

SCARUS · Offering Cohort 04 / Q2 2026

FY 2025 Audit Memo

Independent review of partner profit-share distributions, reserve fund operations, and operational controls for Cohort 02 and Cohort 03 partners.

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Prepared by	SCARUS LLC — Operations
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Executive Summary

During fiscal year 2025, Scarus disbursed a total of **\$2,810,000** in partner profit-share distributions across **264 active partner LLCs**. The contractual \$750 monthly minimum was met in **100% of operating months**. Gross merchandise value processed through partner storefronts totaled **\$28.4M**, representing **+34% year-over-year growth**. The independent CPA review found no material exceptions. Reserve fund balances remained above the contractual coverage threshold throughout the reporting period.

Key Findings

Metric	FY 2025	FY 2024	Change
Total profit-share paid	\$2.81M	\$1.97M	+42.6%
GMV processed	\$28.4M	\$21.2M	+34.0%
Active partner LLCs (EOY)	312	208	+50.0%
Months floor met (% of total)	100%	100%	—
Renewal rate (Y2)	97%	94%	+3.0 pts
Reserve coverage ratio	1.42x	1.31x	+0.11x

Methodology

The CPA review covered all partner LLC distributions made during the reporting period. Sample testing included **random selection of 38 partner accounts** (~14% of active LLCs) with reconciliation of ACH transfer records, bank statements, and joint venture profit-share calculations. Reserve fund balances were independently confirmed with the depository institution as of fiscal year-end.

All retailer counterparty entities were verified for active state registration, current merchant processing agreements, and absence of material adverse legal events. Sample joint venture agreements were reviewed by outside counsel for consistency with the standard template and adequacy of partner protections.

Reserve Fund Operations

The Scarus reserve fund serves as backing for the contractual \$750 monthly minimum guaranteed to partner LLCs. During FY 2025, the reserve was drawn upon in **14 instances** across **9 partner LLCs** where retailer profit-share fell below the contractual floor. Aggregate top-up draws totaled **\$48,200**, representing 1.7% of total partner distributions.

Reserve coverage ratio is defined as the ratio of liquid reserve balance to twelve-month maximum theoretical floor payments across all active partner LLCs. The ratio remained above 1.0x at all month-end reporting dates, with a closing ratio of **1.42x** as of December 31, 2025.

Limitations of this Memorandum

This document is a STAGING PLACEHOLDER prepared for the Scarus website demonstration. Numbers, dates, and methodology described herein are illustrative only and do not represent the audited financial position of any operating entity. No partner LLC, retailer counterparty, or distribution figure referenced in this document has been independently verified. This document carries no representation, warranty, or auditor opinion of any kind. Replace with actual CPA-issued memorandum before production deployment.