

Accrual Balance Sheet Projection

Beginning Reference Point:
May 01, 2017

Case Study 2 Project Calculation # 43247d8a-OK

Purchase Target Company

Acquisition of Mfg Company

	Beginning Balance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Assets											
Cash	\$ 1,000,000	\$ 1,478,859	\$ 2,249,219	\$ 3,115,773	\$ 4,048,382	\$ (10,333,078)	\$ (7,012,745)	\$ (4,210,704)	\$ (1,365,935)	\$ 1,522,416	\$ 4,455,220
A/R	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000
Interest Income Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 4,750,000	\$ 5,228,859	\$ 5,999,219	\$ 6,865,773	\$ 7,798,382	\$ (6,583,078)	\$ (3,262,745)	\$ (460,704)	\$ 2,384,065	\$ 5,272,416	\$ 8,205,220
Securities/Notes Receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Long Term Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Accumulated Depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortized Assets (net of Accumulated Amortization)	\$ 23,000,000	\$ 21,491,400	\$ 19,983,507	\$ 18,455,442	\$ 16,923,922	\$ 15,392,085	\$ 13,853,511	\$ 12,314,937	\$ 10,776,363	\$ 9,237,789	\$ 7,699,214
Total Assets (Current and Long Term)	\$ 27,750,000	\$ 26,720,259	\$ 25,982,726	\$ 25,321,215	\$ 24,722,304	\$ 8,809,008	\$ 10,590,766	\$ 11,854,233	\$ 13,160,428	\$ 14,510,204	\$ 15,904,435
Liabilities											
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A/R Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Income Taxes Due	\$ -	\$ -	\$ -	\$ -	\$ 82,583	\$ 184,514	\$ 772,902	\$ 801,674	\$ 831,020	\$ 860,954	\$ 891,486
Other Current Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Current Debt-Non Interest Bearing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest-Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest-Individually Scheduled Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest-Other Transaction Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest-Sub Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest-Seller Debt	\$ -	\$ -	\$ 795	\$ 2,465	\$ 4,423	\$ 6,579	\$ 8,937	\$ 11,296	\$ 13,654	\$ 16,012	\$ 16,012
Accrued Interest-Equity Debt	\$ -	\$ 405,000	\$ 810,000	\$ 1,215,000	\$ 1,620,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion of Long Term Debt	\$ 1,126,141	\$ 1,204,970	\$ 1,289,318	\$ 1,379,571	\$ 14,750,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 78,612	\$ 0
Total Current Liabilities	\$ 1,126,141	\$ 1,609,970	\$ 2,100,113	\$ 2,597,035	\$ 16,457,006	\$ 191,093	\$ 781,839	\$ 812,969	\$ 844,674	\$ 955,579	\$ 907,498
Other Transaction Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building & Improvement Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Estate Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subordinated Debt	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Warrants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Seller Debt-Initial Purchase Debt	\$ 5,000,000	\$ 3,873,859	\$ 2,668,889	\$ 1,379,571	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Performance Earn Out Debt	\$ -	\$ 26,500	\$ 55,650	\$ 65,270	\$ 71,875	\$ 78,612	\$ 78,612	\$ 78,612	\$ 78,612	\$ 78,612	\$ 80,971
Equity Debt	\$ 6,750,000	\$ 6,750,000	\$ 6,750,000	\$ 6,750,000	\$ 6,750,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Long Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Long Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less Current Portion of Long Term Debt	\$ (1,126,141)	\$ (1,204,970)	\$ (1,289,318)	\$ (1,379,571)	\$ (14,750,000)	\$ -	\$ -	\$ -	\$ -	\$ (78,612)	\$ -
Deferred Tax Liability (Asset)	\$ -	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)	\$ (150,795)
Total Liabilities (Current & Long Term)	\$ 19,750,000	\$ 18,904,564	\$ 18,134,539	\$ 17,261,510	\$ 16,378,085	\$ 118,910	\$ 709,657	\$ 740,786	\$ 772,492	\$ 804,784	\$ 837,674
Equity											
Beginning Equity (Deficit)	\$ -	\$ 8,000,000	\$ 7,815,695	\$ 7,848,187	\$ 8,059,705	\$ 8,344,218	\$ 8,690,098	\$ 9,881,109	\$ 11,113,447	\$ 12,387,936	\$ 13,705,421
Cash Contributed (Distributed)	\$ 8,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Adjustment, (Draw) Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset Value Adjustments (See Beginning Balance Equity Detail)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Warrants (Increase), Decrease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Earnings-Profit, (Loss)	\$ -	\$ (184,305)	\$ 32,492	\$ 211,519	\$ 284,513	\$ 345,880	\$ 1,191,012	\$ 1,232,337	\$ 1,274,489	\$ 1,317,485	\$ 1,361,340
Accumulated Retained Earnings-Profit, (Loss)	\$ -	\$ (184,305)	\$ (151,813)	\$ 59,705	\$ 344,218	\$ 690,098	\$ 1,881,109	\$ 3,113,447	\$ 4,387,936	\$ 5,705,421	\$ 7,066,760
Ending Equity (Deficit)	\$ 8,000,000	\$ 7,815,695	\$ 7,848,187	\$ 8,059,705	\$ 8,344,218	\$ 8,690,098	\$ 9,881,109	\$ 11,113,447	\$ 12,387,936	\$ 13,705,421	\$ 15,066,760
Assets less Liab & Equity s/b = 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Working Capital	\$ 3,623,859	\$ 3,618,889	\$ 3,899,105	\$ 4,268,738	\$ (8,658,624)	\$ (6,774,170)	\$ (4,044,584)	\$ (1,273,673)	\$ 1,539,391	\$ 4,316,837	\$ 7,297,722
Current Ratio	4.22	3.25	2.86	2.64	0.47	(34.45)	(4.17)	(0.57)	2.82	5.52	9.04
Debt to Equity Ratio	2.47	2.42	2.31	2.14	1.96	0.01	0.07	0.07	0.06	0.06	0.06