

**CNT DEPOSITORY, INC.**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020 AND 2019**  
**(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

**CNT DEPOSITORY, INC.**  
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**DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
CNT Depository, Inc.  
Bridgewater, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of CNT Depository, Inc. (a Massachusetts S corporation), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and retained earnings 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 auditors' 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



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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 CNT Depository, 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.

*DiSanto, Priest & Co.*

Warwick, Rhode Island  
March 18, 2021

**CNT DEPOSITORY, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 723,825	\$ 379,963
Accounts receivable	322,113	212,037
Prepaid expenses	<u>136,490</u>	<u>117,466</u>
<b>Total current assets</b>	<u>1,182,428</u>	<u>709,466</u>
 <b>Property and equipment:</b>		
Storage equipment	857,144	722,637
Furniture and office equipment	138,414	138,414
Computer Equipment	22,262	-
Leasehold improvements	193,555	193,555
Solar equipment	<u>557,749</u>	<u>557,749</u>
	1,769,124	1,612,355
Accumulated depreciation	<u>(970,634)</u>	<u>(797,776)</u>
	<u>798,490</u>	<u>814,579</u>
 <b>Other assets:</b>		
Due from affiliates	<u>8,600,031</u>	<u>5,700,000</u>
 <b>Total assets</b>	 <u><u>\$ 10,580,949</u></u>	 <u><u>\$ 7,224,045</u></u>

See accompanying notes and independent auditors' report.

## LIABILITIES AND STOCKHOLDERS' EQUITY

	2020	2019
<b>Current liabilities:</b>		
Accounts payable	\$ 1,079	\$ 21
Accrued expenses	159,886	92,937
Deferred revenue	311,363	308,390
Due to affiliate	<u>69,049</u>	<u>175,553</u>
<b>    Total current liabilities</b>	<u>541,377</u>	<u>576,901</u>
<b>Stockholders' equity:</b>		
Common stock	1,000	1,000
Retained earnings	<u>10,038,572</u>	<u>6,646,144</u>
	<u>10,039,572</u>	<u>6,647,144</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>\$ 10,580,949</u></u>	<u><u>\$ 7,224,045</u></u>

**CNT DEPOSITORY, INC.**  
**STATEMENT OF INCOME**  
**AND RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Net sales	<u>\$ 6,039,764</u>	<u>\$ 4,802,568</u>
Operating expenses - Schedule 1:		
Personnel costs	1,458,466	1,139,877
Facility costs	1,237,105	2,119,823
Other expenses	<u>228,595</u>	<u>202,169</u>
	<u>2,924,166</u>	<u>3,461,869</u>
Operating income	<u>3,115,598</u>	<u>1,340,699</u>
Other income:		
Interest income	194,183	152,017
Rental income	150,000	150,000
Other income	<u>26,647</u>	<u>6,604</u>
	<u>370,830</u>	<u>308,621</u>
Income before provision for income taxes	3,486,428	1,649,320
Provision for income taxes	<u>94,000</u>	<u>-</u>
Net income	3,392,428	1,649,320
Retained earnings, beginning	<u>6,646,144</u>	<u>4,996,824</u>
Retained earnings, ending	<u>\$ 10,038,572</u>	<u>\$ 6,646,144</u>

See accompanying notes and independent auditors' report.

**CNT DEPOSITORY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>Cash flows from operating activities:</b>		
Net income	<u>\$ 3,392,428</u>	<u>\$ 1,649,320</u>
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	172,858	193,552
(Increase) decrease in operating assets:		
Accounts receivable	(110,076)	49,903
Prepaid expenses	(19,024)	(58)
Increase (decrease) in operating liabilities:		
Accounts payable	1,058	(3,140)
Accrued expenses	66,949	270
Deferred revenue	<u>2,973</u>	<u>141,391</u>
Total adjustments	<u>114,738</u>	<u>381,918</u>
Net cash provided by operating activities	<u>3,507,166</u>	<u>2,031,238</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(156,769)	(564,354)
Advances to affiliates, net	(2,900,031)	(1,097,350)
Payments to affiliate, net	<u>(106,504)</u>	<u>(38,346)</u>
Net cash used in investing activities	<u>(3,163,304)</u>	<u>(1,700,050)</u>
Net increase in cash	343,862	331,188
Cash and cash equivalents, beginning	<u>379,963</u>	<u>48,775</u>
Cash and cash equivalents, ending	<u>\$ 723,825</u>	<u>\$ 379,963</u>

See accompanying notes and independent auditors' report.



**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**1. Description of business**

CNT Depository, Inc. (the “Company”) is engaged in the business of storing and handling precious metals. The Company is an approved depository for silver traded on the New York Commodity Exchange (COMEX), and platinum and palladium traded on the New York Mercantile Exchange (NYMEX).

**2. Summary of significant accounting policies**

**Revenue from contracts with customers**

On January 1, 2019, the Company adopted FASB ASU No. 2014-09 (Topic 606) – *Revenue from Contracts with Customers* (ASU 2014-09), which provides guidance for revenue recognition that superseded the revenue recognition requirements in Accounting Standards Codification (ASC) (Topic 605) and most industry specific guidance. Under ASU 2014-09, revenue is recognized when promised services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services by following a five-step process, (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Company satisfies a performance obligation.

The Company provides various services to meet the needs of their customers and groups these service offerings into two broad categories of storing and handling precious metals.

For performance obligations relating to these services, the Company generally satisfies their obligations as each action to provide the service to the customer occurs. Because the customers simultaneously receive and consume the benefits from the Company’s services, these performance obligations are deemed to be satisfied over time. The Company uses an output method, units of service provided, to recognize revenue because that is the best method to represent the transfer of the Company’s services to the customer at the agreed upon rate for each action.

The Company’s contracts with customers describe the services that can be provided along with the fees for each action to provide the service. The Company typically sends invoices to customers for all of the services provided within a monthly period and payments are generally due within 30 to 60 days of the invoice date. Certain customers are invoiced quarterly, biannually, and annually.

Although the Company’s customer contracts specify the fees for each action to provide service, the majority of the services stated in the contracts do not have a defined quantity over the contract term. Accordingly, the transaction price is considered variable as there is an unknown volume of services that will be rendered over the course of the contract. The Company recognizes revenue for these services in the period in which they are provided to the customer based on the contractual rate at which the Company has the right to invoice the customer for each action.

**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**2. Summary of significant accounting policies (continued)**

**Revenue from contracts with customers (continued)**

For certain customer contracts, the Company may receive customer payments prior to performing the related services under the contract. When the receipt of payments precedes the Company's performance, they recognize a contract liability presented as deferred revenue on the balance sheet.

**Income taxes**

The Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal corporate income taxes on its taxable income. The shareholders are taxed on their proportionate share of the Company's taxable income. The Company is required to pay income taxes to the Commonwealth of Massachusetts which imposes a two-part tax on S corporations based either on the value of tangible property or net worth owned by the Company and the taxable income reported by the Company for the year.

The Company has adopted the FASB ASC topic "Accounting for Uncertainty in Income Taxes", which prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. As of December 31, 2020, the Company's tax returns generally remain open for examination for three years from the date filed with each taxing jurisdiction. At December 31, 2020, management believes no such provisions for uncertain tax positions are necessary.

**Cash and cash equivalents**

For purposes of financial statement presentation, the Company considers all highly liquid instruments with a maturity of three months or less to be cash.

**Property, equipment and depreciation**

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets by straight-line and accelerated methods for both financial reporting and income tax purposes. Furniture, equipment, storage equipment and solar equipment are depreciated using lives ranging from five to ten years; leasehold improvements are amortized primarily over lives of ten to thirty-nine years; software is amortized using a three-year life. Depreciation expense for the years ended December 31, 2020 and 2019 was \$172,858 and \$193,552, respectively.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**2. Summary of significant accounting policies (continued)**

**Compensated absences**

Employees of the Company are entitled to compensated absences depending on job classifications, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements.

**Accounts receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on a history of past write-offs and collections and current credit conditions. The Company accrues interest on trade receivables and accounts are written off if no payments are received after reasonable attempts to collect have been made. Management has evaluated open accounts receivable and believe no reserve for bad debts is necessary at December 31, 2020 and 2019.

**Advertising**

Advertising costs, which are included in other expenses, are expensed as incurred. Advertising expense was \$1,524 and \$6,529 for the years ended December 31, 2020 and 2019, respectively.

**Recently issued but not yet effective accounting pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (ASU 2016-02). The standard requires all leases with a term greater than 12 months to be recognized on the balance sheet through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. Under existing guidance, operating leases are not recorded as lease assets and lease liabilities on the balance sheet. This new guidance is effective for the Company's annual reporting period beginning after December 15, 2021, with early adoption permitted. The Company is evaluating the impact of the adoption of this accounting guidance on its financial statements. However, the adoption of this accounting guidance is expected to result in an increase in lease assets and a corresponding increase in lease liabilities on the balance sheets.

**Subsequent events**

The Company evaluated subsequent events through March 18, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2020.

**3. Capital structure**

Common shares are voting and non-voting and distributions are paid at the discretion of the Board of Directors. The Company has first right of refusal on the transfer of all shares of common stock.

**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**4. Concentration of credit risk**

The Company places all cash and cash equivalents at Federal Deposit Insurance Corporation (FDIC) insured institutions. The standard insurance amount is \$250,000 per depositor, per insured bank for each account ownership category. At times, cash balances may be in excess of the FDIC insured limits. Accordingly, at December 31, 2020 and 2019, the Company's uninsured cash balance was \$639,224 and \$145,893, respectively. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**5. Related party transactions**

- a. During the years ended December 31, 2020 and 2019, the Company leased its facilities in Bridgewater, Massachusetts from two related parties; 722 Bedford Street, LLC, and Coins N' Things, Inc., and the combined monthly rent was \$37,500. Both rental agreements have an option to renew annually. Rent expense for each of the years ended December 31, 2020 and 2019 was \$450,000.
- b. During the years ended December 31, 2020 and 2019, the Company sub-leased a portion of its facilities in Bridgewater, Massachusetts to a related party, Coins N' Things, Inc. The monthly rent is \$12,500 and the rent agreement calls for yearly rent of \$150,000. The rental agreement has an option to renew annually. Rental income for each of the years ended December 31, 2020 and 2019 was \$150,000.
- c. Due from affiliates consists of unsecured, note receivables between the Company and affiliated entities, which bear interest at 3.00% at December 31, 2020 and 2019. Due from affiliates at December 31, 2020 and 2019 was \$8,600,031 and \$5,700,000, respectively. Interest income from these notes for the years ended December 31, 2020 and 2019 was \$194,183 and \$152,017, respectively.
- d. At December 31, 2020 and 2019, the Company had an amount due to a related party of \$69,049 and \$175,553, respectively. The balance due is unsecured and non-interest bearing as of December 31, 2020 and 2019.
- e. During each of the years ended December 31, 2020 and 2019, the Company recorded storage fees from a related party of \$60,000 (\$5,000 per month).
- f. During each of the years ended December 31, 2020 and 2019, the Company incurred storage fees charged by a related party of \$99,210 and \$788,557, respectively.
- g. During each of the years ended December 31, 2020 and 2019, the Company incurred shipping costs charged by a related party of \$7,081 and \$54,729, respectively.

**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**6. Guarantee of related party indebtedness**

As of December 31, 2020, the Company was contingently liable as one of three corporate guarantors, in addition to two individual guarantors, with respect to a loan of a related party, Coins N' Things, Inc. The guaranteed loan is a revolving line of credit with a limit of \$70,000,000 effective December 15, 2019 through January 15, 2020, \$40,000,000 effective January 16, 2020 through December 14, 2020, \$90,000,000 effective December 15<sup>th</sup> through January 15<sup>th</sup> of each subsequent year, and \$55,000,000 effective January 16<sup>th</sup> through December 14<sup>th</sup> of each subsequent year. The term of the guarantee is through December 31, 2021. At any time through that date, should Coins N' Things, Inc. default on the loan, the Company and other guarantors will be obligated to perform under the guarantee by making the required payments, including any late fees and penalties that may arise. As of December 31, 2020 and 2019, the estimated maximum potential amount of future payments that the Company and other guarantors were required to make under the guarantee was \$84,375,465 and \$60,636,465, respectively.

**7. Employee benefit plans**

The Company has a 401(k) Safe Harbor retirement plan covering substantially all employees who have completed at least one year of service (defined as one thousand hours of service) and met minimum age requirements (21 years old). The Company may make a discretionary contribution under the profit sharing agreement. For the years ended December 31, 2020 and 2019, contributions to the plan aggregated \$37,485 and \$23,765, respectively. The Company has accrued all unpaid contributions as of the balance sheet date.

**8. Major customers**

The Company had two major customers which comprised approximately 79% of the total sales for the year ended December 31, 2020. At December 31, 2020, these customers had outstanding accounts receivable balances of \$0.

The Company had two major customers which comprised approximately 79% of the total sales for the year ended December 31, 2019. At December 31, 2019, these customers had outstanding accounts receivable balances of \$0.

**9. Common stock**

The following shares of common stock without par value have been authorized and are issued and outstanding by the Company as of December 31, 2020 and 2019:

Common stock, no par value, 100,000 shares authorized, 10,000 shares issued and 10,000 shares outstanding.

	<b>Authorized</b>	<b>Outstanding</b>
Class A, voting	10,000	100
Class B, nonvoting	90,000	9,900

**CNT DEPOSITORY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**10. Risks and uncertainties**

The World Health Organization declared the novel coronavirus (COVID-19) outbreak a pandemic. In response, most domestic and international governments have imposed various forms of work, social and travel restrictions. The virus and the subsequent responses have caused significant disruption to both domestic and international economies; the impacts of these measures on the Company's operations and financial position remains uncertain. The uncertainty surrounding the length and severity of the economic impact caused by the pandemic could impair the Company's ability to access capital, the ability to deliver products and services to their customers, and reduce demand for their products and services, any of which could have a negative effect on the Company's results of operations and financial condition.

**SUPPLEMENTARY INFORMATION**



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## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
CNT Depository, Inc.  
Bridgewater, Massachusetts

We have audited the financial statements of CNT Depository, Inc. as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated March 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole.

The supplementary information presented in Schedule 1 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*DiSanto, Priest + Co.*

Warwick, Rhode Island  
March 18, 2021



**CNT DEPOSITORY, INC.**  
**OPERATING EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
<b>Personnel costs:</b>		
Payroll	\$ 1,192,435	\$ 930,831
Payroll taxes and employee benefits	<u>266,031</u>	<u>209,046</u>
	<u>\$ 1,458,466</u>	<u>\$ 1,139,877</u>
<b>Facility costs:</b>		
Depreciation	\$ 172,858	\$ 193,552
Equipment lease	4,913	4,677
Insurance	284,254	286,293
Property tax expense	74,149	78,830
Rent	450,000	450,000
Repairs and maintenance	74,224	68,470
Security	47,196	90,017
Shipping costs	7,081	54,729
Storage expenses	99,210	788,557
Supplies	17,473	12,367
Telephone	5,044	5,042
Utilities	<u>703</u>	<u>87,289</u>
	<u>\$ 1,237,105</u>	<u>\$ 2,119,823</u>
<b>Other expenses:</b>		
Advertising	1,524	\$ 6,529
Auto	8,508	12,624
Miscellaneous	1,151	6,307
Office expense	80,677	75,499
Professional fees	99,250	77,445
Profit sharing expense	<u>37,485</u>	<u>23,765</u>
	<u>\$ 228,595</u>	<u>\$ 202,169</u>