

Growth and Fixed Costs

You come across a pile of financial statements, of two Wonderland banks and all their customers. You hear that they were set aside for tax irregularities... something here doesn't add up.

1. Standard Bank of Wonderland

A commercial bank offering loans with competitive interest rates to Wonderland businesses; it has also issued a consumer credit card. Walrus is a major shareholder.

2. First Wonderland Bank

A bank focused on small Wonderland merchants and loans for Wonderland individuals. First Wonderland has many branches in convenient areas of Wonderland and excellent customer service.

3. Rust Works Steel & Metal Products

Rust Works Steel & Metal Products is an industrial conglomerate that mines raw materials and makes steel and other industrial goods in a highly-automated operation. It sells to Travels with Turtles as well as to Solid Manufacturing, Inc. The mines it owns are expected to be in operation for close to a century; other fixed assets are also long-lived, but are occasionally sold.

Rust Works Steel & Metal Products is slow to pay its bills and slow to collect payment from its customers. Similarly, its customers have high “days payable” and “days receivable” amounts.

4. Travels with Turtles

A popular, well-known travel company that owns its own infrastructure and cars, each of which require replacement every couple of decades. Travels with Turtles is financed with a loan from Standard Bank of Wonderland; some years it loses money.

5. Wonderland Dyes and Potions

This innovative company is the premier producer of dyes and flavors in Wonderland: Its ingredients are key for manufacture of blacking and whiting as well as toothpaste and any size-changing food or drink. Wonderland D&P owns top-of-the-line chemical manufacturing equipment. It is known to demand quick payment from its customers, and this reputation helps its customers keep their accounts receivable balances low as well.

6. Solid Manufacturing, Inc.

This contract manufacturer for Dovetail Design also makes tooling for White Rabbit Timepieces and other customers. It is heavily invested in precision manufacturing equipment and its margins are razor-thin.

7. Dovetail Design & Manufacturing

Leading provider of computational plug-ins for mechanical “computers” which are increasingly popular in Wonderland. Dovetail offers modules that perform simple differentiation and integration that can be connected into simple parlour games; it continuously develops new products.

Dovetail contracts with Solid Manufacturing, Inc. for the high-precision manufacturing of its widgets. Its name is known throughout Wonderland, and its products are sold in a variety of Wonderland shops and resellers. Carpenter owns a majority stake and refuses to bank with Standard Wonderland.

8. Emblaze

The Cheshire Cat's line of toothpaste. The majority of ingredients are purchased from Wonderland Dyes and Potions ; its materials are cheap but its advertising is expensive, as is its manufacturing equipment which must be replaced about every ten years. Like most customers of Wonderland Dyes and Potions, Emblaze is paid promptly and pays its bills promptly as well.

9. The White and The Black

One of many manufacturers of blacking and whiting, this small company is dependent on the only supplier for its key ingredients, Wonderland Dyes and Potions. Owned by Gryphon, who prides himself on managing cash flow and keeping inventory days low.

10. White Rabbit Timepieces

This independent watch manufacturer has a strong brand and strives to reach exclusive Wonderland customers. Many Wonderland shops carry one or two types of Rabbit watches; in contrast, the company store carries each of hundreds of models and sizes. Distribution shops pay Rabbit only after a watch has sold.

The manufacturing is done by hand using specialized equipment that typically lasts about 15 years.

11. Caterpillar Smoke and Gears

Large chain of customer shops owned by Caterpillar; these stores are the only source in Wonderland for some consumer goods such as Gryphon's Blacking and Whiting. In the last few years Caterpillar has acquired two smaller chains of customer shops to move into higher foot-traffic locations; before the acquisitions Caterpillar Smoke and Gears had several money-losing years.

Caterpillar Smoke and Gears lost a trademark battle last year to White's Chess Supply and Sundries, and is financed via loans from Standard Bank of Wonderland.

12. White's Chess Supply and Sundries

Chain of consumer shops, owned by the court of the White King, that deals in many kinds of consumer goods and funds upkeep of the King's court. Staff's activities include development of new chess pieces and use of new materials in boards and pieces.

13. Scrumptious Essences

This chain of shops has an exclusive license to sell size-changing DrinkmeTM and EatmeTM products, which it makes using materials purchased from Wonderland Dye. Scrumptious Essences also does some experimenting on potions' effect on mirrors.

14. Tweedle Brothers Essential Supplies

This small customer shop, like many in Wonderland, sells looking glasses, toothpaste, and magic potions. The brothers own their building and staff the counter themselves whenever possible. The shop only keeps the most commonly needed items and is often out-of-stock. Tweedle Brothers is slow to pay its bills.

15. Hatter's Tea-stop

Tea shop owned by the Mad Hatter, who spends some of his time developing new tea combinations. Offers customers who are having an unbirthday the unusual option to pay after 30 days, but then often has trouble collecting payment.

16. Little Mouse Tea

Tea shop formerly part of Hatter's Tea-stop that split off a few years ago and subsequently lost a suit filed by the same. Benefited from low prices for raw tea across Wonderland this year. The corporate split was funded by a loan which will come due in a few years.

17. Humpty Dumpty Sundries

Another sundries shop, one of the best-respected names among sundry shops in Wonderland. Offers guaranteed availability of the widest range of goods anywhere in Wonderland; suppliers grumble about Humpty Dumpty's fairly long days payable.

18. The Purple Walrus

This oyster bar owned by Walrus is not very popular and not very unpopular. Staff are known to be grumpy, but the oysters are always fresh. The bar has borrowed heavily from Standard Bank of Wonderland, the smallest business to do so, and has good relationships with vendors of lemon juice and wine as well as with the landlord.

For years, the tax agency has puzzled over the Purple Walrus's low profitability and wondered where the revenues are going.

19. Wonderland Pie Holdings

This company owns several restaurant brands in Wonderland. It advertises heavily for all its brands, but since many locations are out-of-the-way and staff tends to be grumpy, the restaurants are generally not that popular. It is owned by the Red Queen, who receives some cash from it every year. She takes pride in the fact that Wonderland Pie is bigger than other restaurateurs (but they have noticed that she still pays her vendors a lot for ingredients).

20. Right Raven Pub

A small pub owned by a group of the Red Queen's guards that operates out of a house in the court and receives food and beer deliveries daily. The guards are happy waiters and bartenders, even though they expect the Queen to take any of the pub's profits.

Right Raven is financed via a large loan from First Wonderland that they expect to roll over when it comes due in several years.

Statement of Operations

Revenue

Total revenue	600,000
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Costs and expenses

Cost of goods sold	468,000
Occupancy costs	12,000
Advertising and marketing costs	3,000
Research & development	48,000
Salary and benefits	60,000
Total operating expenses	591,000
Income (loss) from operations	9,000
Interest expense	(5,786)
One-time settlement in legal dispute	500
Income before taxes	3,714
Income taxes paid	5
Net income	3,709

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	611,268
Net Income	3,709
Net cash flows from operating activities	3,709
Dividend payment	(927)
Net cash flows from financing activities	(927)
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	38,466
Total current assets	652,516
Goodwill & Intangible assets	6,140
Total assets	658,657

Liabilities

Accounts payable	48,500
Current portion of debt	2,630
Total current liabilities	51,130
Long-term debt	52,600
Total liabilities	103,730
<u>Stockholders' equity</u>	554,927

Statement of Operations

Revenue

Total revenue	2,400,000
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Costs and expenses

Cost of goods sold	2,040,000
Occupancy costs	48,000
Advertising and marketing costs	60,000
Salary and benefits	210,000
Total operating expenses	2,358,000
Income (loss) from operations	42,000
Interest expense	(6,108)
Income before taxes	35,892
Income taxes paid	10,014
Net income	25,878

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	574,767
Net Income	25,878
Net cash flows from operating activities	25,878
New debt incurred (repayed)	61,405
Dividend payment	(48,000)
Net cash flows from financing activities	13,405
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	44,712
Total current assets	658,762
Goodwill & Intangible assets	614,050
Total assets	1,272,816

Liabilities

Accounts payable	290,700
Current portion of debt	5,090
Total current liabilities	295,790
Long-term debt	101,800
Total liabilities	397,590
<u>Stockholders' equity</u>	875,226

Statement of Operations

Revenue

Total revenue	3,000,000
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Costs and expenses

Cost of goods sold	1,740,000
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Depreciation & amortization	150,000
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Salary and benefits	90,000
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Total operating expenses	1,980,000
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Income (loss) from operations	1,020,000
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Interest expense	(786,630)
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Income before taxes	233,370
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Income taxes paid	70,024
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Net income	163,346
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	900,704
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Net Income	163,346
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Depreciation & amortization	150,000
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Net cash flows from operating activities	313,346
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New debt incurred (repayed)	(600,000)
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Net cash flows from financing activities	(600,000)
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	625,000
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Material inventory	47,671
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Finished goods inventory	95,342
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Total current assets	1,382,064
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Property & fixed assets	15,000,000
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Goodwill & Intangible assets	6,140
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Total assets	16,388,204
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Liabilities

Accounts payable	406,800
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Current portion of debt	655,525
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Total current liabilities	1,062,325
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Long-term debt	13,110,500
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Total liabilities	14,172,825
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<u>Stockholders' equity</u>	2,215,379
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,440,000
Depreciation & amortization	225,000
Salary and benefits	54,000
Total operating expenses	1,719,000
Income (loss) from operations	81,000
Interest expense	(29,862)
Income before taxes	51,138
Income taxes paid	10,006
Net income	41,132

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	347,918
Net Income	41,132
Depreciation & amortization	225,000
Net cash flows from operating activities	266,132
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Accounts receivable	375,000
Material inventory	39,452
Finished goods inventory	78,904
Total current assets	1,107,406
Property & fixed assets	4,500,000
Deferred tax asset	614,050
Total assets	6,221,456

Liabilities

Accounts payable	353,200
Current portion of debt	24,885
Total current liabilities	378,085
Long-term debt	497,700
Total liabilities	875,785
<u>Stockholders' equity</u>	5,345,679

Statement of Operations

Revenue

Total revenue	600,000
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Costs and expenses

Cost of goods sold	420,000
Occupancy costs	12,000
Salary and benefits	60,000
Total operating expenses	492,000
Income (loss) from operations	108,000
Interest expense	(57,068)
One-time settlement in legal dispute	(500)
Income before taxes	50,432
Income taxes paid	10,018
Net income	40,414

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	(326,364)
Net Income	40,414
Net cash flows from operating activities	40,414
New debt incurred (repayed)	900,000
Net cash flows from financing activities	900,000
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	34,521
Total current assets	648,571
Total assets	648,571

Liabilities

Accounts payable	40,400
Total current liabilities	40,400
Long-term debt	518,800
Total liabilities	559,200
<u>Stockholders' equity</u>	89,389

Statement of Operations

Revenue

Total revenue	2,400,000
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Costs and expenses

Cost of goods sold	1,560,000
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Depreciation & amortization	240,000
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Advertising and marketing costs	120,000
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Salary and benefits	240,000
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Total operating expenses	2,160,000
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Income (loss) from operations	240,000
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Interest expense	(15,402)
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Income before taxes	224,598
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Income taxes paid	70,018
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Net income	154,580
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	219,470
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Net Income	154,580
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Depreciation & amortization	240,000
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Net cash flows from operating activities	394,580
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	66,600
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Material inventory	42,740
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Finished goods inventory	85,479
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Total current assets	808,869
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Property & fixed assets	2,400,000
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Total assets	3,208,869
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Liabilities

Accounts payable	59,100
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Current portion of debt	12,835
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Total current liabilities	71,935
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Long-term debt	256,700
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Total liabilities	328,635
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<u>Stockholders' equity</u>	2,880,236
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,170,000
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Occupancy costs	36,000
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Salary and benefits	180,000
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Total operating expenses	1,386,000
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Income (loss) from operations	414,000
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Interest expense	(93,036)
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One-time settlement in legal dispute	(500)
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Income before taxes	320,464
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Income taxes paid	100,018
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Net income	220,446
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	(506,396)
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Net Income	220,446
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Net cash flows from operating activities	220,446
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New debt incurred (repayed)	900,000
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Net cash flows from financing activities	900,000
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Inventory	96,164
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Total current assets	710,214
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Goodwill & Intangible assets	614,050
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Deferred tax asset	614,050
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Total assets	1,938,322
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Liabilities

Accounts payable	113,900
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Current portion of debt	77,530
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Total current liabilities	191,430
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Long-term debt	1,550,600
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Total liabilities	1,742,030
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<u>Stockholders' equity</u>	196,292
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Statement of Operations

Revenue

Total revenue	1,200,000
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Costs and expenses

Cost of goods sold	97,500
Depreciation & amortization	30,702
Occupancy costs	60,000
Salary and benefits	92,107
Banking fees	61,405
Total operating expenses	341,715
Income (loss) from operations	858,285
Interest expense	(5,916)
Income before taxes	852,369
Income taxes paid	280,009
Net income	572,360

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	10,988
Net Income	572,360
Depreciation & amortization	30,702
Net cash flows from operating activities	603,062
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	2,137
Total current assets	616,187
Property & fixed assets	614,050
Goodwill & Intangible assets	3,000
Total assets	1,233,242

Liabilities

Accounts payable	28,000
Current portion of debt	4,930
Total current liabilities	32,930
Long-term debt	98,600
Total liabilities	131,530
<u>Stockholders' equity</u>	1,101,712

Statement of Operations

Revenue

Total revenue	600,000
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Costs and expenses

Cost of goods sold	492,000
Depreciation & amortization	30,000
Salary and benefits	60,000
Total operating expenses	582,000
Income (loss) from operations	18,000
Interest expense	(10,945)
Income before taxes	7,055
Income taxes paid	13
Net income	7,042

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	606,808
Net Income	7,042
Depreciation & amortization	200
Net cash flows from operating activities	7,242
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Accounts receivable	16,600
Material inventory	4,493
Finished goods inventory	8,986
Total current assets	644,129
Property & fixed assets	600,000
Total assets	1,244,148

Liabilities

Accounts payable	15,900
Current portion of debt	4,975
Total current liabilities	20,875
Long-term debt	99,500
Total liabilities	120,375
<u>Stockholders' equity</u>	1,123,773

Statement of Operations

Revenue

Revenue from interest	943,386
Other revenue	2,400,000
Total revenue	3,343,386

Costs and expenses

Interest paid	210,000
Provision for loan loss	60,000
Occupancy costs	12,000
Salary and benefits	585,092
Total operating expenses	867,092
Income (loss) from operations	2,476,293
Income before taxes	2,476,294
Income taxes paid	820,001
Net income	1,656,293

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	185,857
Net Income	1,656,293
Net cash flows from operating activities	1,656,293
Purchases of treasury shares	(614,050)
Proceeds from issuance (repurchase) of long-term debt	(614,050)
Net cash flows from financing activities	(1,228,100)
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Property & fixed assets	334,339
Mortgage loans	6,140,500
Loan assets	2,435,740
Total assets	9,524,629

Liabilities

Deposits	3,000,000
Total liabilities	3,000,000

<u>Stockholders' equity</u>	6,524,634
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,440,000
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Occupancy costs	36,000
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Advertising and marketing costs	9,000
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Salary and benefits	180,000
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Total operating expenses	1,665,000
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Income (loss) from operations	135,000
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Interest expense	(9,141)
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Income before taxes	125,859
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Income taxes paid	40,018
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Net income	85,841
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	528,209
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Net Income	85,841
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Net cash flows from operating activities	85,841
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Inventory	118,356
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Total current assets	732,406
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Goodwill & Intangible assets	307,025
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Total assets	1,039,431
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Liabilities

Accounts payable	342,100
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Current portion of debt	4,155
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Total current liabilities	346,255
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Long-term debt	83,100
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Total liabilities	429,355
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<u>Stockholders' equity</u>	610,080
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Statement of Operations

Revenue

Total revenue	2,400,000
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Costs and expenses

Cost of goods sold	1,872,000
Depreciation & amortization	15,000
Advertising and marketing costs	12,000
Research & development	192,000
Salary and benefits	240,000

Total operating expenses	2,331,000
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Income (loss) from operations	69,000
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Interest expense	(12,529)
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Income before taxes	56,471
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Income taxes paid	10,015
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Net income	46,456
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	702,594
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Net Income	46,456
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Depreciation & amortization	15,000
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Net cash flows from operating activities	61,456
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Net cash flows from investing activities	(150,000)
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	200,000
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Material inventory	51,288
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Finished goods inventory	102,575
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Total current assets	967,921
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Property & fixed assets	150,000
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Goodwill & Intangible assets	307,025
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Total assets	1,424,946
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Liabilities

Accounts payable	478,900
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Total current liabilities	478,900
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Long-term debt	113,900
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Total liabilities	592,800
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<u>Stockholders' equity</u>	832,146
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Statement of Operations

Revenue

Revenue from interest	4,063,281
Revenue from fees	1,261,405
Total revenue	5,324,686

Costs and expenses

Interest paid	1,440,000
Provision for loan loss	300,000
Occupancy costs	6,000
Salary and benefits	159,741
Special payment to small business owner	61,405

Total operating expenses	1,967,146
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Income (loss) from operations	3,357,540
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Income before taxes	3,357,540
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Income taxes paid	1,110,020
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Net income	2,247,520
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	(1,019,420)
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Net Income	2,247,520
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Net cash flows from operating activities	2,247,520
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Proceeds from issuance (repurchase) of long-term debt	(614,050)
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Net cash flows from financing activities	(614,050)
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Property & fixed assets	532,469
Loan assets	67,107,300
Other assets	614,050

Total assets	68,867,869
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Liabilities

Deposits	36,000,000
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Total liabilities	36,000,000
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<u>Stockholders' equity</u>	32,867,888
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,170,000
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Occupancy costs	36,000
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Research & development	144,000
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Salary and benefits	180,000
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Total operating expenses	1,530,000
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Income (loss) from operations	270,000
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Interest expense	(6,248)
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Income before taxes	263,752
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Income taxes paid	80,004
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Net income	183,748
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	430,302
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Net Income	183,748
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Net cash flows from operating activities	183,748
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Inventory	96,164
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Total current assets	710,214
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Total assets	710,232
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Liabilities

Accounts payable	41,900
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Current portion of debt	2,840
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Total current liabilities	44,740
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Long-term debt	56,800
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Total liabilities	101,540
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<u>Stockholders' equity</u>	608,692
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Statement of Operations

Revenue

Total revenue	600,000
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Costs and expenses

Cost of goods sold	402,000
Depreciation & amortization	30
Salary and benefits	162,000
Total operating expenses	564,030
Income (loss) from operations	35,970
Interest expense	(59,701)
Income before taxes	(23,731)
Income taxes paid	(6,993)
Net income	(16,738)

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	630,758
Net Income	(16,738)
Depreciation & amortization	30
Net cash flows from operating activities	(16,708)
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	2,203
Total current assets	616,253
Property & fixed assets	600
Total assets	616,853

Liabilities

Accounts payable	46,300
Total current liabilities	46,300
Long-term debt	542,740
Total liabilities	589,040
<u>Stockholders' equity</u>	27,834

Statement of Operations

Revenue

Total revenue	3,000,000
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Costs and expenses

Cost of goods sold	1,950,000
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Depreciation & amortization	375,000
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Salary and benefits	300,000
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Total operating expenses	2,625,000
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Income (loss) from operations	375,000
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Interest expense	(40,116)
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Income before taxes	334,884
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Income taxes paid	110,019
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Net income	224,865
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	1,214,185
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Net Income	224,865
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Depreciation & amortization	375,000
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Net cash flows from operating activities	599,865
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New debt incurred (repayed)	(1,200,000)
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Net cash flows from financing activities	(1,200,000)
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	83,300
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Material inventory	53,425
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Finished goods inventory	106,849
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Total current assets	857,627
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Property & fixed assets	7,500,000
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Total assets	8,357,627
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Liabilities

Accounts payable	71,900
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Current portion of debt	33,430
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Total current liabilities	105,330
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Long-term debt	668,600
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Total liabilities	773,930
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<u>Stockholders' equity</u>	7,583,697
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,200,000
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Occupancy costs	36,000
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Research & development	144,000
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Salary and benefits	180,000
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Total operating expenses	1,560,000
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Income (loss) from operations	240,000
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Interest expense	(95,711)
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One-time settlement in legal dispute	500
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Income before taxes	144,789
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Income taxes paid	40,005
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Net income	104,784
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	509,266
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Net Income	104,784
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Net cash flows from operating activities	104,784
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	375,000
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Inventory	98,630
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Total current assets	1,087,680
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Total assets	1,087,680
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Liabilities

Accounts payable	128,200
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Current portion of debt	43,505
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Total current liabilities	171,705
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Long-term debt	870,100
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Total liabilities	1,041,805
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<u>Stockholders' equity</u>	45,876
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Statement of Operations

Revenue

Total revenue	3,000,000
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Costs and expenses

Cost of goods sold	1,200,000
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Depreciation & amortization	3,070,250
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Advertising and marketing costs	15,000
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Salary and benefits	750,000
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Total operating expenses	5,035,250
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Income (loss) from operations	(2,035,250)
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Interest expense	(3,033,126)
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Income before taxes	(5,068,376)
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Income taxes paid	(1,679,995)
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Net income	(3,388,381)
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	1,546,231
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Net Income	(3,388,381)
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Depreciation & amortization	3,070,250
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Net cash flows from operating activities	(318,131)
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New debt incurred (repayed)	(614,050)
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Net cash flows from financing activities	(614,050)
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	250,000
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Total current assets	864,050
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Property & fixed assets	61,405,000
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Goodwill & Intangible assets	307,025
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Deferred tax asset	614,050
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Total assets	63,190,125
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Liabilities

Accounts payable	1,034,600
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Current portion of debt	2,527,605
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Total current liabilities	3,562,205
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Long-term debt	50,552,100
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Total liabilities	54,114,305
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Stockholders' equity	9,075,838
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Statement of Operations

Revenue

Total revenue	1,800,000
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Costs and expenses

Cost of goods sold	1,404,000
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Depreciation & amortization	90,000
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Advertising and marketing costs	9,000
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Salary and benefits	180,000
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Total operating expenses	1,683,000
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Income (loss) from operations	117,000
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Interest expense	(16,242)
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Income before taxes	100,758
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Income taxes paid	30,001
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Net income	70,757
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Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	453,293
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Net Income	70,757
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Depreciation & amortization	90,000
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Net cash flows from operating activities	160,757
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Cash and cash equivalents: end of period	614,050
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Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
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Accounts receivable	375,000
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Inventory	288,493
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Total current assets	1,277,543
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Property & fixed assets	1,800,000
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Goodwill & Intangible assets	307,025
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Total assets	3,384,568
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Liabilities

Accounts payable	138,300
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Current portion of debt	13,535
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Total current liabilities	151,835
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Long-term debt	270,700
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Total liabilities	422,535
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<u>Stockholders' equity</u>	2,962,049
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Statement of Operations

Revenue

Total revenue	600,000
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Costs and expenses

Cost of goods sold	510,000
Depreciation & amortization	30,000
Salary and benefits	18,000
Total operating expenses	558,000
Income (loss) from operations	42,000
Interest expense	(10,802)
Income before taxes	31,198
Income taxes paid	10,008
Net income	21,190

Consolidated Statement of Cash Flows

Cash and cash equivalents: beginning of period	562,860
Net Income	21,190
Depreciation & amortization	30,000
Net cash flows from operating activities	51,190
Cash and cash equivalents: end of period	614,050

Statement of Assets & Liabilities

Assets

Cash and cash equivalents	614,050
Inventory	13,973
Total current assets	628,023
Property & fixed assets	600,000
Total assets	1,228,023

Liabilities

Accounts payable	114,600
Current portion of debt	4,910
Total current liabilities	119,510
Long-term debt	98,200
Total liabilities	217,710
<u>Stockholders' equity</u>	1,010,335