

CONFIDENTIAL REPORT

# Corporate Profile

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CLIENT (COMPANY)

**Manufacturing Corp.**

ADVISOR

**Marco Madon**

DATE

**2026-04-29**

## 1. Corporate Information

**COMPANY NAME**

Manufacturing Corp.

**BN / NEQ**

9999999999

**ADDRESS**

155 University Ave

**CITY, PROVINCE, PC**

Toronto, ON M5H 3B7

**EMAIL**

nick@manufacturing.com

**WEBSITE**

www.manufacturing.com

**PHONE**

444 565-4444

**INDUSTRY SECTOR**

Manufacturing

## 2. Operating Details & Legal Structure

**AUTHORIZED PERSON**

Nick Ford

**DATE OF CREATION**

N/A

**LAST REORG. / NATURE**

N/A

**FISCAL YEAR-END**

N/A

**COMPANY TYPE**

Operating

**EMPLOYEES / HRS**

N/A

**EVOLUTION**

Growing (N/A %)

**MAIN LEGAL STRUCTURE : CORPORATION**

Date of inc: N/A | Category: Private | QSBC: Yes

### 3. Other Advisors on File

Advisor Type	Name	Phone
Tax Specialist	Joe Black	416 888-6666
CPA / Accountant	Tim White	416 999-8888
Legal Counsel	Julia Red	416 777-7777

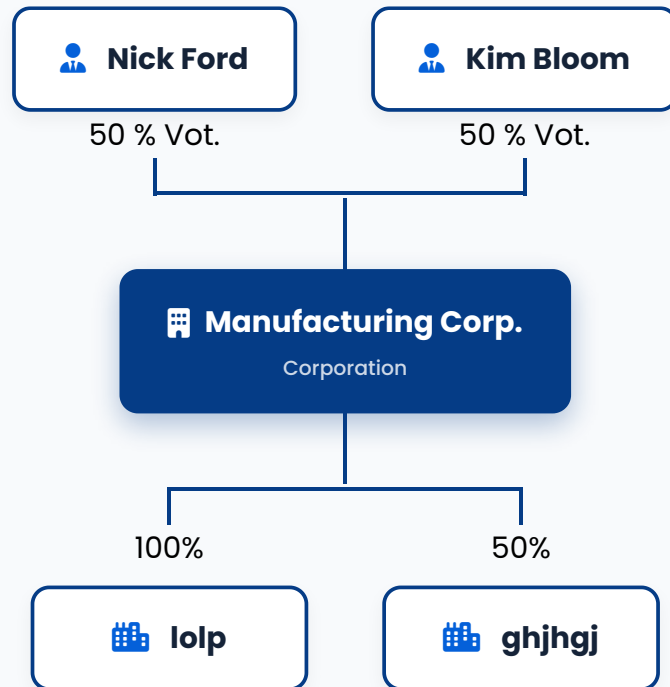
### 4. Subsidiaries

Subsidiary Name	Ownership %	Estimated Value (\$)
lolp	100 %	\$2,000,000
ghjhgj	50 %	\$1,500,000

### 5. Shareholders, Partners and Key People

Name	Role	Sex	Smoker	Health	Vot. %	Part. %	DOB	Since	Retire.	Salary	Dividends
Nick Ford	Shareholder	M	No	Exc	50%	50%	1970-05-06	2002-06-30	65	\$100,000	\$500,000
Kim Bloom	Shareholder	M	Yes	Exc	50%	50%	1975-08-06	2002-06-30	65	\$100,000	\$500,000
Jack Ferrera	Key Person	M	No	Exc	0%	0%	1982-02-15	2010-01-06	65	\$220,000	\$0

## 6. Corporate Structure Chart



## 7. Information on Share Capital

Global FMV	Part. Val.	Freeze Val.	Global ACB	Global PUC	CDA	RDTOH
\$45,000,000	\$45,000,000	\$35,000,000	\$22,000,000	\$5,000,000	\$4,000,000	\$78,000

## Ownership Details by Shareholder

Shareholder	Common Val.	Common ACB	Common PUC	Pref. Val.	Pref. ACB	Pref. PUC
Nick Ford	\$22,500,000	\$1,500,000	\$1,500,000	\$1,000,000	\$1,000,000	\$1,000,000
Kim Bloom	\$22,500,000	\$1,500,000	\$1,500,000	\$1,000,000	\$1,000,000	\$1,000,000

## 8. Shareholders' Agreement

### AGREEMENT SIGNED?

Yes

### DATE OF SIGNATURE

N/A

### BUY-SELL CLAUSE

Mandatory

### VALUATION METHOD

EBITDA Multiple

### MANDATORY LIFE INS.?

Yes

### DISABILITY/CI BUYOUT?

Yes

### PAYMENT TERMS

Cash

### DELAY / RATE

60 months / 4 %

### 9. Existing Individual Insurance

Type	Coverage	Company	Insured	Owner	Beneficiary	Face Amt. (\$)	Premium (\$)	CSV (\$)
Life	Term	Canada Life	Nick Ford	Manufacturing Corp.	Manufacturing Corp.	\$5,000,000	\$9,500	\$0
Life	Term	Equitable Life of Canada	Kim Bloom	Manufacturing Corp.	Manufacturing Corp.	\$5,000,000	\$14,000	\$0

### 10. Share Distribution

Participating Shares



- Nick Ford
- Kim Bloom

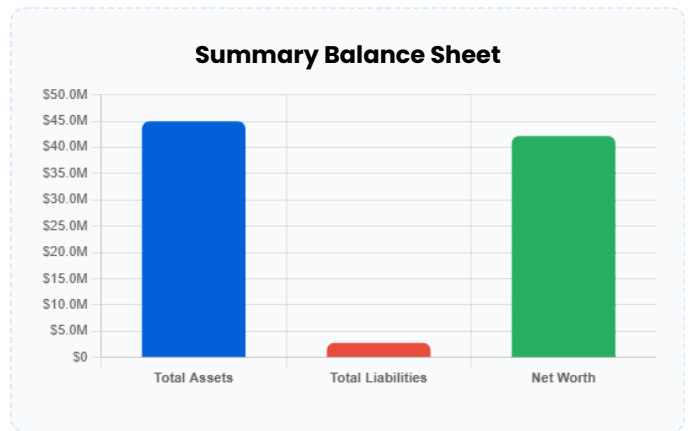
Voting Shares



- Nick Ford
- Kim Bloom

## 11. Financial History & Statements

Year	Gross Revenues	Net Earnings	Dividends
Current Year	\$45,000,000	\$15,000,000	\$1,000,000
Previous Year	\$40,000,000	\$11,000,000	\$1,000,000
Two Years Ago	\$35,000,000	\$8,000,000	\$500,000



### Asset and Liability Details

#### Assets

Cash / Liquidity	\$3,000,000
Investments	\$6,000,000
Accounts Receivable	\$4,500,000
Inventory	\$7,000,000
Fixed Assets	\$22,000,000
Subsidiaries Value	\$3,500,000
Other Assets	\$2,000,000

#### TOTAL ASSETS

\$44,500,000

#### NET WORTH

\$41,500,000

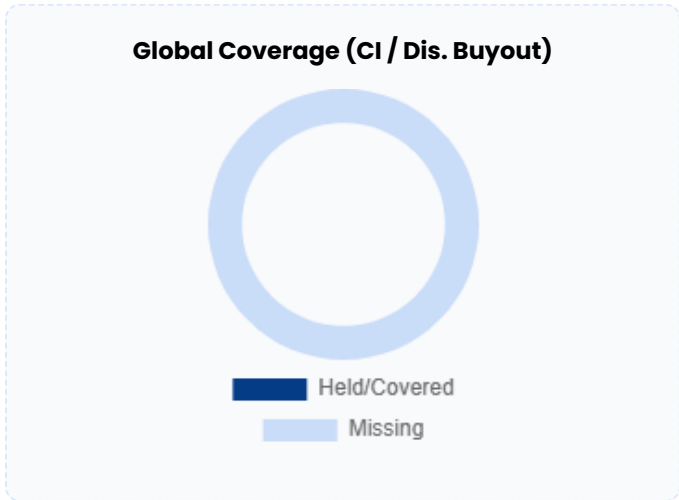
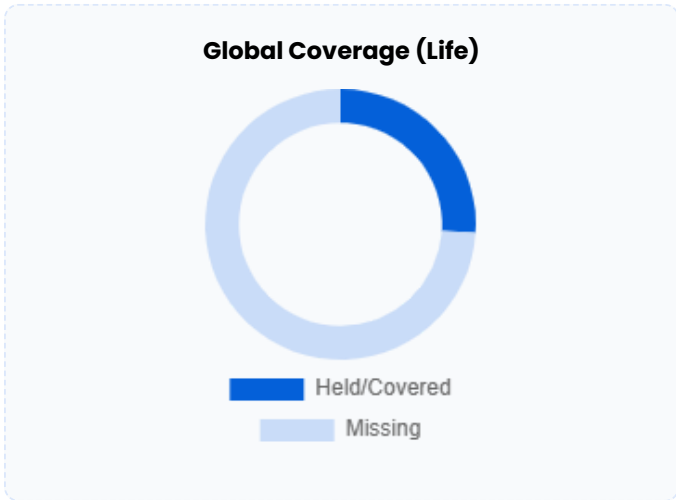
#### Liabilities

Mortgages	\$3,000,000
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#### TOTAL LIABILITIES

\$3,000,000

**12. Needs Summary (Detailed Analyses)**



**Global Current Needs**

Key Person / Shareholder	Current Net Need (Life)	Current Net Need (CI / Dis. Buyout)
Nick Ford	\$18,500,000	\$23,500,000
Kim Bloom	\$18,500,000	\$23,500,000
Jack Ferrera	\$0	\$2,020,000

Calculation details by stakeholder

**Nick Ford** (Shareholder)

**LIFE INSURANCE**

Common Shares (Calculated)	\$22,500,000
Preferred / Freeze Shares	\$1,000,000
<b>Gross Subtotal</b>	<b>\$23,500,000</b>
Existing insurance	\$5,000,000
<b>Deductions Subtotal</b>	<b>\$5,000,000</b>
<b>Current Net Need</b>	<b>\$18,500,000</b>

**CRITICAL ILLNESS & DIS. (BUYOUT)**

Common Shares (Calculated)	\$22,500,000
Preferred / Freeze Shares	\$1,000,000
<b>Gross Subtotal</b>	<b>\$23,500,000</b>
No deductions	
<b>Deductions Subtotal</b>	<b>\$0</b>
<b>Current Net Need</b>	<b>\$23,500,000</b>

**Kim Bloom** (Shareholder)

**LIFE INSURANCE**

Common Shares (Calculated)	\$22,500,000
Preferred / Freeze Shares	\$1,000,000
<b>Gross Subtotal</b>	<b>\$23,500,000</b>
Existing insurance	\$5,000,000
<b>Deductions Subtotal</b>	<b>\$5,000,000</b>
<b>Current Net Need</b>	<b>\$18,500,000</b>

**CRITICAL ILLNESS & DIS. (BUYOUT)**

Common Shares (Calculated)	\$22,500,000
Preferred / Freeze Shares	\$1,000,000
<b>Gross Subtotal</b>	<b>\$23,500,000</b>
No deductions	
<b>Deductions Subtotal</b>	<b>\$0</b>
<b>Current Net Need</b>	<b>\$23,500,000</b>

**Jack Ferrera** (Key Person)

**LIFE INSURANCE**

Loss of Revenue	\$2,000,000
Recruitment Costs	\$20,000
<b>Gross Subtotal</b>	<b>\$2,020,000</b>
Applied liquidity	\$3,000,000
<b>Deductions Subtotal</b>	<b>\$3,000,000</b>
<b>Current Net Need</b>	<b>\$0</b>

**CRITICAL ILLNESS & DIS. (BUYOUT)**

Loss of Revenue	\$2,000,000
Recruitment Costs	\$20,000
<b>Gross Subtotal</b>	<b>\$2,020,000</b>
No deductions	
<b>Deductions Subtotal</b>	<b>\$0</b>
<b>Current Net Need</b>	<b>\$2,020,000</b>

**Projected Net Needs (Life, CI and Dis.) (Rate: N/A %)**

Stakeholder / Type	In 5 years	In 10 years	In 15 years
<b>Nick Ford</b>			
Projected Net Need - Life	\$18,500,000	\$18,500,000	\$18,500,000
Projected Net Need - CI and Dis.	\$23,500,000	\$23,500,000	\$23,500,000
<b>Kim Bloom</b>			
Projected Net Need - Life	\$18,500,000	\$18,500,000	\$18,500,000
Projected Net Need - CI and Dis.	\$23,500,000	\$23,500,000	\$23,500,000

**ⓘ Critical Illness Issue Limits:** Canadian insurers generally cap this type of coverage (often around \$2M to \$4M). If your need exceeds these limits, discuss alternative solutions with your advisor (e.g., targeted liquidity retention, agreement revision, or corporate disability insurance).

## 13. Objectives, Strategies and Recommendations

### Target Objectives:

- Share Buyout Funding
- Key Person Protection
- Shareholder Guarantee
- Debt and Loan Repayment
- Tax Liability at Death
- Planned Corporate Reorganization
- Income Continuation

### Additional Documentation Provided:

- Shareholders' Agreement
- Insurance Contract
- Financial Statements
- Current Corporate Chart
- Partnership Agreement

### Professional Recommendations:

#### • Shareholders' Agreement Revision

The value of the business on the balance sheet no longer reflects the value stipulated in the shareholders' agreement. It is recommended to consult legal counsel to adjust the valuation formula to avoid any estate litigation and ensure that the buyout mechanisms reflect the current fair market value (FMV).

#### • Share Buyout Funding (Death)

Following the analysis of the shareholders' agreement, it is strongly recommended to fund the buyout clause using a corporately owned life insurance policy. This will guarantee immediate liquidity to buy out the shares from the estate, without depleting the company's working capital or forcing commercial borrowing.

#### • Share Buyout Funding (Disability)

The shareholders' agreement provides for a mandatory buyout in the event of prolonged disability. It is recommended to implement disability buyout insurance to provide the necessary capital for the company to buy back the disabled shareholder's shares in a tax-efficient manner.

#### • Implementation of a Holding Company

To protect excess liquidity from the operational risks of the operating company (Opco), the creation of a holding company (Holdco) is recommended to transfer surpluses away from creditors and facilitate tax management.

#### • Corporate Surplus Optimization (Participating Life)

It is suggested to reallocate a portion of the heavily taxed excess liquidity of the company towards a participating whole life insurance policy. This will provide tax-sheltered growth and diversify corporate assets.

### • **SBD Threshold Management (Passive Income)**

The company's passive investment income is approaching the \$50,000 threshold. Remember that every \$1 of excess passive income reduces access to the Small Business Deduction (SBD) by \$5. It is recommended to reallocate taxable assets towards tax-deferred structures (e.g., corporate life insurance) to restore the SBD limit.

### • **Intercorporate Dividend Payment**

It is recommended to systematically pay excess liquidity from the operating company to the holding company through tax-free intercorporate dividends, to optimize asset protection and facilitate reinvestments.

### • **Crystalizing the Positive CDA Balance**

The analysis shows a positive balance in the Capital Dividend Account (CDA). To secure this tax advantage and prevent a future capital loss from reducing this balance, it is strongly recommended to declare a capital dividend as soon as possible to extract these funds tax-free.

### • **CDA Payment via Promissory Note**

Although a positive balance is available in the CDA, the company may lack immediate cash. It is recommended to declare the capital dividend now and pay it as a demand promissory note. This crystallizes the tax benefit, and the shareholder can cash the note tax-free as liquidity allows.

### • **Capital Dividend Account (Insurance) Strategy**

To maximize wealth transfer, the life insurance proceeds will credit the CDA upon the shareholder's death, allowing a tax-free dividend payment to the estate or surviving shareholders.

### • **Implementation of an IPP**

Considering the executive's age and T4 income, the implementation of an Individual Pension Plan (IPP) is recommended. This will increase tax-sheltered contribution limits compared to an RRSP, while creating a deductible expense for the corporation.

### • **Key Person Critical Illness Insurance**

Purchasing critical illness insurance for a key person is essential to protect the company against the unexpected loss of their expertise, mitigate potential revenue loss, and cover recruitment costs.

### • **Shared Ownership (Critical Illness Insurance)**

A shared ownership structure is recommended: the corporation pays for the base protection, while the shareholder personally pays for the Return of Premium (ROP) rider. If no illness occurs, the shareholder recovers 100% of the premiums paid by both the corporation and themselves, creating a tax-free liquidity extraction.

*We hope this analysis provides you with a clear and structured view of your current business situation. The recommendations above aim to optimize the sustainability of your business and protect your financial interests as well as those of your loved ones. Do not hesitate to contact us with any questions or to begin the next steps of implementation.*

**14. Approval and Signatures**

This business needs analysis report has been completed based on the financial and corporate information provided by the company's representatives. By signing below, the parties acknowledge having read the analysis, projections, and strategic recommendations contained herein, and confirm that the information provided for this assessment is accurate to the best of their knowledge.

*Signature*

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**Marco Madon**

Advisor

Date: \_\_\_\_\_

*Signature*

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**Nick Ford**

Manufacturing Corp.

Date: \_\_\_\_\_