

FILE

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Ohio

Public Utilities Commission

Competitive Retail Electric Service (CRES)
Provider Application

Case Number: 13 - 1438 - EL-agg

Please complete all information. Identify all attachments with a label and title (example: Exhibit C-2 Financial Statements). For paper filing, you can mail the original and two complete copies to the Public Utilities Commission of Ohio, Docketing Division, 180 East Broad Street, Columbus, Ohio 43215-3793.

A. Application Information

A-1. Provider Type.

Select the competitive retail electric service (CRES) provider type(s) for which the applicant is seeking certification. Please note you can select more than one.

Aggregator	Power Broker	Power Marketer	Retail Electric Generation Provider
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A-2. Applicant's legal name and contact information.

Provide the name and contact information of the business entity.

Legal Name: The Eric Ryan Corporation
Street Address: 1 Early Street, Suite A
City: Ellwood City State: PA Zip: 16117
Telephone: 724-752-8900 Website: WWW.ERICRYAN.COM

A-3. Names and contact information under which the applicant will do business in Ohio.

Provide the names and contact information the business entity will use for business in Ohio. This does not have to be an Ohio address and may be the same contact information given in A-2.

Name: The Eric Ryan Corporation
Street Address: 1 Early Street, Suite A
City: Ellwood City State: PA Zip: 16117
Telephone: 724-752-8900 Website: www.ericryan.com

A-4. Names under which the applicant does business in North America.

Provide all business names the applicant uses in North America. You do not need to include the names provided in A-2 and A-3.

Name(s): same as above

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
Technician ec Date Processed 5/10/2023

A-5. Contact person for regulatory matters.

Name: Jessica Main Title: Energy Procurement Manager
Street Address: 1 Early Street, Suite A
City: Ellwood City State: PA Zip: 16117
Telephone: 724-758-2759 Email: jmain@ericryan.com

A-6. Contact person for PUCO Staff use in investigating consumer complaints.

Name: Jessica Main Title: Energy Procurement Manager
Street Address: 1 Early Street, Suite A
City: Ellwood City State: PA Zip: 16117
Telephone: 724-758-2759 Email: JMAIN@ERICRYAN.COM

A-7. Applicant's address and toll-free number for customer service and complaints.

Street Address: 1 Early Street, Suite A
City: Ellwood City State: PA Zip: 16117
Toll-free Telephone: 1-800-837-6406 Email: ERICRYANCORPORATION@ERICRYAN.COM

A-8. Applicant's federal employer identification number.

FEIN: 25-1744565

A-9. Applicant's form of ownership (select one).

Sole Proprietorship <input type="checkbox"/>	Limited Liability Partnership (LLP) <input type="checkbox"/>	Corporation <input checked="" type="checkbox"/>	Partnership <input type="checkbox"/>
Limited Liability Company (LLC) <input type="checkbox"/>	Other: _____		

A-10. Identify current or proposed service areas.

Identify each service area in which the applicant is currently providing service or intends to provide service and identify each customer class that the applicant is currently serving or intends to serve.

Service area selection:

AES Ohio <input checked="" type="checkbox"/>	American Electric Power (AEP Ohio) <input checked="" type="checkbox"/>	Duke Energy Ohio <input checked="" type="checkbox"/>	FirstEnergy – Cleveland Electric Illuminating <input checked="" type="checkbox"/>
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FirstEnergy – Ohio
Edison



FirstEnergy – Toledo
Edison



Class of customer selection:

Commercial



Industrial



Mercantile



Residential



A-11. Start Date.

Indicate the approximate start date the applicant began/will begin offering services.

Date: 07/01/2023

A-12. Principal officers, directors and partners.

Please provide an attachment for all contacts that should be listed as an officer, director or partner.
see attached

A-13. Company history.

Provide an attachment with a concise description of the applicant's company history and principal business interests. See attached

A-14. Secretary of State.

Provide evidence that the applicant is currently registered with the Ohio Secretary of State.
See attached

B. Managerial Capability

Provide a response or attachment for each of the sections below.

B-1. Jurisdiction of operations.

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas service or retail/wholesale electric service as of the date of filing the application. See Attached

B-2. Experience and plans.

Describe the applicant's experience in providing the service(s) for which it is applying (e.g., number and type of customers served, utility service areas, amount of load, etc.). Include the plan for contracting with customers, providing contracted services, providing billing statements and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Sections 4928.10 and/or 4929.22 of the Ohio Revised Code. See attached

B-3. Disclosure of liabilities and investigations.

For the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant, describe all existing, pending or past rulings, judgments, findings, contingent liabilities, revocation of authority, regulatory investigations, judicial actions, or other formal or informal notices of violations, or any other matter related to competitive services in Ohio or equivalent services in another jurisdiction.

Not applicable

B-4. Disclosure of consumer protection violations.

Has the applicant, affiliate, predecessor of the applicant, or any principal officer of the applicant been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years? If yes, attach a document detailing the information.

Yes

☐

No

☒

B-5. Disclosure of certification denial, curtailment, suspension, or revocation.

Has the applicant, affiliate, or a predecessor of the applicant had any certification, license, or application to provide retail natural gas or retail/wholesale electric service denied, curtailed, suspended, revoked, or cancelled or been terminated or suspended from any of Ohio's Natural Gas or Electric Utility's Choice programs within the past two years? If yes, attach a document detailing the information.

Yes

☐

No

☒

B-6. Environmental disclosure.

This section is only applicable if power marketer or retail electric generation provider has been selected in A-1.

Provide a detailed description of how the applicant intends to determine its generation resource mix and environmental characteristics, including air emissions and radioactive waste. Include the annual projection methodology and the proposed approach to compiling the quarterly actual environmental disclosure data. See 4901:1-21-09 of the Ohio Administrative Code for additional details of this requirement.

Not applicable

C. Financial Capability

Provide a response or attachment for each of the sections below.

C-1. Financial reporting.

Provide a current link to the most recent Form 10-K filed with the Securities and Exchange Commission (SEC) or attach a copy of the form. If the applicant does not have a Form 10-K, submit the parent company's Form 10-K. If neither the applicant nor its parent is required to file Form 10-K, state that the applicant is not required to make such filings with the SEC and provide an explanation as to why it is not required. Not applicable, see attached

C-2. Financial statements

Provide copies of the applicant's two most recent years of audited financial statements, including a balance sheet, income statement, and cash flow statement. If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, provide audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns with social

security numbers and bank account numbers redacted.

If the applicant is unable to meet the requirement for two years of financial statements, the Staff reviewer may request additional financial information. The financials of the entity, that acquired the assets of the Eric Ryan Corp. are included.

C-3. Forecasted financial statements.

Provide two years of forecasted income statements based solely on the applicant's anticipated business activities in the state of Ohio.

Include the following information with the forecast: a list of assumptions used to generate the forecast; a statement indicating that the forecast is based solely on Ohio business activities only; and the name, address, email address, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats: 1) an annual format that includes the current year and the two years succeeding the current year; or 2) a monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with totals for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in business activities only in the state of Ohio for those periods.

If the applicant is filing for both an electric certificate and a natural gas certificate, please provide a separate and distinct forecast for revenues and expenses representing Ohio electric business activities in the application for the electric certificate and another forecast representing Ohio natural gas business activities in the application for the natural gas certificate. See attached

C-4. Credit rating.

Provide a credit opinion disclosing the applicant's credit rating as reported by at least one of the following ratings agencies: Moody's Investors Service, Standard & Poor's Financial Services, Fitch Ratings or the National Association of Insurance Commissioners. If the applicant does not have its own credit ratings, substitute the credit ratings of a parent or an affiliate organization and submit a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "Not Rated". Not Rated

C-5. Credit report.

Provide a copy of the applicant's credit report from Experian, Equifax, TransUnion, Dun and Bradstreet or a similar credit reporting organization. If the applicant is a newly formed entity with no credit report, then provide a personal credit report for the principal owner of the entity seeking certification. At a minimum, the credit report must show summary information and an overall credit score. Bank/credit account numbers and highly sensitive identification information must be redacted. If the applicant provides an acceptable credit rating(s) in response to C-4, then the applicant may select "This does not apply" and provide a response in the box below stating that a credit rating(s) was provided in response to C-4. Credit report attached of the entity that purchased the assets of the Eric Ryan Corporation.

C-6. Bankruptcy information.

Within the previous 24 months, have any of the following filed for reorganization, protection from creditors or any other form of bankruptcy? If yes, attach a document detailing the information.

- Applicant
- Parent company of the applicant
- Affiliate company that guarantees the financial obligations of the applicant
- Any owner or officer of the applicant

Yes

☐

No

☒

C-7. Merger information.

Is the applicant currently involved in any dissolution, merger or acquisition activity, or otherwise participated in such activities within the previous 24 months? If yes, attach a document detailing the information.

Yes

☒

No

☐

C-8. Corporate structure.

Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

C-9. Financial arrangements.

This section is only applicable if power marketer or retail electric generation provider has been selected in A-1. not applicable

Provide copies of the applicant's financial arrangements to satisfy collateral requirements to conduct retail electric/natural gas business activities (e.g., parental guarantees, letters of credit, contractual arrangements, etc., as described below).

Renewal applicants may provide a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements. The statement or letter must be on the utility's letterhead and dated within a 30-day period of the date the applicant files its renewal application.

First-time applicants or applicants whose certificate has expired must meet the requirements of C-9 in one of the following ways:

1. The applicant itself states that it is investment grade rated by Moody's Investors Service, Standard & Poor's Financial Services, or Fitch Ratings and provides evidence of rating from the rating agencies. If you provided a credit rating in C-4, reference the credit rating in the statement.

2. The applicant's parent company is investment grade rated (by Moody's, Standard & Poor's, or Fitch) and guarantees the financial obligations of the applicant to the LDU(s). Provide a copy of the most recent credit opinion from Moody's, Standard & Poor's or Fitch.
3. The applicant's parent company is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The parent company's financials and a copy of the parental guarantee must be included in the application if the applicant is relying on this option.
4. The applicant can provide evidence of posting a letter of credit with the LDU(s) listed as the beneficiary, in an amount sufficient to satisfy the collateral requirements of the LDU(s).

D. Technical Capability

Provide an attachment for each of the sections below.

D-1. Operations.

Power brokers/aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of electricity to retail customers. see attached

Power Marketers/Generators: Describe the operational nature of the applicant's business, specifying whether operations will include the generation of power for retail sales, the scheduling of retail power for transmission and delivery, the provision of retail ancillary services, as well as other services used to arrange for the purchase and delivery of electricity to retail customers.

D-2. Operations expertise and key technical personnel.

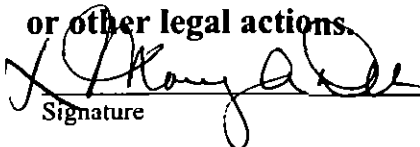
Provide evidence of the applicant's experience and technical expertise in performing the operations described in this application. Include the names, titles, e-mail addresses, telephone numbers and background of key personnel involved in the operational aspects of the applicant's business. If vendors or third parties are or will be utilized for any activities listed in this application, provide the name, contact information for each, and list which activities they will perform. Also, indicate which activities will be performed directly by the company. Please note that this information is required to be updated within 30 days of any changes.

D-3. FERC power marketer authorization.

This section is only applicable if power marketer or retail electric generation provider has been selected in A-1.

Provide the FERC docket granting the applicant power marketer authority. not applicable

As authorized representative for the above company/organization, I certify that all the information contained in this application is true, accurate and complete. I also understand that failure to report completely and accurately may result in penalties or other legal actions.


Signature

05/11/2023

Date

CFO

Title

Competitive Retail Electric Service Affidavit

County of Lawrence :

State of Pennsylvania

Mary A. DeCaria, Affiant, being duly sworn/affirmed, hereby states that:

1. The information provided within the certification or certification renewal application and supporting information is complete, true, and accurate to the best knowledge of affiant, and that it will amend its application while it is pending if any substantial changes occur regarding the information provided.
2. The applicant will timely file an annual report of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Sections 4905.10(A), 4911.18(A), and 4928.06(F), Ohio Revised Code.
3. The applicant will timely pay any assessment made pursuant to Sections 4905.10, 4911.18, and 4928.06(F), Ohio Revised Code.
4. The applicant will comply with all applicable rules and orders adopted by the Public Utilities Commission of Ohio pursuant to Title 49, Ohio Revised Code.
5. The applicant will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the applicant.
6. The applicant will fully comply with Section 4928.09, Ohio Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. *The applicant will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.*
8. The applicant will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The applicant will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the applicant will provide, it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio.
11. The Applicant will inform the Public Utilities Commission of Ohio of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating consumer complaints.

12. The facts set forth above are true and accurate to the best of his/her knowledge, information, and belief and that he/she expects said applicant to be able to prove the same at any hearing hereof.

13. Affiant further sayeth naught.

[Signature] CFO
Signature of Affiant & Title

Sworn and subscribed before me this 5th day of Mar, 2023
Month Year

[Signature]
Signature of official administering oath

Anthony DeCarra, Notary Public
Print Name and Title

My commission expires on 5/9/2023

Commonwealth of Pennsylvania - Notary Seal
Anthony James DeCarla Jr., Notary Public
Lawrence County
My commission expires May 9, 2023
Commission number 1350232
Member, Pennsylvania Association of Notaries



A-12 Principal Officers, Directors and Partner

Please provide an attachment for all contact that should be listed as an officer, director or partner.

Principal Officers, Directors and Partners

The Eric Ryan Corporation

Keith Venezie, CEO (724) 758-2922

Mary A. DeCaria, CFO (724) 758-2938

Rebecca Hink, COO (724) 758-2931

Shannon Lee, President Utility & Energy Services (724) 758-2909

Address:

The Eric Ryan Corporation

1 Early Street, Suite A/P.O. Box 473

Ellwood City, PA 16117

(724) 752-8900



A – 13 Company History

Provide an attachment with a concise description of the applicant's company history and principal business interests.

The company was founded in 1990, as sole proprietorship, with the name of Utility Cost Cutters. Incorporation as the Eric Ryan Corporation became effective on January 1st, 1995

Initially core provided services include the audit of utility and telecommunications invoices, with the goal of uncovering billing errors. The found billing errors result in credits and refunds being delivered to clients. Ancillary services such as contract and rate analysis deliver value moving forward.

Procurement consulting has been provided for both electricity and natural gas for over fifteen (15) years.

In September 2022, the assets of the Eric Ryan Corporation were purchased by Renodis Inc. of Saint Paul, Minnesota. A new entity known as Renodis ER, LLC will continue to provide services going forward. The Eric Ryan Corporation will remain an entity until which time registrations in all entities by Renodis ER, LLC are completed.

SEARCH BY BUSINESS NAME

General Information
Business Search
Trademark/Service Mark Search
Help

Business Name:

the eric ryan corporation

• Add

Active

Cancelled

Dead

SEARCH

CLEAR

Name Search Help

SEARCH RESULTS

Showing 1 to 1 of 1 entries

Activity	Name	Type	Filing Date	Exp. Date	Status	Location	County	State	View Report
1997508	THE ERIC RYAN CORPORATION	FOREIGN CORPORATION	02/14/2011		Active			PENNSYLVANIA	SHOW DETAILS

Exit

Previous

1

Next

Last

Export Results CSV

Export Results PDF



B-1 "Jurisdictions of Operation,"
The Eric Ryan Corporation

List all jurisdictions in which the applicant or any affiliated interest of the applicant is certified, licensed, registered or otherwise authorized to provide retail natural gas or retail / wholesale electric service as of the date of filing the application.

- ♦ Pennsylvania
- ♦ Maryland
- ♦ New Jersey
- ♦ Maine
- ♦ Illinois
- ♦ Massachusetts
- ♦ Ohio
- ♦ Texas
- ♦ Rhode Island
- ♦ New Hampshire
- ♦ Washington DC



B-2 "Experience & Plans,"

Provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

The Eric Ryan Corporation has been in the business of auditing utility and telecommunications billings since 1990 (32 years), and offering guidance in the purchase of natural gas commodities since 1995 , and offering guidance in the purchase of electric commodities since 2000. The Eric Ryan Corporation has provided guidance for the purchase for hundred's of million dollars' worth of commodities on behalf of over several thousand clients The Eric Ryan Corporation is an independent company and does not have business affiliations.

The Eric Ryan Corporation was purchased by Renodis, Inc of St. Paul, Minnesota in September 2022, and will provide services going forward as Renodis ER, LLC. The Eric Ryan Corporation will remain a business entity until which time that Renodis ER, LLC establishes registrations in jurisdictions of registration of the Eric Ryan Corporation.



B-3 "Disclosure of Liabilities and Investigations,"
The Eric Ryan Corporation

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

The Eric Ryan Corporation is not involved in any existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations or any other matter that could adversely impact the company's ability to provide services.

B – 6 Environmental disclosure

This section is only applicable if power marketer or retail electric generation provider has been selected in A-1.

Not applicable.

C – 1 Financial Reporting

The Eric Ryan Corporation is a privately held entity, which is completely owned by the President and CEO. The company does not have the obligation to file Form 10-K with the Securities and Exchange Commission.

The assets of the Eric Ryan Corporation were purchased by Renodis, Inc of St. Paul Minnesota by Renodis Inc.

Neither the Eric Ryan Corporation or Renodis, Inc. is required to file Form 10 – K with the SEC, as both entities are privately held.

Renodis
Balance Sheets
10/31/2022

	Renodis, Inc.	Renodis Acquisition	Intercompany	Consolidated
ASSETS				
Current Assets				
Cash	3,538,703	0		3,538,703
Accounts Receivable - TEM	424,790		0	424,790
Accounts Receivable - Other Carriers	686,549	0		686,549
Accounts Receivable - CenturyLink Lag	364,230	0		364,230
Allowance for Doubtful accounts	(91,870)			(91,870)
Total Accounts Receivable	1,383,699	0	0	1,383,699
Prepaid Insurance	13,061			13,061
Prepaid Commissions	36,249	0		36,249
Prepaid Expenses - Other	54,777			54,777
Inventory Asset	0			0
Intercompany Receivable	25,091			25,091
Interest Receivable	3,968			3,968
Total Current Assets	5,055,549	0	0	5,055,549
Other Assets				
Fixed Assets - Net	5,561	0		5,561
Prepaid Commissions - Non-Current	0			0
Note Receivable	1,146,788			1,146,788
Other Assets	3,317			3,317
Intangible Assets - Net	77,500	0		77,500
Deferred Expenses				0
Investment in RCN/RTech	950,000			950,000
Investment in Renodis ER	5,673,333		0	5,673,333
Total Other Assets	7,856,500	0	0	7,856,500
Total Assets	12,912,049	0	0	12,912,049
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	446,559	0	0	446,559
Accrued Expenses Payable	480,830	0		480,830
Shareholder Redemption Note - Current	229,071	0		229,071
Term Loan	410,454			410,454
Deferred Revenue	48,505			48,505
Commission Payable - Other Carriers	96,807	0		96,807
Commission Payable - CenturyLink Lag	50,992	0		50,992
Commission Payable	58,597	0		58,597
Intercompany Payable	0	0	0	0
Total Current Liabilities	1,821,815	0	0	1,821,815
Long-Term Liabilities				
Term Loan	5,089,546	0		5,089,546
Main Street Loan	3,518,493			3,518,493
Main Street Closing Costs	(133,541)			(133,541)
Shareholder Redemption Note	1,698,207			1,698,207
Shareholder Loan	0			0
Payroll Protection Loan	0			0
Deferred Comp Payable	848,810			848,810
Total Long-Term liabilities	11,021,515	0	0	11,021,515
Total Liabilities	12,843,330	0	0	12,843,330
Equity				
Capital Stock	28,491			28,491
Retained Earnings - Net	(398,345)	0	0	(398,345)
Net Income (Loss)	438,573	0		438,573
Total Equity	68,719	0	0	68,719
Total Liabilities & Equity	12,912,049	0	0	12,912,049

Renodis
Profit & Loss Statements
January - October 31, 2022

	Renodis, Inc.	Renodis Acquisition	Intercompany	Renodis
REVENUE				
Mobility	639,360			639,360
Support Services	201,514			201,514
Telecom Expense Management	2,087,739	0		2,087,739
Enterprise Network Service	5,084,555	0		5,084,555
Other Income	891,267			891,267
Rental Income			0	0
Total Revenue	8,904,435	0	0	8,904,435
COST OF GOODS SOLD				
Labor, Taxes & Benefits	2,182,283	0		2,182,283
Contracted Services	2,100	0		2,100
Intercompany Charges	0	0		0
Purchases	677,797			677,797
Total Cost of Goods Sold	2,862,180	0	0	2,862,180
GROSS PROFIT	6,042,255	0	0	6,042,255
SALES & MARKETING				
Commissions	930,414	0		930,414
Labor, Taxes & Benefits	551,444	0		551,444
Other Sales Costs	140,095			140,095
Total Sales & Marketing	1,621,953	0	0	1,621,953
MANAGEMENT and G&A				
Labor, Taxes & Benefits	1,339,351	0		1,339,351
Professional Services	109,381	0		109,381
St Paul Rent Expense	185,000		0	185,000
Other Office Costs	366,338	0		366,338
Other Rents	73,733	0		73,733
Depreciation	6,565	0		6,565
Travel, Meals & Entertainment	121,118			121,118
Telecommunication Services	9,869	0		9,869
Real Estate Taxes				0
Insurance	45,252			45,252
Customer Bad Debt Expense	0			0
Total Mgmt and G&A	2,256,608	0	0	2,256,608
OTHER INCOME/EXPENSE				
Interest Income	150,899			150,899
Misc Income	(3,504)			(3,504)
Gain on PPP loan Extinguishment	0			0
Total Other Income	147,396	0	0	147,396
Amortization Expense	12,500	0		12,500
Interest Expense	693,242	0	0	693,242
Incentive Expense	156,842			156,842
M&A Transaction Costs	492,456			492,456
R&D	342,230			342,230
Taxes	175,247	0		175,247
Other Expense - Clearing Account	0			0
Total Other Expenses	1,872,518	0	0	1,872,518
Net Other (Income)/Expense	1,725,122	0	0	1,725,122
Total Expenses	5,603,682	0	0	5,603,682
NET INCOME	438,573	0	0	438,573

Renodis
Balance Sheets
10/31/2022

	Renodis, Inc.	Renodis Acquisition	Intercompany	Consolidated
ASSETS				
Current Assets				
Cash	3,538,703	0		3,538,703
Accounts Receivable - TEM	424,790		0	424,790
Accounts Receivable - Other Carriers	686,549	0		686,549
Accounts Receivable - CenturyLink Lag	364,230	0		364,230
Allowance for Doubtful accounts	(91,870)			(91,870)
Total Accounts Receivable	1,383,699	0	0	1,383,699
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Prepaid Expenses - Other	54,777			54,777
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Intercompany Receivable	25,091			25,091
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Other Assets				
Fixed Assets - Net	5,561	0		5,561
Prepaid Commissions - Non-Current	0			0
Note Receivable	1,146,788			1,146,788
Other Assets	3,317			3,317
Intangible Assets - Net	77,500	0		77,500
Deferred Expenses				0
Investment in RCN/RTech	950,000			950,000
Investment in Renodis ER	5,673,333		0	5,673,333
Total Other Assets	7,856,500	0	0	7,856,500
Total Assets	12,912,049	0	0	12,912,049
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	446,559	0	0	446,559
Accrued Expenses Payable	480,830	0		480,830
Shareholder Redemption Note - Current	229,071	0		229,071
Term Loan	410,454			410,454
Deferred Revenue	48,505			48,505
Commission Payable - Other Carriers	96,807	0		96,807
Commission Payable - CenturyLink Lag	50,992	0		50,992
Commission Payable	58,597	0		58,597
Intercompany Payable	0	0	0	0
Total Current Liabilities	1,821,815	0	0	1,821,815
Long-Term Liabilities				
Term Loan	5,089,546	0		5,089,546
Main Street Loan	3,518,493			3,518,493
Main Street Closing Costs	(133,541)			(133,541)
Shareholder Redemption Note	1,698,207			1,698,207
Shareholder Loan	0			0
Payroll Protection Loan	0			0
Deferred Comp Payable	848,810			848,810
Total Long-Term liabilities	11,021,515	0	0	11,021,515
Total Liabilities	12,843,330	0	0	12,843,330
Equity				
Capital Stock	28,491			28,491
Retained Earnings - Net	(398,345)	0	0	(398,345)
Net Income (Loss)	438,573	0		438,573
Total Equity	68,719	0	0	68,719
Total Liabilities & Equity	12,912,049	0	0	12,912,049

Renodis, Inc.

Financial Statements Together with Independent Auditors' Report

December 31, 2021

RENODIS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Renodis, Inc.
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Renodis, Inc., which comprise the balance sheet as of December 31, 2021 and 2020, and the related statements of income, stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renodis, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renodis, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Renodis, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Renodis, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Renodis, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Roseville, Minnesota
May 31, 2022

Olsen Thielens & Co., Ltd.

RENODIS, INC.
BALANCE SHEET
DECEMBER 31, 2021 AND 2020

ASSETS		
	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash	\$ 16,085,854	\$ 15,807,330
Investments	306,938	307,238
Accounts Receivable, Less Allowance for Doubtful Accounts of \$185,000 and \$285,000	1,303,702	1,054,499
Work in Progress	154,530	78,229
Prepaid Expenses	150,746	165,586
Total Current Assets	<u>18,001,770</u>	<u>17,412,882</u>
 PROPERTY AND EQUIPMENT, NET	 <u>12,127</u>	 <u>18,332</u>
 GOODWILL, NET	 <u>90,000</u>	 <u>105,000</u>
 TOTAL ASSETS	 <u>\$ 18,103,897</u>	 <u>\$ 17,536,214</u>
 LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 280,000	\$ 254,000
Accounts Payable	187,660	123,305
Accrued Commissions	211,281	188,489
Deferred Revenue	63,214	38,755
Other Accrued Expenses	357,770	317,632
Total Current Liabilities	<u>1,099,925</u>	<u>922,181</u>
 DEFERRED COMPENSATION	 <u>848,810</u>	 <u>372,574</u>
 LONG-TERM DEBT, NET OF CURRENT PORTION	 <u>16,134,674</u>	 <u>15,954,607</u>
 STOCKHOLDER'S EQUITY:		
Common Stock, \$.0001 Par Value; 27,500,000 Shares Authorized; 25,000,000 Shares Issued and Outstanding	2,500	2,500
Additional Paid-in Capital	25,991	25,991
Retained Earnings (Accumulated Deficit)	(8,003)	258,361
Total Stockholder's Equity	<u>20,488</u>	<u>286,852</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	 <u>\$ 18,103,897</u>	 <u>\$ 17,536,214</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

STATEMENT OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUE:		
Agency Commissions	\$ 6,526,616	\$ 6,375,620
Managed Services	4,672,233	4,233,430
Total Revenue	<u>11,198,849</u>	<u>10,609,050</u>
DIRECT COSTS:		
Compensation and Benefits	2,621,145	2,708,332
Contracted Services and Purchases	1,369,826	1,155,769
Total Direct Costs	<u>3,990,971</u>	<u>3,864,101</u>
GROSS PROFIT	<u>7,207,878</u>	<u>6,744,949</u>
OPERATING EXPENSES:		
Compensation and Benefits	2,999,661	2,569,056
Commissions and Selling Costs	927,839	779,610
Professional Fees	532,089	301,322
General and Administrative	365,090	434,350
Rent	305,247	213,553
Depreciation and Amortization	24,806	62,331
Total Operating Expenses	<u>5,154,732</u>	<u>4,360,222</u>
OPERATING INCOME	<u>2,053,146</u>	<u>2,384,727</u>
OTHER INCOME (EXPENSE):		
Other Income	62,261	5,770
PPP Debt Relief	-	797,500
Interest Expense	(726,856)	(268,391)
Total Other Income (Expense)	<u>(664,595)</u>	<u>534,879</u>
INCOME BEFORE INCOME TAXES	<u>1,388,551</u>	<u>2,919,606</u>
INCOME TAX EXPENSE	<u>178,625</u>	<u>4,942</u>
NET INCOME	<u>\$ 1,209,926</u>	<u>\$ 2,914,664</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

STATEMENT OF STOCKHOLDER'S EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity (Deficit)
	Shares	Amount			
BALANCE at December 31, 2019	25,000,000	\$ 2,500	\$ 25,991	\$ (964,238)	\$ (935,747)
Stockholder Distributions	-	-	-	(1,692,065)	(1,692,065)
Net Income	-	-	-	2,914,664	2,914,664
BALANCE at December 31, 2020	25,000,000	2,500	25,991	258,361	286,852
Stockholder Distributions	-	-	-	(1,476,290)	(1,476,290)
Net Income	-	-	-	1,209,926	1,209,926
BALANCE at December 31, 2021	<u>25,000,000</u>	<u>\$ 2,500</u>	<u>\$ 25,991</u>	<u>\$ (8,003)</u>	<u>\$ 20,488</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 1,209,926	\$ 2,914,664
Adjustments to Reconcile Net Income to Net Cash		
Flows from Operating Activities:		
Depreciation and Amortization	24,806	62,331
Amortization of Debt Issuance Costs	42,997	-
Unrealized (Gain) Loss on Investments	1,533	(317)
PPP Debt Relief	-	(797,500)
Interest Added to Long-Term Debt	415,287	10,060
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(249,203)	220,494
Work in Progress	(76,301)	(37,248)
Prepaid Expenses	14,840	(26,712)
Accounts Payable	64,355	(174,369)
Accrued Commissions	22,792	11,106
Deferred Revenue	24,459	(9,172)
Deferred Compensation	476,236	353,854
Other Accrued Expenses	40,138	193,706
Net Cash Flows from Operating Activities	<u>2,011,865</u>	<u>2,720,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(1,233)	(3,053)
Purchase of Equipment	(3,601)	(7,326)
Net Cash Flows from Investing Activities	<u>(4,834)</u>	<u>(10,379)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Debt, Net of Loan Costs	-	13,788,320
Proceeds from PPP Loan	-	797,500
Payments on Long-Term Debt	(252,217)	(248,130)
Stockholder Distributions	(1,476,290)	(1,692,065)
Net Cash Flows from Financing Activities	<u>(1,728,507)</u>	<u>12,645,625</u>
NET CHANGE IN CASH	278,524	15,356,143
CASH at Beginning of Year	<u>15,807,330</u>	<u>451,187</u>
CASH at End of Year	<u>\$ 16,085,854</u>	<u>\$ 15,807,330</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	<u>\$ 235,077</u>	<u>\$ 452,008</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Renodis, Inc.'s (the Company) principal line of business is Telecom Managed Services. The Company's principal office is in St. Paul, Minnesota. The Company grants credit to its customers, primarily in Minnesota or its bordering states.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Company has evaluated for recognition or disclosure the events or transactions that occurred through May 31, 2022, the date the financial statements were available to be issued. Except as discussed below in Note 11, there were no subsequent events that required recognition or disclosure in the financial statements.

Accounts Receivable

Receivables are stated at the amounts the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through charges to the valuation allowance and credits to receivable accounts. Due mainly to COVID-19 and the uncertainty of how it would impact the Company's customers, the Company recorded a \$285,000 reserve as of December 31, 2020. As this had less impact than projected, management reduced the reserve to \$185,000 as of December 31, 2021.

Property, Equipment and Depreciation

Property and equipment are recorded at original cost. Additions, improvements, or major renewals are capitalized. Any gains or losses on property and equipment retirements are reflected currently in operations.

Depreciation is computed using the straight-line method based on estimated service lives, which range from three to seven years.

Investments

The company follows current generally accepted accounting standards relating to accounting for investment securities. These standards require equity investments (except those accounted for under the equity method of accounting, or those that result in the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Realized gains and losses on the sale of investments are determined using the specific identification method. For all investment securities, fair value is determined by reference to quoted prices in active markets.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near future and that such changes could materially affect the investment balances.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. The Company uses the alternative accounting approach for the subsequent accounting for goodwill as provided for non-public companies. The Company amortizes goodwill on a straight-line basis over a period of ten years. Also pursuant to the accounting alternative, the Company will test its goodwill for impairment only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount.

Revenue Recognition

The Company's Agency Commission Revenue is derived primarily from fees paid by carriers to the Company. These fees are based upon a percentage of the revenue billed by the carrier to the end user of the carrier's services. For this revenue, the Company is expected to act as a liaison between the carrier and the end user of the carrier's services and may agree to provide other services to the customer. These services are considered to be single performance obligations that are satisfied over time. The Company generally recognizes this form of revenue monthly as the carrier bills the end user customer for its services.

The Company's other revenues are derived primarily from providing telecom managed services under written fixed-fee or time-and-expense billing arrangements. These services are considered to be single performance obligations that are satisfied over time. In fixed-fee billing arrangements, the Company agrees to a pre-established fee in exchange for a predetermined set of professional services. The fees based on an estimate of the costs and timing for completing the engagements. The Company generally recognizes revenues monthly, which is based on work completed.

The payment terms and conditions in the Company's customer contracts vary. Differences between the timing of billings and the recognition of revenue are recognized as either work-in-progress or deferred revenues in the accompanying balance sheet. Revenues recognized for services performed but not yet billed to clients are recorded as work-in-progress. Revenues recognized, but for which we are not yet entitled to bill because certain events, such as the completion of the measurement period or client approval, must occur, are recorded as contract assets, and included within work-in-progress. Client prepayments and retainers are classified as deferred revenues and recognized over future periods as earned in accordance with the applicable engagement agreement.

As a practical expedient, the Company groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying this accounting standard to the individual contracts.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Company records commissions to its sales force upon the signing of contracts by its customers. The Company has elected the practical expedient allowed in the standard to charge these commissions to expense as they are incurred.

Contract assets include work-in-progress amounts typically resulting from sales under contracts. Contract asset balances were \$154,530 and \$78,229 as of December 31, 2021 and 2020.

Contract liabilities include deferred revenues related to advanced payments for services not yet performed. Contract liability balances were \$63,214 and \$38,755 as of December 31, 2021 and 2020.

Income Taxes

The Company's federal income is taxed to the shareholders under Subchapter S of the Internal Revenue Code. The Company has elected to have its Minnesota state income taxed at the corporate level as allowed in the State of Minnesota beginning January 1, 2021. The provision for state income taxes consists of an amount for Minnesota taxes currently payable including the state minimum fees.

For 2021 and 2020, the Company paid \$178,625 and \$4,942 for state income taxes.

The Company reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is not subject to income taxes as a pass-through entity. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Company has identified no significant income tax uncertainties.

Advertising

Advertising costs are expensed as incurred. Total advertising expenses were \$40,100 and \$60,000 for 2021 and 2020.

Debt Issuance Costs

The Company presents debt issuance costs as a direct deduction from the amount of the related debt and amortizes debt issuance costs using the effective interest method over the life of the debt, and record amortization as a component of interest expense.

Credit Risk

Financial Instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Company had a credit risk concentration as a result of depositing \$15,634,000 of funds in excess of insurance limits.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk (Continued)

Concentration of credit risk with respect to managed services accounts receivable are limited due to the Company's large number of customers and their dispersion across many different industries and states. As of December 31, 2021, with respect to the Agency Commission accounts receivable, one carrier comprised 30% of the total accounts receivable balance.

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, which are observable either directly or indirectly; and

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Company holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Company's investments was determined based on level 1 inputs.

Recently Issued Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for fiscal periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Company is currently evaluating this guidance to determine the impact it may have on its financial statements.

Risks and Uncertainties

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Company cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact its operations and financial statements.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - INVESTMENTS

The cost and fair values of investment securities available-for-sale were as follows:

Description	December 31, 2021			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 307,853	\$ -	\$ 915	\$ 306,938

Description	December 31, 2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 306,620	\$ 618	\$ -	\$ 307,238

Net investment income (loss) for this investment was \$(301) and \$3,370 for 2021 and 2020.

NOTE 3 - PROPERTY AND EQUIPMENT

The Company's investment in property and equipment consists of the following:

	2021	2020
Computers and Equipment	\$ 449,658	\$ 446,056
Leasehold Improvements	115,941	115,941
Furniture and Fixtures	56,976	56,976
	<u>622,575</u>	<u>618,973</u>
Less Accumulated Depreciation	<u>(610,448)</u>	<u>(600,641)</u>
	<u>\$ 12,127</u>	<u>\$ 18,332</u>

Depreciation expense was \$9,806 and \$47,331 for 2021 and 2020.

NOTE 4 - GOODWILL

The Company's investment in goodwill consists of the following:

	2021	2020
Goodwill	\$ 150,000	\$ 150,000
Less Accumulated Amortization	<u>(60,000)</u>	<u>(45,000)</u>
	<u>\$ 90,000</u>	<u>\$ 105,000</u>

Amortization expense was \$15,000 for December 31, 2021 and 2020. Estimated amortization expense of goodwill for each of the succeeding six years is \$15,000.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM DEBT

Long-Term Debt

Long-term debt is as follows:

	<u>2021</u>	<u>2020</u>
Note payable to a bank including interest at 3% above the LIBOR Base Rate (3.1% on December 31, 2021). For the first year, interest is capitalized into the principal. Effective January 1, 2022, interest is payable monthly. Principal is due at 15% for 2023 and 2024 with the remainder due on November 30, 2025. The note is secured by certain assets and is guaranteed by the stockholder.	\$ 14,425,347	\$ 14,010,060
Subordinated non-interest bearing note payable to former stockholder in connection with the redemption of Company shares. The note is payable in \$40,608 monthly installments to December 31, 2027. The note payable was recorded at the present value of its future cash flows using an imputed interest rate of 10%.	2,158,010	2,410,227
Less Unamortized Debt Issuance Costs	(168,683)	(211,680)
Total	16,414,674	16,208,607
Less Amount Due Within One Year	280,000	254,000
Long-Term Debt	<u>\$ 16,134,674</u>	<u>\$ 15,954,607</u>

Principal payments required during the next five years are:

2022	\$ 280,000
2023	2,474,000
2024	2,507,000
2025	10,478,000
2026	380,000

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. Part of CARES was the Paycheck Protection Program (PPP), which allowed for companies to apply for a potentially forgivable loan if the proceeds were used for the specified purposes. In April 2020, the Company received a \$797,500 loan from the PPP program and used it for the designated purposes. The Company recorded the debt forgiveness as a government grant, based on the following:

A borrower may elect to account for a PPP loan as a government grant in substance by applying the guidance in IAS 20 by analogy if it is probable that it will meet both (a) the eligibility criteria for a PPP loan, and (b) the loan forgiveness criteria for all or substantially all of the PPP loan.

As the Company received the debt forgiveness notification dated January 19, 2021, the above criteria had been met.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LEASE COMMITMENTS

The Company maintains its corporate office in St. Paul, Minnesota, under terms of a non-cancelable lease which extends to December 2025. This lease is with an entity with common ownership. In addition, the Company leases space in Edina, Minnesota on a lease that expires October 2024.

Lease expense and future minimum commitments for these leases are as follows:

	Related Party	Unrelated	Total
Expense:			
2021	\$ 222,000	\$ 83,247	\$ 305,247
2020	129,600	83,953	213,553
Commitment:			
2022	\$ 222,000	\$ 43,500	\$ 265,500
2023	222,000	44,700	266,700
2024	222,000	38,200	260,200
2025	222,000	—	222,000
Total Commitment	\$ 888,000	\$ 126,400	\$ 1,014,400

NOTE 7 - CONTINGENCIES

The Company is exposed to various asserted and unasserted claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

NOTE 8 - RETIREMENT PLAN

Renodis, Inc.'s 401(k) plan is a defined contribution plan that covers all employees meeting certain eligibility requirements. Participants may contribute up to 98% of their compensation in any plan year, subject to the IRS annual limitations. Employer contributions consist of a discretionary match. Employer contributions were \$30,500 and \$27,800 for 2021 and 2020.

NOTE 9 - DEFERRED COMPENSATION

For certain key employees, the Company provides long term incentives and rewards in the form of deferred compensation. The agreements are unfunded deferred compensation arrangements as defined by the Employee Retirement Income Security Act of 1974. On December 31, 2021 and 2020, the balance in this account was \$848,810 and \$372,574.

During 2021 and 2020, the Company granted additional rewards, which vest 20% per year. These awards will be fully vested in 2026 and 2025.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - MAJOR CUSTOMER

The Company derived 50% of its revenue from two carriers for 2021 and 44% from two carriers for 2020.

NOTE 11 - ACQUISITIONS

On February 28, 2022, the Company purchased 30% of the member units of RCN Communications LLC (RCN) for \$950,000. In addition, the Company loaned RCN \$1,000,000 at 12% interest payable monthly. At any time prior to the maturity date of this note February 28, 2027, the Company can convert this loan to an additional 19.9% stake in RCN.

On February 28, 2022, the Company purchased 30% of the member units of RTech Solutions LLC (RTech) for \$250,000. In addition, the Company loaned RTech \$300,000 at 12% interest payable monthly. At any time prior to the maturity date of this note February 28, 2027, the Company can convert this loan to an additional 21.1% stake in RTech.

Renodis, Inc.

Financial Statements Together with Independent Auditors' Report

December 31, 2020

RENODIS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Renodis, Inc.
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Renodis, Inc. (a Minnesota corporation), which comprise the balance sheet as of December 31, 2020 and 2019, and the related statements of income, stockholder's equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renodis, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Olsen Thielen & Co., Ltd.

Roseville, Minnesota
April 22, 2021

RENODIS, INC.
BALANCE SHEET
DECEMBER 31, 2020 AND 2019

ASSETS		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash	\$ 15,807,330	\$ 451,187
Investments	307,238	303,868
Accounts Receivable, Less Allowance for Doubtful		
Accounts of \$285,000 and \$0	1,054,499	1,274,993
Work in Progress	78,229	40,981
Prepaid Expenses	165,586	138,874
Total Current Assets	<u>17,412,882</u>	<u>2,209,903</u>
 PROPERTY AND EQUIPMENT, NET	 <u>18,332</u>	 <u>58,337</u>
 GOODWILL, NET	 <u>105,000</u>	 <u>120,000</u>
 TOTAL ASSETS	 <u>\$ 17,536,214</u>	 <u>\$ 2,388,240</u>
LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 254,000	\$ 229,000
Accounts Payable	123,305	297,674
Accrued Commissions	188,489	177,383
Deferred Revenue	38,755	47,927
Other Accrued Expenses	317,632	123,926
Total Current Liabilities	<u>922,181</u>	<u>875,910</u>
 DEFERRED COMPENSATION	 <u>372,574</u>	 <u>18,720</u>
 LONG-TERM DEBT, NET OF CURRENT PORTION	 <u>15,954,607</u>	 <u>2,429,357</u>
 STOCKHOLDER'S EQUITY (DEFICIT):		
Common Stock, \$.0001 Par Value; 27,500,000 Shares		
Authorized; 25,000,000 Shares Issued and Outstanding	2,500	2,500
Additional Paid-in Capital	25,991	25,991
Retained Earnings (Accumulated Deficit)	258,361	(964,238)
Total Stockholder's Equity (Deficit)	<u>286,852</u>	<u>(935,747)</u>
 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)	 <u>\$ 17,536,214</u>	 <u>\$ 2,388,240</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.**STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUE:		
Agency Commissions	\$ 6,375,620	\$ 6,084,094
Managed Services	<u>4,233,430</u>	<u>3,922,268</u>
Total Revenue	<u>10,609,050</u>	<u>10,006,362</u>
DIRECT COSTS:		
Compensation and Benefits	2,708,332	2,600,183
Contracted Services and Purchases	<u>1,155,769</u>	<u>1,357,524</u>
Total Direct Costs	<u>3,864,101</u>	<u>3,957,707</u>
GROSS PROFIT	<u>6,744,949</u>	<u>6,048,655</u>
OPERATING EXPENSES:		
Compensation and Benefits	2,569,056	1,932,739
Commissions and Selling Costs	779,610	863,624
General and Administrative	439,292	392,496
Professional Fees	301,322	732,739
Rent	213,553	224,024
Depreciation and Amortization	<u>62,331</u>	<u>57,829</u>
Total Operating Expenses	<u>4,365,164</u>	<u>4,203,451</u>
OPERATING INCOME	<u>2,379,785</u>	<u>1,845,204</u>
OTHER INCOME (EXPENSE):		
Other Income	5,770	5,187
PPP Debt Relief	797,500	-
Interest Expense	<u>(268,391)</u>	<u>(256,543)</u>
Total Other Income (Expense)	<u>534,879</u>	<u>(251,356)</u>
NET INCOME	<u>\$ 2,914,664</u>	<u>\$ 1,593,848</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

STATEMENT OF STOCKHOLDER'S EQUITY (DEFICIT) FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
			Capital	(Accumulated	Equity
				Deficit)	(Deficit)
BALANCE at December 31, 2018	25,000,000	\$ 2,500	\$ 25,991	\$ (1,267,168)	\$ (1,238,677)
Stockholder Distributions	-	-	-	(1,290,918)	(1,290,918)
Net Income	-	-	-	1,593,848	1,593,848
BALANCE at December 31, 2019	25,000,000	2,500	25,991	(964,238)	(935,747)
Stockholder Distributions	-	-	-	(1,692,065)	(1,692,065)
Net Income	-	-	-	2,914,664	2,914,664
BALANCE at December 31, 2020	<u>25,000,000</u>	<u>\$ 2,500</u>	<u>\$ 25,991</u>	<u>\$ 258,361</u>	<u>\$ 286,852</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,914,664	\$ 1,593,848
Adjustments to Reconcile Net Income to Net Cash		
Flows from Operating Activities:		
Depreciation and Amortization	62,331	57,829
Unrealized Gain on Investments	(317)	(301)
PPP Debt Relief	(797,500)	—
Interest Imputed on Long-Term Debt	10,060	193,785
Changes in Operating Assets and Liabilities:		
Accounts Receivable	220,494	(248,977)
Work in Progress	(37,248)	(23,586)
Prepaid Expenses	(26,712)	(39,137)
Accounts Payable	(174,369)	124,991
Accrued Commissions	11,106	17,636
Deferred Revenue	(9,172)	(83,927)
Deferred Compensation	353,854	18,720
Other Accrued Expenses	193,706	(87,472)
Net Cash Flows from Operating Activities	<u>2,720,897</u>	<u>1,523,409</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(3,053)	(303,567)
Purchase of Equipment	(7,326)	(16,575)
Net Cash Flows from Investing Activities	<u>(10,379)</u>	<u>(320,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Long-Term Debt, Net of Loan Costs	13,788,320	—
Proceeds from PPP Loan	797,500	—
Payments on Long-Term Debt	(248,130)	—
Stockholder Distributions	(1,692,065)	(1,290,918)
Net Cash Flows from Financing Activities	<u>12,645,625</u>	<u>(1,290,918)</u>
NET CHANGE IN CASH	15,356,143	(87,651)
CASH at Beginning of Year	451,187	538,838
CASH at End of Year	\$ 15,807,330	\$ 451,187
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	<u>\$ 452,008</u>	<u>\$ 62,758</u>

The accompanying notes are an integral part of the financial statements.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Renodis, Inc.'s (the Company) principal line of business is Telecom Managed Services. The Company's principal office is in St. Paul, Minnesota. The Company grants credit to its customers, most of whom are in Minnesota or its bordering states.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Company has evaluated for recognition or disclosure the events or transactions that occurred through April 22, 2021, the date the financial statements were available to be issued. Except as discussed below in Note 6, there were no subsequent events that required recognition or disclosure in the financial statements.

Accounts Receivable

Receivables are stated at the amounts the Company expects to collect from outstanding balances. The Company provides for probable uncollectible amounts through charges to earnings and credits to the valuation allowance based on management's assessment of the current status of individual accounts. Balances that are still outstanding after the Company has used reasonable collection efforts are written off through charges to the valuation allowance and credits to receivable accounts. Due mainly to COVID-19 and the uncertainty of how it would impact the Company's customers, the Company recorded a \$285,000 reserve during 2020.

Property, Equipment and Depreciation

Property and equipment are recorded at original cost. Additions, improvements, or major renewals are capitalized. Any gains or losses on property and equipment retirements are reflected currently in operations.

Depreciation is computed using the straight-line method based on estimated service lives, which range from three to seven years.

Investments

The Company follows Accounting Standards Update (ASU) 2016-01 *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU requires equity investments (except those accounted for under the equity method of accounting, or those that result in the consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Realized gains and losses on the sale of investments are determined using the specific identification method. For all investment securities, fair value is determined by reference to quoted prices in active markets.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investment will occur in the near future and that such changes could materially affect the investment balances.

Goodwill

Goodwill represents the excess of the purchase price of acquisitions over the fair value of the net assets acquired. The Company uses the alternative accounting approach for the subsequent accounting for goodwill as provided for non-public companies. The Company amortizes goodwill on a straight-line basis over a period of ten years. Also pursuant to the accounting alternative, the Company will test its goodwill for impairment only upon the occurrence of an event or circumstance that may indicate the fair value of the entity is less than its carrying amount.

Revenue Recognition

The Company's Agency Commission Revenue is derived primarily from fees paid by carriers to the Company. These fees are based upon a percentage of the revenue billed by the carrier to the end user of the carrier's services. For this revenue, the Company is expected to act as a liaison between the carrier and the end user of the carrier's services and may agree to provide other services to the customer. These services are considered to be single performance obligations that are satisfied over time. The Company generally recognizes this form of revenue monthly as the carrier bills the end user customer for its services.

The Company's other revenues are derived primarily from providing telecom managed services under written fixed-fee or time-and-expense billing arrangements. These services are considered to be single performance obligations that are satisfied over time. In fixed-fee billing arrangements, the Company agrees to a pre-established fee in exchange for a predetermined set of professional services. The fees based on an estimate of the costs and timing for completing the engagements. The Company generally recognizes revenues monthly, which is based on work completed.

The payment terms and conditions in the Company's customer contracts vary. Differences between the timing of billings and the recognition of revenue are recognized as either work-in-progress or deferred revenues in the accompanying balance sheet. Revenues recognized for services performed but not yet billed to clients are recorded as work-in-progress. Revenues recognized, but for which we are not yet entitled to bill because certain events, such as the completion of the measurement period or client approval, must occur, are recorded as contract assets, and included within work-in-progress. Client prepayments and retainers are classified as deferred revenues and recognized over future periods as earned in accordance with the applicable engagement agreement.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

As a practical expedient, the Company groups similar contracts or similar performance obligations together into portfolios of contracts if doing so does not result in a significant difference from applying the new accounting standard to the individual contracts.

The Company records commissions to its sales force upon the signing of contracts by its customers. The Company has elected the practical expedient allowed in the standard to charge these commissions to expense as they are incurred.

Contract assets include work-in-progress amounts typically resulting from sales under contracts. Contract asset balances were \$78,229 and \$40,981 on December 31, 2020 and 2019.

Contract liabilities include deferred revenues related to advanced payments for services not yet performed. Contract liability balances were \$38,755 and \$47,927 on December 31, 2020 and 2019.

Income Taxes

The Company has elected to have its income taxed to the shareholders under Subchapter S of the Internal Revenue Code. Therefore, the statements do not include a provision for income taxes.

The Company reviews income tax positions taken or expected to be taken in income tax returns to determine if there are any income tax uncertainties. This includes positions that the entity is not subject to income taxes as a pass-through entity. The Company recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities, based on the technical merits of the positions. The Company has identified no significant income tax uncertainties.

Advertising

Advertising costs are expensed as incurred. Total advertising expenses were \$60,000 and \$89,000 for 2020 and 2019.

Credit Risk

Financial Instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and accounts receivable.

The Company places its cash with high credit quality financial institutions and, by policy, generally limits the amount of credit exposure to any one financial institution. The Company had a credit risk concentration as a result of depositing \$15,332,000 of funds in excess of insurance limits.

Concentration of credit risk with respect to managed services accounts receivable are limited due to the Company's large number of customers and their dispersion across many different industries and states. As of December 31, 2020, with respect to the Agency Commission accounts receivable, one carrier comprised 42% of the total accounts receivable balance.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Observable inputs such as quoted prices in active markets;

Level 2 - Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 - Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

The Company uses observable market data, when available, in making fair value measurements. Fair value measurements are classified according to the lowest level input that is significant to the valuation.

The Company holds certain assets that are required to be measured at fair value on a recurring basis. The fair value of the Company's investments was determined based on level 1 inputs.

Recently Issued Accounting Pronouncement

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. This ASU is effective for fiscal periods beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted. It is to be adopted using the modified retrospective approach. The Company is currently evaluating this guidance to determine the impact it may have on its financial statements.

NOTE 2 - INVESTMENTS

The cost and fair values of investment securities available-for-sale were as follows:

Description	December 31, 2020			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 306,620	\$ 618	\$ -	\$ 307,238
Description	December 31, 2019			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 303,567	\$ 301	\$ -	\$ 303,868

Net investment income for this investment was \$3,370 and \$3,868 for 2020 and 2019.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

The Company's investment in property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Computers and Equipment	\$ 446,056	\$ 438,730
Leasehold Improvements	115,941	115,941
Furniture and Fixtures	56,976	56,976
	<u>618,973</u>	<u>611,647</u>
Less Accumulated Depreciation	<u>(600,641)</u>	<u>(553,310)</u>
	<u>\$ 18,332</u>	<u>\$ 58,337</u>

Depreciation expense was \$47,331 and \$42,829 for 2020 and 2019.

NOTE 4 - GOODWILL

The Company's investment in goodwill consists of the following:

	<u>2020</u>	<u>2019</u>
Goodwill	\$ 150,000	\$ 150,000
Less Accumulated Amortization	<u>(45,000)</u>	<u>(30,000)</u>
	<u>\$ 105,000</u>	<u>\$ 120,000</u>

Amortization expense was \$15,000 for 2020 and 2019. Estimated amortization expense of goodwill for each of the succeeding seven years is \$15,000.

NOTE 5 - LINE OF CREDIT AND LONG-TERM DEBT

Line of Credit

The Company had a line of credit agreement with a bank, which enabled the Company to borrow up to \$700,000 at the greater of 4.5% or prime rate plus 1%. The line of credit was secured by substantially all company assets and was guaranteed by the stockholder of the Company. The agreement contained covenants relating to financial ratios and reporting. The line of credit matured June 5, 2020.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LINE OF CREDIT AND LONG-TERM DEBT (Continued)

Long-Term Debt

Long-term debt is as follows:

	<u>2020</u>	<u>2019</u>
Note payable to a bank including interest at 3% above the LIBOR Base Rate (3.18% on December 31, 2020). For the first year, interest is capitalized into the principal. The accrued interest is payable after one year. Effective January 1, 2022, interest is payable monthly. Principal is due at 15% for the third and fourth year with the remainder due on November 30, 2025. The note is secured by certain assets and is guaranteed by the stockholder.	\$ 14,010,060	\$ —
Subordinated non-interest bearing note payable to former stockholder in connection with the redemption of Company shares. The note is payable in \$5,000 monthly installments to December 31, 2020. Starting in 2020, the monthly installments are \$40,608 to December 31, 2027. The note payable was recorded at the present value of its future cash flows using an imputed interest rate of 10%.	2,410,227	2,658,357
Less Unamortized Debt Issuance Costs	(211,680)	—
Total	16,208,607	2,658,357
Less Amount Due Within One Year	254,000	229,000
Long-Term Debt	<u>\$ 15,954,607</u>	<u>\$ 2,429,357</u>

Principal payments required during the next five years are:

2021	\$ 254,000
2022	280,000
2023	2,410,000
2024	2,443,000
2025	10,180,000

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law. Part of CARES was the Paycheck Protection Program (PPP), which allowed for companies to apply for a potentially forgivable loan if the proceeds were used for the specified purposes. In April 2020, the Company received a \$797,500 loan from the PPP program and used it for the designated purposes. The Company recorded the debt forgiveness as a government grant, based on the following:

A borrower may elect to account for a PPP loan as a government grant in substance by applying the guidance in IAS 20 by analogy if it is probable that it will meet both (a) the eligibility criteria for a PPP loan, and (b) the loan forgiveness criteria for all or substantially all of the PPP loan.

As the Company received the debt forgiveness notification dated January 19, 2021, the above criteria have been met.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LEASE COMMITMENTS

The Company maintains its corporate office in St. Paul, Minnesota, under terms of a non-cancelable lease which expires January 2022. During 2021, this lease was extended to December 2025. This lease is with an entity with common ownership. In addition, the Company leases space in Edina, Minnesota on a lease that expires October 2024.

Lease expense and future minimum commitments for these leases are as follows:

	Related Party	Unrelated	Total
Expense:			
2020	\$ 129,600	\$ 83,953	\$ 213,553
2019	129,600	94,424	224,024
Commitment:			
2021	\$ 222,000	\$ 42,200	\$ 264,200
2022	222,000	43,500	265,500
2023	222,000	44,700	266,700
2024	222,000	38,200	260,200
2025	222,000	—	222,000
Total Commitment	<u>\$1,110,000</u>	<u>\$ 168,600</u>	<u>\$1,278,600</u>

NOTE 7 - GUARANTEE

The Company guarantees the indebtedness of Renodis Property Mgmt LLC (LLC, an entity with common ownership) in connection with its mortgage debt. The Company's liability for the guarantee is not to exceed 100% of the indebtedness of the LLC at default, all the accrued interest, and the expenses of collection or protection of the lender's rights and remedies under the guarantee. On December 31, 2020, the maximum potential liability under the terms of the guarantee is \$686,000. The guarantee matures January 5, 2022.

NOTE 8 - CONTINGENCIES

In connection to a consulting agreement, the Company was required to pay \$300,000 in consulting fees to the seller during 2019. In addition, the consultant was due a customer retention bonus for the two-year period ending December 31, 2019 up to \$300,000. These amounts were paid in full during 2019.

The Company is exposed to various asserted and unasserted claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

RENODIS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - RETIREMENT PLAN

Renodis, Inc.'s 401(k) plan is a defined contribution plan that covers all employees meeting certain eligibility requirements. Participants may contribute up to 98% of their compensation in any plan year, subject to the IRS annual limitations. Employer contributions consist of a discretionary match. Employer contributions were \$27,800 and \$29,600 for 2020 and 2019.

NOTE 10 - DEFERRED COMPENSATION

For certain key employees, the Company provides long term incentives and rewards in the form of deferred compensation. The agreements are unfunded deferred compensation arrangements as defined by the Employee Retirement Income Security Act of 1974. On December 31, 2020 and 2019, the balance in this account was \$372,574 and \$18,720.

During 2020 and 2019, the Company granted additional rewards, which vest 20% per year. These awards will be fully vested in 2025 and 2024.

NOTE 11 - STOCKHOLDER'S DEFICIT

Effective August 31, 2019, the Board of Directors approved a 100-for-1 stock splits for issued and outstanding shares of the Company's Common Stock. The number of shares outstanding and par value of common stock have been updated to reflect these changes in the accompanying financial statements. In addition, the Board of Directors approved an increase to its authorized shares of common stock to 27,500,000.

NOTE 12 - MAJOR CUSTOMER

The Company derived 44% of its revenue from two carriers for the year ended December 31, 2020 and 61% from three carriers for the year ended December 31, 2019.

NOTE 13 - RISKS AND UNCERTAINTIES

During March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Company cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact its operations and financial statements.

C- 3 Forecasted Financial Statements

Provide 2 years of forecasted income statements based solely on the applicant's anticipated business in the state of Ohio.

Include the following information with the forecast: a list of assumptions used to generate the forecast, a statement indicating the forecast is based solely on Ohio business activities only, and the name, address, email, and telephone number of the preparer of the forecast.

The forecast may be in one of two acceptable formats.

1. An annual format that includes the current year and the two years succeeding the current year; or
2. A monthly format showing 24 consecutive months following the month of filing this application broken down into two 12-month periods with total for revenues, expenses, and projected net incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in business activities only in the state of Ohio for those periods.
3. A monthly format showing 24 consecutive months following the month of filing this application broken down into two 12 month periods with totals for revenues , expenses, and projected incomes for both periods. Please show revenues, expenses, and net income (revenues minus total expenses) that is expected to be earned and incurred in business activities only in the state of Ohio for those periods.

Below is the projected income for the succeeding years should electricity consulting services currently provided by the Eric Ryan Corporation be continued by Renodis ER LLC.

◆ 2023	\$21,570.00
◆ 2024	\$21,570.00
◆ 2025	\$21,570.00

Below is the projected income for the succeeding years should natural gas consulting services be conducted in Ohio, for services currently provided by the Eric Ryan Corporation and be continued by Renodis ER LLC.

➤ 2023 -	\$3,750.00
➤ 2024 -	\$5,100.00

Assumptions utilized which resulted in the above derived totals

- ◆ Forecasted annual revenues were derived from existing signed contracts of the Eric Ryan Corporation has in place for its customers in Ohio, which will be assumed by Renodis ER LLC.
- ◆ Renodis ER LLC utilized data retained from the Eric Ryan Corporation which maintained data of the customer's estimated annual consumption in kWh's. The amount of the estimated annual consumption is multiplied by the fee per kWh to calculate the estimated annual revenue.
- ◆ Expenses will be minimal, as core provided services are the audit of utility and telecommunications invoices, with the goal of uncovering billing errors. Procurement consulting services are provided for clients that request procurement assistance.

Search inquiry: Renodis / Saint Paul / MN / (My company)

ProfilePlusSM Report

as of: 11/21/22 13:10 ET

Renodis, Inc

Address: 476 Robert St N
Saint Paul, MN 55101-2238
United States
Phone: 651-556-1209
Website: renodis.com
Experian BIZ: 867211957

Also is (or has been) operating as:

Renodis Holdings Inc
Renodis LLC
Renodis Solutions, Inc

Family Linkage:

Ultimate Parent

Renodis, Inc
476 Robert St N
Saint Paul, MN

Branches / Alternative Locations

Renodis, Inc
476 Robert St N
Saint Paul, MN United States

Renodis, Inc
476 Robert St N
Saint Paul, MN United States

Renodis, Inc
3601 W 76th St Ste 300
Minneapolis, MN United States

Renodis, Inc
6130 Blue Circle Dr
Hopkins, MN United States

Key Personnel:

SIC Code:

Officer: Craig M Beason
4813-Telephone Commctn, Exc Radiotelephone
4822-Telegraph & Other Message Communication
4841-Cable & Other Pay Television Services

NAICS Code:

517311-Wired Telecommunications Carriers
517310-Wired And Wireless Telecommunications Carrier
515210-Cable And Other Subscription Programming

Business Type:

Corporation

Experian File Established:

September 2001

Experian Years on File:

21 Years

Years in Business:

More than 21 Years

Total Employees: 24
Sales: \$16,481,000
Filing Data Provided by: Minnesota
Date of Incorporation: 05/01/2003

Experian Business Credit Score[Back to top](#)

85
Business Credit Score



Low Risk



The objective of the Experian Business Credit Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Number of good commercial accounts.
- Pct of new commercial accts to total nbr of accts.
- Pct of aged commercial accts to total nbr of accts.
- Length of time on Experian's file.

Business Credit Scores range from a low of 1 to high of 100 with this company receiving a score of 85. Higher scores indicate lower risk. This score predicts the likelihood of serious credit delinquencies within the next 12 months. This score uses tradeline and collections information, public filings as well as other variables to predict future risk.

Experian Financial Stability Risk Rating[Back to top](#)

1
Financial Stability Risk Rating



Low Risk



A Financial Stability Risk Rating of 1 indicates a 0.55% potential risk of severe financial distress within the next 12 months.

Key Rating Factors:

- Risk associated with the company's industry sector.
- Number of active commercial accounts.
- Risk associated with the business type.
- Balance to high credit ratio for commercial accounts.

Financial Stability Risk Ratings range from a low of 1 to high of 5 with this company receiving a rating of 1. Lower ratings indicate lower risk. Experian categorizes all businesses to fit within one of the five risk segments. This rating predicts the likelihood of payment default and/or bankruptcy within the next 12 months. This rating uses tradeline and collections information, public filings as well as other variables to predict future risk.

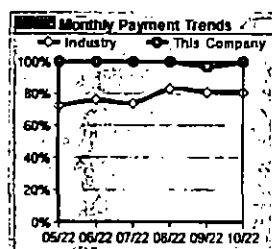
Credit Summary

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Current Days Beyond Terms (DBT):	0
Predicted DBT for 01/18/2023:	1
Average Industry DBT:	10
Payment Trend Indicator:	Stable
Lowest 6 Month Balance:	\$43
Highest 6 Month Balance:	\$1,494
Current Total Account Balance:	\$1,072
Highest Credit Amount Extended:	\$324
Payment Tradelines (see charts, detail):	23
Business Inquiries:	0
UCC Filings (see detail) (see summary):	2
✓ Businesses Scoring Worse:	84%
✓ Bankruptcies:	0
✓ Liens:	0
✓ Judgments Filed:	0
✓ Collections:	0

Company background: Renodis Telecommunications is headquartered in Saint Paul, MN. It is a provider of telecom solutions. The firm offers technology development, analytics, end-to-end management, and consulting services.

Payment Trend Summary

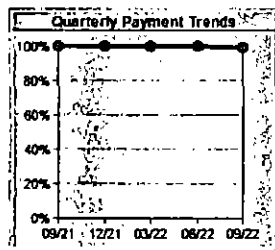
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*Percentage of on-time payments by month.

Monthly Payment Trends - Recent Activity

Date	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
05/22	100%	0%	0%	0%	0%

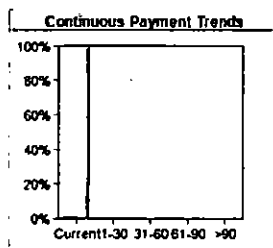
06/22	100%	0%	0%	0%	0%
07/22	100%	0%	0%	0%	0%
08/22	100%	0%	0%	0%	0%
09/22	97%	3%	0%	0%	0%
10/22	100%	0%	0%	0%	0%



*Percentage of on-time payments by quarter.

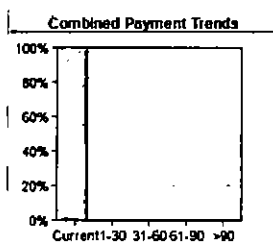
Quarterly Payment Trends - Recent Activity

Date	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
09/21	100%	0%	0%	0%	0%
12/21	100%	0%	0%	0%	0%
03/22	100%	0%	0%	0%	0%
06/22	100%	0%	0%	0%	0%
09/22	99%	1%	0%	0%	0%



*Continuous distribution with DBT.

Insufficient information to produce
Newly Reported Payment Trends
chart.



*Combined distribution with DBT.

Trade Payment Information

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Payment Experiences (Financial Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Fincl Svcs	10/01/22	9/30/22	Rev	\$2,295	\$1,053						Satisfacto

Tradeline Experiences (Continuous Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Communicatn	10/01/22		Varied	\$43	\$0						
Communicatn	7/01/22		Varied	\$63	\$0						
Communicatn	10/01/22		Varied	\$89	\$87	100%					
Communicatn	10/01/22		Varied	\$76	\$71	100%					
Communicatn	10/01/22		Varied	\$69	\$68	100%					
Communicatn	10/01/22		Varied	\$130	\$128	100%					
Communicatn	10/01/22		Varied	\$63	\$57	100%					
Communicatn	10/01/22		Varied	\$143	\$138	100%					
Communicatn	10/01/22		Varied	\$70	\$69	100%					
Communicatn	10/01/22		Varied	\$324	\$220	100%					
Communicatn	10/01/22		Varied	\$213	\$50	100%					

Communicatn	10/01/22	Varied	\$55	\$50	100%
Communicatn	10/01/22	Varied	\$87	\$85	100%
Communicatn	10/01/22	Varied	\$214	\$49	100%

Additional Tradeline Experiences (Aged Trades)

Supplier Category	Reported Date	Activity Date	Payment Terms	Recent High Credit	Balance Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT	Comments
Communicatn	12/01/20		Varied	\$52	\$29		100%			Account CI
Communicatn	11/01/21		Varied		\$0					
Communicatn	6/01/22		Varied	\$67	\$67	100%				
Communicatn	6/01/22		Varied	\$61	\$61	100%				
Communicatn	4/01/21		Varied	\$256	\$176	100%				
Communicatn	4/01/20		Varied	\$421	\$421	100%				
Communicatn	1/01/20		Varied	\$79	\$79	100%				
Dp Supply	5/28/22	10/01/21	Credit	\$770	\$0					

Payment Trend Detail

Date Industry* DBT Industry* Current Up to 30 DBT 31-60 DBT 61-90 DBT >90 DBT

Date	Industry* DBT	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
10/22	10 0	81%	100%	0%	0%	0%
09/22	9 0	81%	97%	3%	0%	0%
08/22	10 0	83%	100%	0%	0%	0%
07/22	9 0	74%	100%	0%	0%	0%
06/22	9 0	76%	100%	0%	0%	0%
05/22	10 0	72%	100%	0%	0%	0%

*Industry: Telephone Commctn, Exc Radiotelephone

UCC Filings

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Date: 09/19/2022
 Filing Number: 1336196600025
 Jurisdiction: Sec Of State MN
 Secured Party: Scansource, Inc., As Collateral Agent SC Greenville 29615 6
 Collateral: Inventory, Equipment, Furnishings and Fixtures, Hereafter Acquired Property, Accounts Receivable, Vehicles, Other Assets (undefined)
 Activity: Filed

Date: 12/09/2020
 Filing Number: 1198623100103
 Jurisdiction: Sec Of State MN
 Secured Party: American Equity Bank MN Minnetonka 55343 5900 Green Oak Driv
 Collateral: Hereafter Acquired Property, Inventory, Equipment, Furnishings and Fixtures, Other Assets (undefined)
 Activity: Filed

UCC Filings Summary[Back to top](#)

Filing Period	Cautionary Filings	Total Filed	Total Released	Total Continued	Amended / Assigned
JUL-Present 2022	1	1	0	0	0
JAN-JUN 2022	0	0	0	0	0
JUL-DEC 2021	0	0	0	0	0
JAN-JUN 2021	0	0	0	0	0
JUL-DEC 2020	1	1	0	0	0
Prior to JUL 2020	0	0	0	0	0

Cautionary UCC Filings include one or more of the following collateral: Accounts, Accounts Receivable, Contracts, Hereafter acquired property, Leases, Notes Receivable, or Proceeds.

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C 7 Merger information.

Is the applicant currently involved in any dissolution or acquisition activity, or otherwise participated in such activities within the previous 24 months? If yes, attach a document detailing the information.

The below noted entities are owned by Renodis, Inc.

- **12 Points Consulting Corporation**
1613 Main Avenue E, Suite 2
West Fargo, North Dakota 58078

Acquired: November 9, 2022

- **Renodis ER LLC (applicant for Ohio CRES Provider Application)**
1 Early Street, Suite A
Ellwood City PA 16117

Acquired: September 23, 2022

x 

David J. Steichen, CFO

Renodis Inc.

C-8. Provide a graphical depiction of the applicant's corporate structure. Do not provide an internal organizational chart. The graphical depiction should include all parent holding companies, subsidiaries and affiliates as well as a list of all affiliate and subsidiary companies that supply or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required, and the applicant may respond by stating that it is a stand-alone entity with no affiliate or subsidiary companies.

- Parent Company - Renodis, Inc.
- Subsidiary - Renodis ER LLC
- Subsidiary - Renodis 12 Points, LLC
- Subsidiary - Renodis Acquisitions, LLC
- Subsidiary - Renodis Investments, LLC

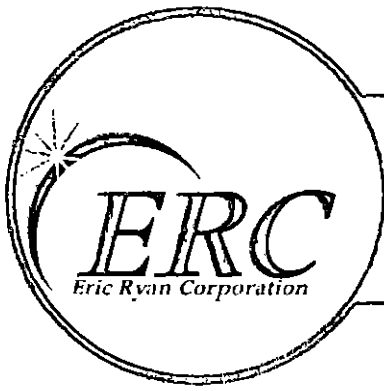
Only Renodis ER LLC will be providing procurement consulting services, as it relates to the purchase of electricity and natural gas.

D. 1 Operations.

Power brokers / aggregators: Include details of the applicant's business operations and plans for arranging and/or aggregating for the supply of electricity to retail customers.

The Eric Ryan Corporation's core provided services include the audit of utility and telecommunications, with the goal of uncovering billing errors. When an error is uncovered credits and refunds are delivered to clients. Those clients who request procurement guidance will be provided with consulting services as it relates to purchasing utilities.

As the assets of the Eric Ryan Corporation have been obtained by Renodis, Inc. and Renodis ER, LLC was established. The Eric Ryan Corporation will maintain registrations in all established jurisdictions, until which time registrations are obtained by Renodis ER, LLC.



JESSICA MAIN

ACCOUNT MANAGER

EXPERIENCE

- ❖ 8 years at ERC; 16 years professional
- ❖ Energy Procurement Supervisor, ERC
- ❖ Previously, Utility Account Manager, at ERC
- ❖ Previously, Energy Procurement Assistant
- ❖ Previously, Staffing Coordinator
- ❖ Previously, Restaurant Manager

EDUCATION

Lincoln High School
Slippery Rock University

Seminars/Courses:

- ❖ Criminology/Criminal Justice
- ❖ Excel Formulas & Functions
- ❖ EnergyCap Training

RECORD OF PROFESSIONAL EXPERIENCE

Jessica Main joined Eric Ryan Corporation in October 2014. Ms. Main currently holds the position of Energy Procurement Supervisor. Ms. Main, in her position, is responsible for in-depth knowledge of energy market and providing recommendations to clients regarding execution of electric and natural gas agreements.

Responsibilities also include:

- ❖ Continuously monitor energy market and record NYMEX daily and monthly settlements.
- ❖ Monitor client portfolios for opportunities to save money with an alternate supplier in deregulated markets.
- ❖ Request pricing from multiple suppliers and make recommendations to clients.
- ❖ Preparation of cost analysis for client's review.
- ❖ Review local utility rates.
- ❖ Correspond with clients and discuss energy market fluctuations.
- ❖ Maintain strong organizational skills
- ❖ Maintain database of customer energy agreements and monitor for expiring agreements.
- ❖ Completing and managing tickets in the ticketing database to track billing issues in a manner suitable for presentation to the client and providing accurate information for invoicing
- ❖ Reviewing client utility accounts for savings opportunities including but not limited to, rate changes, procurement, billing errors, estimated bills, payment problems, adjustments
- ❖ Establishing and maintaining working client relationships

Prior to joining Eric Ryan Corporation, Ms. Main worked for an in-home care and assistance agency. Ms. Main was responsible for scheduling qualified care givers with clients to assist with their activities of daily living. Ms. Main was also responsible for hiring and training new caregivers and ensuring their human resource files were complete.

SAVINGS SAMPLES

Birmingham, AL – Hyatt Place – Crestline Hotels and Resorts
\$211,896.00 annual savings, \$34,927.50 refund – Leak adjustment

Syracuse, NY – Marriott – Crescent Hotels and Resorts
\$176,454.24 annual savings, \$29,409.04 refund – Rate Change

Newark, NJ – Doubletree – Crescent Hotels and Resorts
\$21,311.09 Refund – Billing Error



KEITH C. VENEZIE

CEO

EXPERIENCE

- ❖ 31 years ERC; 41 years professional
- ❖ Founder/CEO

EDUCATION

Edinboro University

Pennsylvania State University

RECORD OF PROFESSIONAL EXPERIENCE

Keith Venezia is the founder of The Eric Ryan Corporation (ERC). Mr. Venezia established the business in October 1990, and incorporated in 1995. Since starting the Corporation, Mr. Venezia has grown the company into one of the largest in the country that specializes in utility and telecommunication auditing and consulting.

Together with his staff, the Corporation has over 500 years of experience in this industry. Mr. Venezia has built an organization that currently services over 2500 clients in all 50 states as well as international markets such as Canada, the Caribbean, and Europe. His team of highly skilled professionals has identified over \$1.7 Billion in opportunities since the company's inception.

Mr. Venezia began his career with Electronic Data Systems (EDS) as a computer analyst. He also held various positions with fortune 500 companies as a computer programmer and telecommunications manager.

Mr. Venezia attended Edinboro University and Pennsylvania State University.