)	(5,000,000)
Total stockholder's equity	14,073,382	13,286,938
Total liabilities and stockholder's equity	\$ 17,582,591	\$ 15,943,309

See accountants' review report and notes to financial statements.

# PARATECH, INC.

## STATEMENTS OF INCOME

Years ended October 31,	2022	2021
Sales	\$ 23,711,532	\$ 22,549,547
Cost of goods sold	12,450,809	10,909,299
Gross profit	11,260,723	11,640,248
Loss on foreign currency transactions	(292,298)	(41,826)
Gain (loss) on sale of asset	(20,740)	7,400
Total operating income	10,947,685	11,605,822
Operating expenses:		
Selling	4,310,715	3,593,744
General and administrative	5,528,514	6,348,507
Total operating expenses	9,839,229	9,942,251
Income from operations	1,108,456	1,663,571
Other income (expense):		
PPP loan forgiveness		1,213,700
Interest income	13,003	16,802
Interest expense	(36,318)	(41,400)
Other expense	(9,653)	(20,181)
Total other income (expense)	(32,968)	1,168,921
Income before provision for income taxes	1,075,488	2,832,492
Provision for income taxes	289,044	293,226
Net income	\$ 786,444	\$ 2,539,266

See accountants' review report and notes to financial statements.

# **PARATECH, INC.**

## **STATEMENTS OF RETAINED EARNINGS**

	Retained earnings
Balance, November 1, 2020	\$ 15,486,691
Net income	2,539,266
<b>Balance, October 31, 2021</b>	<b>18,025,957</b>
Net income	786,444
<b>Balance, October 31, 2022</b>	<b>\$ 18,812,401</b>

*See accountants' review report and notes to financial statements.*

# PARATECH, INC.

## STATEMENTS OF CASH FLOWS

Years ended October 31,	2022	2021
Cash flows from operating activities:		
Net income	\$ 786,444	\$ 2,539,266
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
PPP loan forgiveness		(1,213,700)
Depreciation and amortization	570,427	598,702
Deferred income tax provision (benefit)	99,501	(32,003)
(Gain) loss on sale of asset	20,740	(7,400)
(Increase) decrease in operating assets:		
Accounts receivable, trade	(502,513)	(480,268)
Inventories	(1,893,563)	(497,861)
Prepaid expenses	(58,426)	220,542
Recoverable income taxes	(14,694)	222,323
Increase (decrease) in operating liabilities:		
Accounts payable	349,168	(101,990)
Accrued payroll	80,246	42,222
Accrued interest	(92)	(1,103)
Contract liabilities	201,739	211,159
Net cash provided by (used in) operating activities	(361,023)	1,499,889
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,409,210)	(639,528)
Advance to stockholder	(4,300)	(6,072)
Proceeds from the sale of property, plant and equipment	24,000	7,400
Net cash used in investing activities	(1,389,510)	(638,200)

See accountants' review report and notes to financial statements.

# PARATECH, INC.

## STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended October 31,	2022	2021
Cash flows from financing activities:		
Principal payments on long-term debt	\$ (310,704)	\$ (298,755)
Principal payments on capital lease obligation	(13,270)	(15,150)
Net cash used in financing activities	(323,974)	(313,905)
Net increase (decrease) in cash	(2,074,507)	547,784
Cash, beginning of year	5,122,192	4,574,408
Cash, end of year	\$ 3,047,685	\$ 5,122,192
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ 36,410	\$ 42,503
Income taxes	\$ 204,237	\$ 102,906
Supplemental disclosure of non-cash investing and financing activity:		
Equipment purchase financed with note payable	\$ 446,250	

See accountants' review report and notes to financial statements.

# **PARATECH, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Summary of significant accounting policies**

#### **Description of operations:**

Paratech, Inc. (the Company) manufactures and sells emergency rescue and safety equipment and tools to fire equipment distributors and dealers worldwide. Paratech Denmark is the European branch of the Company and distributes products worldwide.

#### **Foreign operations:**

Assets located outside the United States accounted for approximately 23% and 7% of total assets at October 31, 2022 and 2021, respectively. The transactions of the foreign branch, Paratech Denmark, are translated into U.S. dollars for assets, liabilities, revenues and expenses. Paratech Denmark transacts business in the Euro, the Danish Krone and the U.S. dollar, with the U.S. dollar being its functional currency. Historically, foreign currency fluctuations have not been material to the financial statements.

Transaction gains and losses generated by the effect of foreign exchange rates on recorded assets and liabilities denominated in a currency different from the functional currency of the Company are recorded in the period in which they occur.

#### **Cash:**

Cash includes bank accounts in the U.S. and Denmark. Cash maintained in these bank accounts may, at times, exceed federally-insured limits. At October 31, 2022 and 2021, the uninsured balance was approximately \$2,741,000 and \$4,736,000, respectively. Management believes that the Company is not exposed to any significant credit risk on cash.

#### **Trade accounts receivable:**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances based on its assessment of the current status of individual accounts. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

*See accountants' review report.*

# **PARATECH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **1. Summary of significant accounting policies (continued)**

#### **Inventories:**

The Company states inventories at the lower of first-in, first-out cost or net realizable value. Net realizable value is based on the selling price. The Company reviews the components of its inventory periodically for excess, obsolete and impaired inventory and records a reduction to the carrying value when identified.

#### **Property, plant and equipment:**

Property, plant and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective classes of property. Useful lives generally range from 3 to 10 years. Leasehold improvements are amortized over their useful lives, generally 10 to 40 years, rather than the lease term, as the Company leases these facilities from a related party, LBN, LLC, and expects to do so on a long-term basis.

Property, plant and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

#### **Research and development costs:**

Expenditures for research and development are expensed when incurred. Total research and development costs charged to general and administrative expenses approximated \$430,000 and \$550,000 for the years ended October 31, 2022 and 2021, respectively.

#### **Shipping and handling costs:**

Freight costs have been included in cost of goods sold. Shipping supplies and expenses of approximately \$376,000 and \$314,000 are included in cost of goods sold for the years ended October 31, 2022 and 2021, respectively.

#### **Advertising costs:**

Advertising costs are expensed as incurred. Such costs approximated \$182,000 and \$116,000 for the years ended October 31, 2022 and 2021, respectively.

*See accountants' review report.*

# **PARATECH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **1. Summary of significant accounting policies (continued)**

#### **Use of estimates:**

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Subsequent events:**

Management of the Company has reviewed and evaluated subsequent events through February 28, 2023, the date the financial statements were available to be issued.

#### **Reclassifications:**

Certain amounts in the prior year's financial statements have been reclassified to conform with the current year's presentation. Loss on foreign currency transactions of \$41,826 was reclassified from other expenses.

### **2. Revenue from contracts with customers**

#### **Performance obligations:**

The Company sells to customers through standalone purchase orders. All contracts have one performance obligation which is satisfied at a point in time upon transfer of control of the goods to the customer. Revenue is based on consideration specified in a contract with a customer. Consideration is measured at the time of sale based on the amount that the Company expects to be entitled to in the contract.

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. The Company transfers control over a product based on FOB shipping terms as specified in the customer contract.

The party responsible for the shipping and handling cost is identified on each specific purchase order. When it has been determined that the Company is responsible for the shipping and handling cost, the cost of the outbound freight is accounted for as fulfillment cost and is included in cost of goods sold.

*See accountants' review report.*

# **PARATECH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **2. Revenue from contracts with customers (continued)**

#### **Performance obligations: (continued)**

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue producing transaction, that are collected by the Company from a customer, are excluded from revenue.

The Company provides various warranties against manufacturing defects in its products sold ranging from one to five years depending on the product. Tool sales are provided a limited lifetime warranty. Warranty claims are not material to the financial statements and are recorded as an expense when the customer makes a warranty claim.

The Company's performance obligations for contracts with customers all have durations of one year or less. As a result, the Company is not required to separately disclose aggregate amounts of unsatisfied, or partially satisfied, performance obligations at the end of the period. No other practical expedients were applied.

#### **Variable consideration:**

The nature of the Company's business gives rise to variable consideration. Variable consideration is estimated at the inception of the contract based on various factors such as terms provided for in a customer purchase agreement, as well as based on historical trends with the customer.

Certain customers are eligible for sales discounts for early payments. Typical discounts are 2% for payments made within 10 days. Management estimates the amount of discounts to be allocated to the transaction price based on historical trend analysis of sales made with the specific customer.

Management estimates the amount of products to be returned based on historical trend analysis, and allocates this amount to the transaction price at the inception of the contract.

#### **Contract balances:**

Contract liabilities represent deposits received from customers before the Company has performed their obligation under the contract. Contract liabilities were \$454,481, \$252,742 and \$41,583 at October 31, 2022, 2021 and 2020, respectively. Total accounts receivable relating to contracts with customers was \$2,583,099, \$2,080,586 and \$1,600,318 at October 31, 2022, 2021 and 2020, respectively.

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Revenue from contracts with customers (continued)

#### Significant judgments:

Significant judgments are required to be made by management to determine the appropriate approach to applying the revenue recognition criteria. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of revenue recognized will not occur when the uncertainty associated with customer discounts and returns are resolved. Estimates of variable consideration are previously noted and require significant judgment.

#### Disaggregation of revenue:

All revenue is recognized when management determines that all performance obligations have been satisfied. Performance obligations are satisfied at a single point in time, when the goods are shipped from the Company's warehouse. These performance obligations consist of sales of product. Various economic factors affect revenues and cash flows. The majority of sales are made to fire rescue distribution companies throughout the world and generally sales are collected within 30 days. The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

#### Sales commissions:

The Company pays sales commission on certain sales. The commissions are expensed at the time the performance obligation in the related contract is satisfied.

### 3. Inventories

Inventories consist of the following:

October 31,	2022	2021
Raw materials	\$ 3,557,909	\$ 2,793,642
Work in process	308,823	205,162
Finished goods	3,037,929	2,012,294
Total inventories	\$ 6,904,661	\$ 5,011,098

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Property, plant and equipment

The Company's property, plant and equipment as of October 31, 2022 and 2021 is as follows:

October 31,	2022	2021
Computer equipment and software	\$ 1,031,376	\$ 1,011,978
Furniture and equipment	387,568	387,568
Leasehold improvements	1,687,566	1,519,531
Machinery and equipment	8,719,371	7,240,616
Tools and dies	1,166,319	1,100,269
Vehicles	1,031,191	953,402
	<b>14,023,391</b>	12,213,364
Less accumulated depreciation and amortization	<b>(9,463,719)</b>	(8,935,145)
Property, plant and equipment, net	<b>\$ 4,559,672</b>	\$ 3,278,219

### 5. Related party

EagleAir, Inc. manufactures high pressure breathing air systems and is 100% owned by the Company's sole stockholder. The Company has guaranteed approximately \$450,000 of EagleAir, Inc.'s bank debt at October 31, 2022. This debt carries an interest rate of the greater of the prime rate or 6% and requires interest-only payments with a maturity date of June 1, 2023. The guarantee was provided in attempt to provide additional capital to EagleAir, Inc. to assist in getting caught up with their vendor liabilities. In the event that EagleAir, Inc. defaults, the Company would be required to pay back the bank debt at a maximum amount of \$450,000. The Company does not anticipate the ability to recover any of this amount from third parties if EagleAir, Inc. should default.

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 5. Related party (continued)

As such, EagleAir, Inc. is considered a variable interest entity (VIE). A VIE should be consolidated if the party with an ownership, contractual or other interest in the VIE that is considered a variable interest has the power to direct the VIE's most significant activities and the obligation to absorb losses or right to receive benefits of the VIE that could be significant to the VIE. A variable interest holder that consolidates the VIE is called the primary beneficiary. The Company has determined that it is not the primary beneficiary of EagleAir, Inc. because the Company lacks the power to direct the activities of EagleAir, Inc. that most significantly impacts their economic performance. Therefore, consolidation in the Company's financial statements is not required.

Summarized financial information of EagleAir, Inc. is approximately as follows:

October 31,	2022	2021
Total assets	\$ 1,079,000	\$ 1,335,000
Total liabilities	\$ 3,834,000	\$ 2,957,000
Total stockholder's deficit	\$ (2,755,000)	\$ (1,622,000)
Years ended October 31,	2022	2021
Total revenues	\$ 4,032,998	\$ 4,685,000
Total net loss	\$ (1,133,000)	\$ (599,000)

The Company has leased its U.S. facilities from LBN, LLC under a lease expiring on October 31, 2028. A family member of the sole stockholder of the Company owns all the equity of LBN, LLC. Rent expense was \$388,800 for each of the years ended October 31, 2022 and 2021.

The Company has noninterest-bearing amounts due from its sole stockholder of \$75,668 and \$71,368 at October 31, 2022 and 2021, respectively. These balances represent short-term advances to the stockholder that are periodically repaid. Amounts are payable on demand.

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 6. Common stock

The Company has authorized 2,000 Class A voting shares and 1,000 shares are issued and outstanding. The Company has also authorized 198,000 Class B non-voting shares, with 99,000 shares issued, 50,000 shares in treasury and 49,000 shares outstanding. The shares of each class have identical rights and privileges except that the holders of Common Class A voting shares have full voting rights as described under the Illinois Business Corporation Act and the holders of Common Class B non-voting shares only have voting rights as described under the Illinois Business Corporation Act for a non-voting stockholder.

### 7. Line of credit and notes payable

The Company has a revolving line of credit with a bank in the gross amount of \$1,750,000, subject to a borrowing base. The amount borrowed cannot exceed certain percentages of accounts receivable and inventory. On June 1, 2022, the line of credit was extended with a maturity date of June 1, 2023. All terms remained unchanged. Interest on the loan was 6.25% and 4.25% at October 31, 2022 and 2021, respectively. There was \$-0- outstanding at October 31, 2022 and 2021.

The Company also has multiple term notes payable consisting of the following:

October 31,	2022	2021
Bank note payable in monthly installments of \$12,607, plus interest at the greater of the prime rate or 5%, final payment made in May 2022.		\$ 100,935
Bank note payable in monthly installments of \$12,940, including interest at 2.7%, with final payment due in February 2025.	\$ 350,299	
Bank note payable in monthly installments of \$11,628, including interest at 4.85%, with final payment due in June 2026.	460,826	574,644
	811,125	675,579
Less current maturities	(264,292)	(211,357)
Total long-term debt	\$ 546,833	\$ 464,222

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 7. Line of credit and notes payable (continued)

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act, was signed into law. One component of the CARES Act was the Paycheck Protection Program (PPP) which provides businesses with funding to maintain their payroll and cover applicable overhead. The PPP is implemented by the Small Business Administration (SBA) with support from the Department of the Treasury. The PPP provides funds to pay up to 24 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. The Company applied for and received \$1,213,700. In November 2020, the Company received notice from the SBA and its lender that the full loan amount of \$1,213,700 was fully forgiven. The Company accounted for the PPP loan under the debt model and recognized forgiveness of debt revenue of \$1,213,700 during the year ended October 31, 2021 upon approval of the loan forgiveness application in November 2020.

Aggregate maturities on the long-term debt are as follows:

Year ending October 31:	Amount
2023	\$ 264,292
2024	274,908
2025	181,161
2026	90,764
Total	\$ 811,125

The line of credit and bank loans are collateralized by substantially all of the assets of the Company and the sole stockholder has provided a limited guarantee of \$500,000 on the debt. The loans are subject to a borrowing base and an annual minimum net worth covenant. At October 31, 2022, the Company was in compliance with these requirements.

### 8. Operating leases

The Company leases an office building in Denmark which requires a yearly fee of approximately \$32,000 plus value-added tax, with annual increases based on the national price index. A portion of this amount is paid in advance and the Company is responsible for its proportionate share of utilities and maintenance. This lease expired in December 2022 and has been renewed for one year. Rental expense was approximately \$38,000 for each of the years ended October 31, 2022 and 2021.

The Company also leases its U.S. facilities from LBN, LLC under an agreement that expires on October 31, 2028 (see Note 5).

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 8. Operating leases (continued)

The Company leases a vehicle with monthly payments totaling approximately \$1,000. The lease expires in March 2024. Total rent expense for this lease was approximately \$11,000 for each of the years ended October 31, 2022 and 2021.

Future minimum lease payments under the non-cancelable operating leases are as follows:

Year ending October 31:	Amount
2023	\$ 512,312
2024	498,145
2025	480,000
2026	480,000
2027	480,000
2028	480,000
Total	\$ 2,930,457

### 9. Capital lease

The Company is obligated under a capital lease for a vehicle. The capital lease obligation is payable in monthly installments including interest of 4.59%. The final payment is due on May 15, 2024. The lease is collateralized by the vehicle costing \$73,230 with a net book value of \$36,615 and \$51,261 at October 31, 2022 and 2021, respectively. Amortization expense related to this lease is included in depreciation and amortization expense.

Future annual minimum lease payments under the capital lease obligation are as follows:

Year ending October 31:	Amount
2023	\$ 14,508
2024	5,924
Total minimum lease payments	20,432
Less amount representing interest	(683)
Present value of net minimum lease payments	\$ 19,749

*See accountants' review report.*

# PARATECH, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 10. Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to depreciable assets. The deferred tax liabilities represent the future tax return consequences of those differences.

Provision for income taxes consists of the following:

Years ended October 31,	2022	2021
Current:		
Federal income tax expense	\$ 75,524	\$ 224,624
State income tax expense	114,019	100,605
Total current tax provision	189,543	325,229
Deferred:		
Federal income tax expense (benefit)	1,833	(23,031)
State income tax expense (benefit)	97,668	(8,972)
Total deferred tax provision (benefit)	99,501	(32,003)
Total provision for income taxes	\$ 289,044	\$ 293,226

The net deferred tax liabilities consist of the following:

October 31,	2022	2021
Federal deferred tax liabilities	\$ (510,548)	\$ (508,715)
State deferred tax liabilities	(300,421)	(202,753)
Total deferred tax liabilities	\$ (810,969)	\$ (711,468)

The deferred tax liabilities are included in noncurrent liabilities.

*See accountants' review report.*

# **PARATECH, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **11. Retirement plan**

Substantially all employees of the Company have the opportunity to participate in a contributory retirement plan. The Company made contributions to this plan at a rate of 50% of the employee's contributions. Contributions to the plan by the Company were \$262,462 and \$247,912 for the years ended October 31, 2022 and 2021, respectively.

### **12. Concentration**

Two customers accounted for 25% of total sales for the year ended October 31, 2022. One customer accounted for 10% of total sales for the year ended October 31, 2021. Two customers' balances in accounts receivable amounted to 26% of the total accounts receivable at October 31, 2022. One customer's balance in accounts receivable amounted to 12% of the total accounts receivable at October 31, 2021.

*See accountants' review report.*