



Crowe LLP
Independent Member Crowe Global

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Shaffer Distributing Company
Columbus, Ohio

We have reviewed the accompanying financial statements of Shaffer Distributing Company, which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of income, shareholders' equity, 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.

Accountant's 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.

Accountant's 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.

Crowe LLP

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Columbus, Ohio
February 28, 2020

SHAFFER DISTRIBUTING COMPANY
BALANCE SHEETS
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,291,041	\$ 1,658,898
Accounts and notes receivable, net of allowance for doubtful accounts and deferred income of \$41,607 and \$41,280 in 2019 and 2018, respectively	2,430,565	2,818,083
Accounts receivable, affiliate	252,669	4,221
Merchandise inventory	1,598,255	2,121,904
Prepaid expenses	<u>129,973</u>	<u>439,332</u>
Total current assets	5,702,503	7,042,438
Deposits and other assets	264,740	198,895
Property and equipment, net	2,734,676	1,478,366
Goodwill, net	<u>60,000</u>	<u>80,000</u>
	<u>3,059,416</u>	<u>1,757,261</u>
 Total assets	 <u>\$ 8,761,919</u>	 <u>\$ 8,799,699</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 578,265	\$ 998,167
Customer deposits	893,914	966,188
Accounts payable, affiliate	40,410	-
Other liabilities	<u>989,687</u>	<u>629,909</u>
Total current liabilities	2,502,276	2,594,264
Shareholders' equity		
Common stock, no par value	26,000	26,000
Additional paid-in capital	87,120	87,120
Retained earnings	<u>6,146,523</u>	<u>6,092,315</u>
Total shareholders' equity	<u>6,259,643</u>	<u>6,205,435</u>
 Total liabilities and shareholders' equity	 <u>\$ 8,761,919</u>	 <u>\$ 8,799,699</u>

See accompanying notes to financial statements
and independent accountant's review report.

SHAFFER DISTRIBUTING COMPANY
STATEMENTS OF INCOME
Years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Distribution sales	\$ 29,610,354	\$ 26,727,928
Route collections	<u>4,446,874</u>	<u>3,933,031</u>
	34,057,228	30,660,959
Cost of sales	<u>22,942,961</u>	<u>20,972,038</u>
	<u>11,114,267</u>	<u>9,688,921</u>
Operating expenses	11,994,306	10,705,915
Other income		
Management fee income	845,000	820,000
Interest income	12,424	175,954
Service charges	19,202	14,712
Other, net	<u>74,879</u>	<u>101,399</u>
	<u>951,505</u>	<u>1,112,065</u>
Net income	<u>\$ 71,466</u>	<u>\$ 95,071</u>

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