

## Language Translation Services, Inc.



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# general disclaimer

## Purpose

This Descriptive Report is intended to familiarize a prospective purchaser with summary information regarding Language Translation Services Inc. (LTS or the Company) of Chicago, IL whose business assets are currently available for sale. It attempts to identify the factors that create value within the Company to a prospective purchaser. It does not attempt to enumerate risk factors and other investment considerations that may be relevant to the acquisition decision. This Descriptive Report is specifically not intended to be an Offering Memorandum or Prospectus as those terms are used in the securities industry.

This Descriptive Report is furnished to prospective purchasers who have signed a Confidentiality Agreement and made a specific request for information regarding the Company for the purpose of determining interest in submitting an offer to acquire the Company. Each prospective purchaser is responsible for the performance and expense of appropriate due diligence review prior to any acquisition of the Company.

## Disclaimer

The information contained in this Descriptive Report has been supplied by the Company.

\_\_\_\_\_ has not audited or otherwise confirmed this information and makes no representations, express or implied, as to its accuracy or completeness or the conclusions to be drawn and shall in no way be responsible for the content, accuracy and truthfulness of such information. Any and all representations shall be made solely by the Company as set forth in Definitive Transaction documents, which shall control as to representations and warranties, if any. By requesting this Descriptive Report, the recipient acknowledges the responsibilities to perform all appropriate verification and due diligence inspections and research prior to an acquisition of or business combination with the Company.

## Notice of Confidentiality

\_\_\_\_\_ represents this Client on an exclusive basis. The information presented in this Descriptive Report is for use only by those who have signed a Confidentiality Agreement for the purpose of considering the business described herein for acquisition. The Descriptive Report and the information presented shall be treated as secret and confidential and no part of it shall be disclosed to others, except as provided in the Confidentiality Agreement. The Descriptive Report shall not be reproduced, duplicated or revealed, in whole or in part, or used in any manner without the prior written permission of \_\_\_\_\_. Should there be no interest in the business as an acquisition, the Descriptive Report and all information about the Company shall be promptly returned to \_\_\_\_\_.

## Inquiries and [REDACTED]'s Role

[REDACTED] is acting as the Company's exclusive advisor in the proposed transaction. [REDACTED] fees are paid entirely by the seller. As such, ***all inquiries and follow-up must be coordinated through*** [REDACTED]. Neither the employees of the Company nor the Company's customers or competitors are aware of this transaction. Therefore, no contact with the industry or the Company is permitted without the express written consent of [REDACTED] and the Company's shareholders. All buyer visits will be arranged by [REDACTED] and hosted jointly by a [REDACTED] representative and the Company.

We have not established an asking price for the Company. The Company's market position, financial results, and future opportunities will lead to different value perceptions among various buyers. Parties interested in pursuing this transaction may be required to submit a brief, non-binding proposal detailing preliminary valuation of the Company and a suggested transaction structure. This process is designed to maximize efficiency for both the buyer and the seller.

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# executive summary

## **Products/Services**

LTS is a professional interpreting and translation firm dedicated to improving access to health care and other vital services for people with limited English language skills. By providing a language bridge between Limited English Proficient (LEP) patients and their healthcare providers, LTS interpreters help the medical team accurately diagnose each patient and avoid ordering unnecessary and/or expensive tests. Interpreting services (95% of revenue) are offered on-site in more than 30 different languages (including American Sign Language), or over-the-phone in over 150 languages. The majority of on-site appointments are scheduled through LTS' state-of-the-art scheduling database, which is hosted on the Company's servers. The Company also provides written translation services (5% of revenue) in more than 80 languages for hospitals, law firms, and various associations.

## **Organization**

LTS has seven full-time employees, one part-time training/translation contractor, and 185 independent contract interpreters. LTS is known for the professionalism of its interpreters and has made a commitment to quality through rigorous training and professional development. All of LTS' interpreters are held to the highest of standards and are required to pass the Company's proprietary training program.

## **Markets/Customers**

The Company's customer base is comprised of world-renown healthcare institutions as well as a small number of legal firms dealing in healthcare matters. All clients are located in the Chicago metropolitan area. Management has always placed a special emphasis on customer service, and its high level of repeat business (90-95%) speaks to the quality of its customer relationships.

## **Financial Information**

LTS is insulated somewhat from general economic downturns due to the constant demand for healthcare services and the legal responsibilities of healthcare institutions to provide language access to LEP patients. This is demonstrated by the fact that LTS' revenue increased 10.8% in 2008, and sales through June 2009 are up more than 15% over the same period last year.

## **Facility**

The Company owns a 1,842 sq. ft. office condominium. The facility houses two servers which host the Company's scheduling database, but the business can be relocated with relative ease. The facility can be leased or included as part of the sale.

## **Reason for Sale**

Ms. Owner has invested her knowledge, expertise, time, and resources into creating a successful Company that sets and surpasses industry standards. She believes that the foundation she has built has primed LTS for significant growth. The owner recognizes that timing is ideal for the Company to build on its current skills and pursue a multi-service business, targeting expanded geographic markets.

Ms. Owner is open to a variety of options that will allow the Company to thrive, including a recapitalization or an outright sale. Both Ms. Owner and Mr. Owner are interested in remaining with the Company in similar roles, and are excited about helping new ownership aggressively grow the business.

# history

## Ownership Percentages

Name	Ownership %	Owner Since	Functional Role
Owner	100%	2000	President; Oversees all day-to-day operations

Language Translation Services, Inc. (LTS) was founded in 2000 by Owner to provide high quality professional language access services to leading healthcare institutions in the Chicago Metropolitan area. The Company has WBE status, though no contracts are contingent upon it. Ms. Owner was formerly employed by a not-for-profit agency where she led the development of the first community-based interpreting program in Chicago.

In 2002, the Company purchased and relocated to its current facility on Halsted Street in Chicago. The Company has grown steadily by providing a variety of interpreting and translation services in a vast array of different languages. In 2007, the Company developed an online scheduling database that streamlined the entire interpreter scheduling process. The database was made available online to clients in 2008, the same year the Company became the first spoken language provider in the city of Chicago to provide American Sign Language (ASL) services.

Since inception, the Company has served leading healthcare institutions in the Chicago area. The Company's success has been characterized by quality, professionalism, and timeliness. It continues to be the leading provider in the Chicago metropolitan area, and Ms. Owner's industry involvement keeps her on the forefront of all major industry developments.

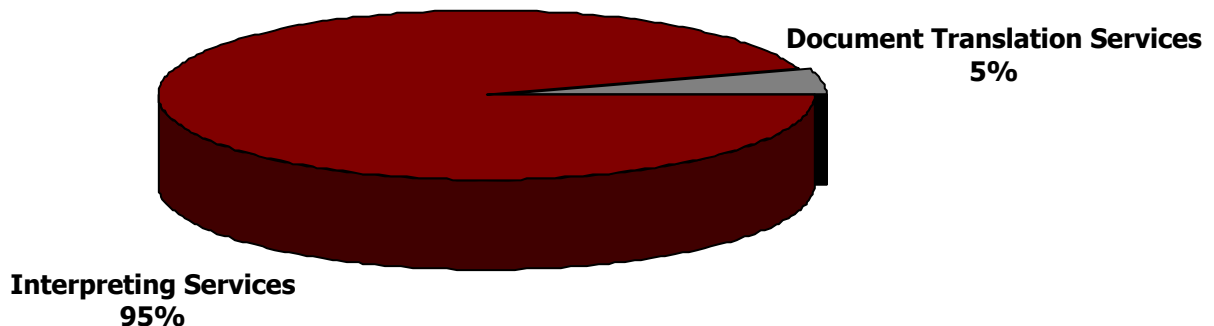
Historical Milestones	
2000	<ul style="list-style-type: none"><li>The Company was founded by Owner</li><li>LTS began offering services to first clients in March 2000</li></ul>
2002	<ul style="list-style-type: none"><li>LTS purchased its current facility</li></ul>
2003	<ul style="list-style-type: none"><li>LTS added several major accounts</li></ul>
2006	<ul style="list-style-type: none"><li>Annual revenue exceeded \$2.5 million</li></ul>
2007	<ul style="list-style-type: none"><li>The Company developed its interpreter scheduling and billing database for internal use</li></ul>
2008	<ul style="list-style-type: none"><li>The Company launched ASL Program</li><li>Annual revenue exceeded \$2.7 million</li><li>Online scheduling database and tools were made available for LTS clients</li></ul>

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# products/ services

LTS is a professional interpreting and translation firm dedicated to improving access to health care and other vital services for people with limited English language skills. Under Title VI of the Civil Rights Act of 1964, all hospitals and physicians who receive federal funds, without regard to the amount they receive, are required to provide language assistance services when needed (including physicians who treat Medicaid patients). The Company offers the following services:

## Percentage of Revenue by Service



## Interpreting Services—95% of Total Revenue

The National Council on Interpreting in Health Care ([www.NCIHC.org](http://www.NCIHC.org)) defines interpreting as the “process of understanding and analyzing a spoken or signed message and re-expressing the message faithfully, accurately, and objectively in another language, taking the cultural and social context into account.” LTS provides a language bridge between Limited English Proficient (LEP) patients and their healthcare providers, enabling the medical team to accurately diagnose each patient, communicate complex medical information, and avoid ordering unnecessary and expensive tests that may not be fully reimbursed. This ultimately enhances overall patient safety and the quality of care.

LTS is known for the quality of its interpreters and has made a commitment to quality through rigorous training and professional development. All of LTS’ interpreters are held to the highest of standards and are required to pass the Company’s proprietary training program, the *Curriculum for Interpreting in Health Care*© (see Page 23 for more information). LTS interpreters are not only educated in medical and confidentiality issues, but in cultural differences and ethics in order to provide professional, sensitive, and accurate interpreting services. LTS offers three types of interpreting services: on-site (OSI), American Sign Language (ASL), and over-the-phone (OPI).

### **On-Site Interpreting (OSI) - 91% of Interpreting Revenue**

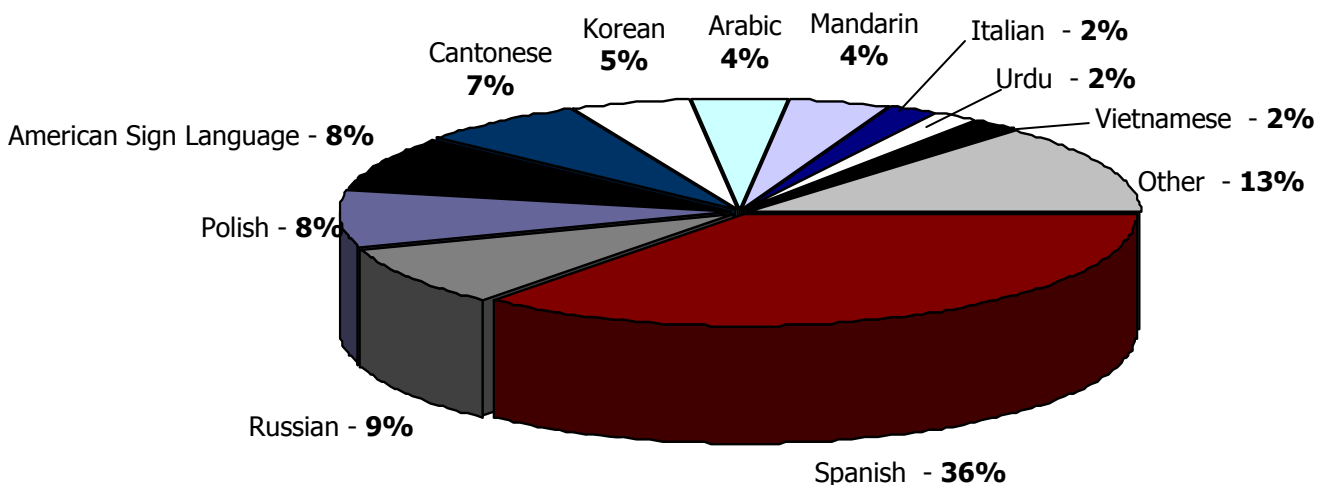
LTS is the largest provider of on-site medical interpreting services in the Chicago metropolitan area. On-site patient appointments (commonly called *encounters*) occur in-person allowing for face-to-face visual contact and human interaction that may be needed for proper communication. Healthcare encounters take place in a variety of settings including doctors' offices, clinics, and hospitals. Typically, the interpretation occurs during an encounter between a healthcare provider and the patient and/or one or more family members.

One of LTS' greatest strengths is the number of languages they offer. LTS' OSI interpreters are proficient in more than thirty languages, including some of the most difficult to source languages such as Farsi and Burmese. Furthermore, LTS continually adds languages to match the immigrant and refugee populations of the cities they serve. As a result, LTS has one of the industry's lowest decline rates (see "Decline Rate" on page 12) and is rarely unable to fill a customer's interpreter request.

### **Languages**

- |             |                  |              |              |
|-------------|------------------|--------------|--------------|
| • Arabic    | • German         | • Lithuanian | • Serbian    |
| • Bosnian   | • Greek          | • Mandarin   | • Spanish    |
| • Bulgarian | • Gujarati       | • Macedonian | • Tolsan     |
| • Burmese   | • Haitian/Creole | • Polish     | • Ukranian   |
| • Cantonese | • Hindi          | • Portuguese | • Urdu       |
| • Croatian  | • Italian        | • Punjabi    | • Vietnamese |
| • Farsi     | • Japanese       | • Romanian   |              |
| • French    | • Korean         | • Russian    |              |

### **Percentage of Revenue by Language - OSI**





### **American Sign Language (ASL) - 8% of Interpreting Revenue**

In addition to spoken languages, LTS also offers clients American Sign Language (ASL) interpreting services. ASL is the primary language of communication used in the U.S. for the deaf and hearing impaired. It uses hand shapes, positions, movements, facial expressions, and body movements to convey meaning. ASL uses an alphabet (finger spelling), signs representing ideas, and gestures. It is an independent language that has its own grammar and syntax, and languages vary from country to country in the same way that spoken languages do.

LTS launched their ASL interpreting services in 2008, becoming the first spoken language provider in the city of Chicago to offer American Sign Language services. All of LTS' ASL interpreters are licensed in Illinois and most are certified by the Registry of Interpreters for the Deaf ([www.RID.org](http://www.RID.org)), which assures that the interpreter has a demonstrated ability to interpret between ASL and spoken English for both sign-to-voice and voice-to-sign tasks.

### ***Americans with Disabilities Act (ADA)***

Title III of the Americans with Disabilities Act (ADA), section 302, 42 U.S.C. §12182, states that “no individual shall be discriminated against on the basis of disability in the full and equal enjoyment of the goods, services, facilities, privileges, advantages, or accommodations of any place of public accommodation by any person who owns, leases (or leases to), or operates a place of public accommodation.” The “equal enjoyment of services” includes the provision of American Sign Language (ASL) interpreters, assistive listening devices, or other resources. Furthermore, this section of the ADA specifically includes “professional offices of healthcare professionals” and hospitals in its definition of “places of public accommodation.”

### **Over-the-Phone Interpreting (OPI) - 1% of Interpreting Revenue**

In 2008, LTS launched phone-based interpreting services available 24 x 7 x 365. In contrast to national providers, LTS' OPI services are focused exclusively on the needs of medical clients, providing the highest level of screening, training, and professional service for complex medical interpreting encounters. The Company's OPI services are used to help the medical team accurately diagnose each patient in emergencies or situations when an on-site interpreter may not be practical.

LTS contracts these services through Certified Languages International, Inc. (CLI) of Portland, Oregon. This relationship allows LTS to provide 24/7 service in more than 150 languages using a network of over 1,200 interpreters. OPI uses dual handsets or a three-way conference telephone call with an average connection time of 26 seconds that engages the healthcare provider, the patient, and the interpreter.

**Document Translation Services - 5% of Total Revenue**

LTS provides written document translation services for a variety of medical and legal documents, and has expertise with over 80 languages. Every document undergoes a multi-step process to ensure complete accuracy:

1. Written documents are translated from one language into another using an experienced, full-time professional translator. Where accreditations are available, LTS uses only accredited US-based translators, or overseas professionals with the equivalent of a Master's in translation.
2. The translated document flows to an independent, native speaking editor for review and quality check.
3. The translator and editor collaborate to work out differences and nuances in word selection and create the final translation.
4. Document is released to client.

In business and healthcare settings, documents require special attention and quality control that can only be provided by professional, trained translators. All LTS translators have at least five years translation experience and spend at least 50% of their work time translating in order to qualify as active professionals in the field. Many LTS translators are medical doctors, attorneys or engineers, and the subject matter for each project is matched to the expertise of the translator.

***Memory Translation Software***

The Company's translation services are extremely valuable to clients with frequent document translation needs. To support the work of LTS translators, the Company uses translation memory software that is customized to each client. Many phrases can be translated accurately in multiple ways, and different clients in different markets may have their own unique preferences for specific phrases. Memory software tracks translated phrases by client so when common phrases appear in subsequent documents, LTS uses the same translation for consistency and to minimize costs.

**Document Translation Services - Available Languages**

















Afrikaans	Estonian	Hungarian	Norwegian	Tamil
Albanian	Farsi	Indonesian	Oromo	Tigrinia
Amharic	Finnish	Italian	Papiamento	Toisan
Arabic	Flemish	Japanese	Polish	Tongan
Armenian	French	Javanese	Portuguese	Trukese
Azeri	French-Canadian	Kannada	Punjabi	Turkish
Belarusian	Gallego	Khmer	Romanian	Twi
Bosnian	Georgian	Korean	Russian	Uighur
Bulgarian	German	Latin	Samoan	Ukranian
Catalan	Greek	Latvian	Serbo-Croatian	Urdu
Chinese	Gujarati	Lithuanian	Slovenian	Vietnamese
Chuukese	Haitian/Creole	Macedonian	Somali	Wolof
Czech	Hausa	Malay	Spanish	Yiddish
Danish	Hebrew	Marshallse	Swahili	
Dari	Hindi	Mongolian	Swedish	
Dutch	Hmong	Nepali	Tagalog	

## Interpreter Scheduling Database

All of LTS' clients have access to the Company's proprietary online scheduling system that was designed, developed, and launched in 2007. With this powerful tool, clients can easily request interpreters, manage their schedules, view monthly invoices, and access valuable industry resources. The system, which is HIPAA\* compliant, is extremely user-friendly and streamlines the entire scheduling process. Clients can schedule encounters months in advance or with less than 24 hours notice (only about 20% of all encounters are scheduled with less than 24 hours notice). The scheduling process works as follows:

- 1 Client logs into the system. Location and department for the encounter are selected from the drop-down menu.
- 2 Client selects the language needed for the encounter.
- 3 Contact information tracks who made the appointment and informs LTS who to contact.
- 4 The exact date and start/end times are recorded.
- 5 Patient information is recorded. Clients can add as many patients as they desire to the database.
- 6 Clients can review and manage their full schedule of encounters.

### Add encounter

Order ID	2565489																																																																	
Location	Client	General Hospital 																																																																
	Site	Main Hospital  																																																																
	Department	Acute Rehab Room 267-B  																																																																
Encounter	Language	Spanish (español) 																																																																
	Category	Medical 																																																																
	Encounter Status	Unassigned																																																																
Contacts	Call-in person	Shirley Racjevich  																																																																
	Contact person	Mike H. - ext. 3-5676																																																																
	Provider	Dr. Bunsen Honeydew																																																																
Schedule	Date	Monday, April 8, 2008 																																																																
	Start time	9:00 AM	CDT																																																															
	End time	10:30 AM																																																																
	Additional info	<input type="checkbox"/> Override time validation America/Chicago time zone																																																																
	Patient information																																																																	
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\* HIPAA refers to the Health Insurance Portability and Accountability Act, enacted by the U.S. Congress in 1996 that establishes national standards for electronic healthcare transactions. Provisions of the Act address the security and privacy of health data.

**Interpreter Scheduling Database (cont'd)**

LTS' database is the most comprehensive, powerful, and secure scheduling platform among its competitors. All of LTS' client data is housed on a locked server at LTS' facilities—it is not hosted on a server shared by several companies. This ensures the security of all of the information logged into the system. In contrast to LTS, many competitors pay licensing fees to be a part of a shared database, while others still rely exclusively on phone and fax (email is not HIPAA compliant).

***Online Medical Glossary***

One of the most useful features of the scheduling database is its extensive online medical glossary. The glossary is sorted by language and medical specialty and is available online to LTS interpreters for use in preparing for upcoming patient encounters. For example, prior to an encounter between a Russian-speaking patient and a cardiologist, an interpreter can log into the LTS database to view cardiology-specific terminology in Russian. This added level of preparation gives LTS' interpreters the ability to interpret the most detailed and complex medical information. The Company's medical glossary is unique to LTS and was developed based on interpreters' experiences over thousands of encounters.

**Decline Rate**

A significant metric within the industry is the decline rate, which is the percentage of interpreter requests that cannot be filled. There are several reasons why an interpreter request is unable to be filled, including the interpreter provider's inability to locate and schedule the appropriate interpreter for the encounter, limited notice, or the interpreter's failure to keep the appointment.

LTS is known industry-wide for its ability to fill interpreter requests and has consistently low decline rates. In 2008, the Company's overall decline rate for all on-site interpreting encounters—including those with less than 24 hours notice—was 2.6%. This is well below the industry average, which is estimated to be approximately 10%. LTS' low decline rates are due in part to their scheduling database, which expedites the matching process, as well as the Company's emphasis on recruitment and research (see "Interpreter Recruiter" in the Organization section on page 23). LTS recruits and retains an extremely large interpreter base that includes more languages than any of its competitors. Additionally, they have a full-time employee dedicated to monitoring the Company's appointment statistics and trends, including encounter declines. The data are analyzed on a weekly basis to identify demographic changes, new language needs, and other issues and trends.

The decline rate for ASL encounters tends to be higher industry-wide (LTS' ASL decline rate in May 2009 was 20%), as ASL interpreters with the necessary certifications are more difficult to obtain. In Illinois, the certification requirements for professional ASL interpreters have recently increased, making the pool from which LTS (and competitors) can draw much smaller.

### **Pricing**

LTS on-site (OSI) and ASL interpreting services range from \$50-65 per hour, depending on the language, with a two-hour minimum for all appointments (i.e. if the encounter lasts 15 minutes, client is still charged for two hours). The Company also collects for appointments cancelled with less than a 24-hour notice. The majority of interpreting services (OSI and ASL) are provided during regular office hours; however, there is a 30% additional charge for services provided outside of office hours, including weekends and federal holidays. In certain circumstances, LTS will charge the client for the interpreter's travel expenses.

For OPI, LTS charges between \$1.25 and \$1.50 per minute. Document translation services are quoted on a per project basis. Rates vary according to the language, subject matter, and complexity of written documents as well as the level of publishing and formatting that is needed.

### **Client Contracts**

The Company has contracts with all major clients that range from one to three years with automatic renewal. Some clients are billed an hourly rate based on actual usage while others are billed on a monthly advanced retainer basis. Clients billed in advance pay LTS at the beginning of each month for a block of hours at a specified rate; any billable hours that exceed the monthly allotment are billed at a higher rate. For example, assume a client's contract is for 500 hours per month at \$55 per hour plus \$65 per hour for any additional hours. If the client used 550 hours in a given month, they will have paid \$27,500 at the beginning of the month (\$55 per hour x 500 hours) and \$3,250 at the end of the month (\$65 per hour x 50 hours) for a total of \$30,750 for the month. On average, LTS bills for between 3,100 to 3,600 hours per month.

Within the terms of the contract, clients must provide 60-90 days notice to increase the number of hours in their contract. In addition, all contracts include a clause that stipulates that clients would be responsible to pay a \$20,000 fee for hiring an LTS interpreter. In two instances, clients opted to pay a fee and hired LTS trained interpreters to work as full-time employees within their institutions.

### **Compliance**

LTS is well-versed in the key compliance policies to which healthcare providers must adhere including Title VI, Office of Minority Health standards, HIPAA, National Committee for Quality Assurance (NCQA) standards, and The Joint Commission accreditation standards.

# financials

## Historical Balance Sheet—December 31

	12/31/2008	12/31/2007	12/31/2006
<b>Assets</b>			
Current Assets			
Cash	195,427	310,997	168,411
Accounts Receivable	399,716	254,911	336,924
Prepaid Expenses	3,306	3,580	-
Employee Advances	-	1,700	1,894
Total Current Assets	598,449	571,188	507,229
Fixed Assets			
Furniture and Fixtures	3,381	3,381	1,065
Automobiles	47,080	47,080	47,080
Computer Equipment	17,875	13,373	9,351
Building	281,565	281,565	281,565
Accumulated Depreciation	(78,717)	(55,987)	(34,071)
Net Fixed Assets	271,184	289,412	304,990
<b>Total Assets</b>	<b>\$869,633</b>	<b>\$860,600</b>	<b>\$812,219</b>
<b>Liabilities &amp; Stockholder's Equity</b>			
Current Liabilities			
Accounts Payable	112,626	71,033	3,793
Accrued Expenses	404,128	322,716	295,312
Payroll Taxes Payable	-	-	-
Payroll Garnishments	-	-	100
Note Payable, Current Portion	-	-	18,000
Customer Deposits	-	-	285
Total Current Liabilities	516,754	393,749	317,490
Note Payable, Net of Current	-	-	2,119
Total Liabilities	516,754	393,749	319,609
Stockholder's Equity			
Common Stock	1,000	1,000	1,000
Retained Earnings	351,879	465,851	-
Officer Draws	-	-	-
Accumulated Adjustment (Beg)	-	-	383,420
Net Income (Loss)	-	-	477,156
Distributions	-	-	(368,966)
Total Stockholder's Equity	352,879	466,851	492,610
<b>Total Liabilities &amp; Equity</b>	<b>\$869,633</b>	<b>\$860,600</b>	<b>\$812,219</b>

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**Historical Income Statement—FYE December 31**

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Total Revenue	2,719,170	2,454,131	2,577,859
Cost of Goods Sold			
Salaries Expense	220,744	130,503	232,287
Payroll Taxes	22,286	20,489	18,120
Interpreting Expense	1,102,188	977,601	845,288
Translation Expense	63,812	62,385	85,180
Internship	639	-	267
Proficiency Assessment	1,056	2,560	3,245
QC Evaluations	1,359	761	58
Training Facilitator	964	200	-
Training Expense	5,671	5,478	8,639
Recruitment Expense	3,975	3,812	3,001
Employee Expenses	1,452	-	-
Employee Benefits	-	-	4,758
Staff Development	4,188	883	1,545
Retirement Contribution	9,553	7,416	6,879
Subcontractor Expense	662	4,969	28,589
Total Cost of Goods Sold	1,438,549	1,217,057	1,237,856
<b>Gross Profit</b>	<b>1,280,621</b>	<b>1,237,074</b>	<b>1,340,003</b>
<b>Gross Profit %</b>	<b>47.1%</b>	<b>50.4%</b>	<b>52.0%</b>
Operating Expenses			
Advertising and Promotion	2,409	2,897	1,499
Marketing			
Automobile	1,151	2,366	8,023
Bad Debt Expense	-	-	98
Delivery Expense	-	-	379
Depreciation	22,730	21,916	9,124
Donations	3,802	67,563	72,374
Dues and Subscriptions	1,103	831	675
Officer's Salaries	432,237	450,000	410,000
Outside Services	-	-	15,037
Business Gifts	-	-	58
Insurance	7,019	4,111	3,201
Interest	-	-	1,199
Legal & Professional Fees	46,193	62,277	44,850
Meals and Entertainment	5,597	5,376	3,660
Office	16,301	5,438	12,478
Payroll Tax	19,365	9,479	18,500
Postage	985	1,447	1,276
Printing	-	-	1,263
Real Estate Taxes	13,542	13,689	14,261
Repairs & Maintenance	7,246	2,258	13
Retirement Contribution	218,993	239,401	239,039
Telephone	13,904	10,228	9,795
Travel	4,916	4,548	8,240
Utilities	3,576	2,815	2,908
Miscellaneous	863	31	251
Total Operating Expenses	821,932	906,671	878,201
Other Income	3,018	3,952	15,354
<b>Net Income</b>	<b>\$ 461,707</b>	<b>\$ 334,355</b>	<b>\$ 477,156</b>

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**Adjustments to Historical Income Statement - FYE December 31**

		<b>2008</b>	<b>2007</b>	<b>2006</b>
Officer's Salaries	1	432,237	450,000	410,000
FMV Owner's Compensation	2	(100,000)	(100,000)	(100,000)
Payroll Tax Adjustment	3	16,612	17,500	15,500
Retirement Contribution	4	212,000	239,039	239,401
Real Estate Taxes	5	13,542	13,689	14,261
FMV Rent	6	(17,499)	(17,499)	(17,499)
Repairs and Maintenance	7	5,432	-	-
Donations	8	3,802	67,563	72,374
Legal and Accounting	9	-	20,000	-
Depreciation and amortization		22,730	21,916	9,124
Interest expense		-	-	1,199
Total Adjustments		588,856	712,208	644,360
Operating Income		461,707	334,355	477,156
<b>Recast EBITDA</b>		<b>\$ 1,050,563</b>	<b>\$ 1,046,563</b>	<b>\$ 1,121,516</b>
<b>EBITDA Margin</b>		<b>38.64%</b>	<b>42.64%</b>	<b>43.51%</b>

**Adjustment Notes:**

1. Owner salaries are added back and a fair market value compensation has been subsequently deducted (see note 2).
2. Fair market owner's compensation is deducted from earnings.
3. Payroll taxes paid on the amount of compensation in excess of fair market value has been added back.
4. Contributions made into Owner retirement plans have been added back.
5. Real estate taxes have been added back and fair market value rent has been deducted (note 6)
6. Fair market value rent has been deducted (1,842 sq. ft. x \$9.50 per sq ft.).
7. The Company replaced the carpet throughout the entire office in 2008; the associated expenses have been added back.
8. Charitable contributions have been added back.
9. IT fees associated with setting up the Company's scheduling database in 2007 are added back.

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**Balance Sheet - October 31, 2009**

	10/31/2009
<b>Assets</b>	
Current Assets	
Petty Cash	297
Fifth Third Checking Account	22,823
Fifth Third Money Market Acct.	482,134
Accounts Receivable	311,453
Prepaid Expenses	3,306
Employee Advances	-
Total Current Assets	820,013
Fixed Assets	
Furniture and Fixtures	3,381
Automobiles	47,080
Computer Equipment	17,875
Building	281,565
Accum. Depreciation - Equipmen	(10,363)
Accum. Depreciation - Automobile	(23,539)
Accum. Depreciation - Other	(1,497)
Accum. Depreciation - Bldg Imp	(43,318)
Net Fixed Assets	271,182
<b>Total Assets</b>	<b>1,091,195</b>
<b>Liabilities &amp; Equity</b>	
Current Liabilities	
Accounts Payable	107,524
Wages Payable	8,186
Federal Payroll Taxes 941	12,198
FUTA Tax Payable 940	(417)
State Payroll Taxes Payable	(12,715)
SUTA Payable	(532)
401K Payable	(0)
Total Current Liabilities	114,243
Equity	
Common Stock	1,000
Retained Earnings	351,903
Officer Draws	(127,000)
Net Income	751,048
Total Equity	976,951
<b>Total Liabilities &amp; Equity</b>	<b>1,091,195</b>

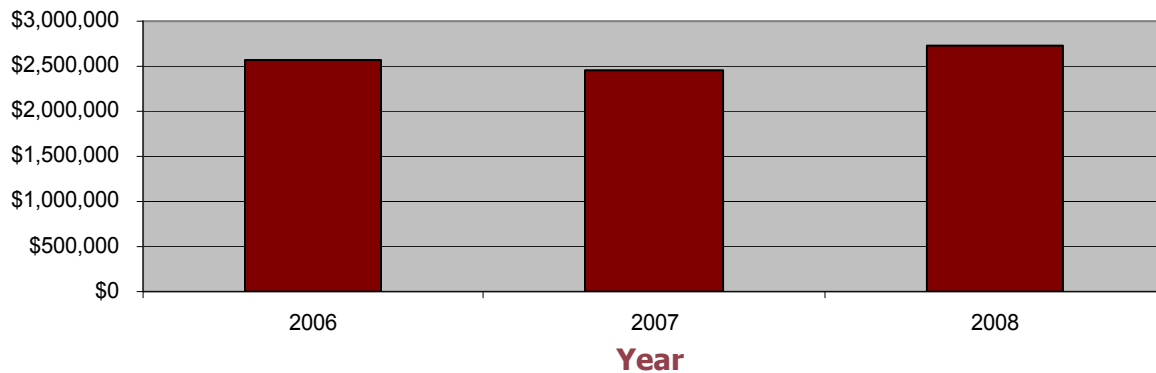
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**Year to Date Income Statement Comparison - October 31 (FYE Dec 31)**

	YTD 10/31/09	YTD 10/31/08	% Change
Total Revenue	2,351,111	2,456,129	-4.3%
Total Cost of Goods Sold	1,485,777	1,350,250	10.0%
Gross Profit	865,334	1,105,879	-21.8%
Gross Profit %	36.81% #	45.03%	
Operating Expenses			
Advertising expense	100	779	
Website	572	828	
Amortization	-	-	
Auto	1,421	1,032	
Bad Debt	255	813	
Bank Charges	3,118	1,848	
Charitable Contributions	13,253	3,138	
Dues and Subscriptions	360	643	
Employee Benefit Program	1,170	1,056	
Staff Development	1,213	4,094	
Outside Printing Expense	744	40	
Freight/Messenger Expense	130	79	
Gift Expense	93	85	
Insurance	5,177	4,643	
Legal and Professional	33,186	41,175	
Licenses	250	-	
Maintenance	1,505	1,255	
NCIHC	26	304	
Meals and Entertainment	2,959	2,668	
Special Events	3,231	1,844	
Office Expense	4,929	3,917	
Penalties and Fines	-	1	
Property taxes	13,677	13,542	
Postage expense	1,320	753	
Repairs Expense	423	5,650	
Supplies expense	3,742	3,859	
Telephone expense	12,535	12,350	
Travel	250	4,940	
Utilities	2,703	2,976	
Other	1,203	55	
Corp State Income Tax	4,741	-	
Total Operating Expenses	114,287	114,364	-0.1%
<b>Net Income</b>	<b>751,048</b>	<b>991,515</b>	<b>-24.3%</b>
	YTD 10/31/09	YTD 10/31/08	% Change
Adjustments			
One-time fees to CFA	29,000	-	
Corporate State Income Tax	4,741		
Charitable contributions	13,347	3,138	
Total Adjustments	47,088	3,138	
Net Income	751,048	991,515	
<b>Adj. EBITDA</b>	<b>798,135</b>	<b>994,653</b>	<b>-19.8%</b>

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### Sales



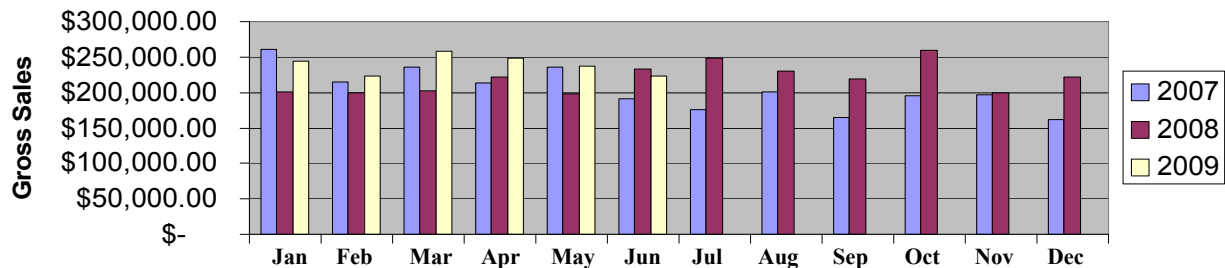
### Sales Volumes and Growth Rates

Year	Sales	% Growth	Gross Profit	Gross Profit % of Sales	Recast EBITDA	Recast EBITDA % of Sales
2006	\$2,577,859	65.2%	\$1,340,003	52%	\$1,121,516	43.5%
2007	\$2,454,131	(4.8%)	\$1,237,074	50.4%	\$1,046,563	42.6%
2008	\$2,719,170	10.8%	\$1,280,621	47.1%	\$1,050,563	38.6%

LTS is insulated somewhat from general economic downturns due to the constant demand for healthcare services and the legal responsibilities of healthcare institutions to provide language access to LEP patients. This is demonstrated by the fact that LTS' revenue increased 10.8% in 2008, and sales June 2009 are up more than 15% over the same period last year.

The business is not seasonal and sales are fairly steady month-to-month. Sales tend to be slightly lower in November and December and slightly higher in January, as patients often postpone medical care until after the holiday season.

### Sales by Month



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**Miscellaneous Financials****Accounts Receivable Aging**

As of 06/26/09	0-30 Days	31-60 Days	61-90 Days	91+ ** Days	Total
Dollar Amount	226,052	-2,348	0	-17,769	205,935
% of Total Receivables	110%	-1%	0%	-9%	100%

**Financial Statement Preparation**

Bookkeeping is conducted in-house and the CPA firm of Silver, Lerner, Schwartz & Fertel compiles the Company's year end financial statements. The Company uses Fifth Third Bank in Chicago, IL.

**Compliance**

There are no OSHA, EPA, or litigation issues pending.

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# organization

LTS has seven full-time employees, one part-time translation/training contractor, and 185 independent contract interpreters. Over-the-phone (OPI) interpreting services are subcontracted to Certified Languages International (CLI).

All services are available twenty-four hours per day, seven days per week. The Company's office hours are from 8:00 am to 6:00 pm, Monday through Friday, which is when the majority of on-site interpreting services are provided. After office hours calls are answered through the Company's 24-hour emergency telephone line which sources interpreters 24-hours per day. Emergency calls that require an immediate interpreter are handled with over-the-phone interpreters, which are accessible within seconds and are available 24 hours per day.

## Key Employees

Title	Duties	Compensation	Age +/- 50	Years w/ Co.	Industry Exp.
<b>President</b> Ms. Owner	Oversees day-to-day operations	\$230,673	-	9	15
<b>Vice President</b> Mr. Owner (husband)	Oversees financial operations; Negotiates client contracts	\$230,673	-	3	3
<b>Office Manager</b>	Oversees scheduling and database administration and programming; Runs monthly billing; Monitors appointment statistics and trends.	\$39,031	-	4	4
<b>Interpreter Recruiter</b>	Recruits interpreters for all languages; Orients potential interpreters to Company; Conducts written and oral testing to evaluate prospective candidates to pursue CIH training	\$30,740	-	1.5	1.5
<b>Accounting Clerk</b>	Accounts receivable and collections; Interpreter payments and billing; Produces monthly reports	\$30,122	-	2	2
<b>Scheduler</b>	Schedules interpreter encounters	\$25,752	-	7 mos.	7 mos.
<b>Interpreter Coordinator/ Quality Manager</b>	Evaluates all new and existing interpreters; Oversees quality and assists with training	\$28,600	-	1	1
<b>Translation Coordinator* (part-time)</b>	Coordinates document translation services	\$15/hour	-	3	3

\* The translation coordinator is also paid \$20 per hour as a contract interpreter and contract trainer for LTS

**Benefits**

The Company provides benefits for its full-time employees which include:

- Accrued paid time off (13.5 days after 1 yr; 15 days after 3 yrs; 18 days after 7 yrs)
- Paid federal holidays (7)
- 401K profit sharing plan
- Defined Benefit program for owner, Vice President, and Office Manager

**Labor Market**

While all employees have previous work experience and skills relative to their positions, none of the employees, with the exception of the President, has any recognized industry experience. The Company has access to a large and diverse pool of employees in the area. It is anticipated that all employees would remain with the Company in the event of a sale or partnership.

**Contract Interpreters**

The Company has successfully built a base of 185 skilled and qualified interpreters. Once training is completed through LTS, as independent contractors, interpreters are free to work for LTS or any other Company. However, contract interpreters often work all of or the majority of their hours for one company (such as LTS) and may work a smaller proportion of their time for another (or several other) provider(s). LTS-trained interpreters show a strong propensity to regularly contract with LTS due to the steady flow of work and professional environment within the Company. The Company pays on-site interpreters between \$15-22 per hour, depending on the language, and ASL interpreters are paid between \$35-45 per hour. Contract interpreters are often paid travel expenses, but this varies according to the client contract. Requirements for contract interpreters include:

- At least 18 years of age
- Fluent in English and one other language (demonstrated by passing written/oral exams)
- Completion of *Curriculum for Interpreting in Health Care*© requirements
- Basic command of medical terminology
- Legally able to work in the United States
- Willingly able to travel to area hospitals
- Completion of at least six appointments with a senior interpreter
- Available during most business hours for ongoing appointments

**Interpreter Recruiter**

The needs and demands of the Company's customer base change according to local demographics, and the recruiter is responsible for ensuring an adequate and stable supply of interpreters who are skilled in the appropriate languages. The Company's recruiter plays a key role in maintaining the Company's low decline rate and protecting LTS' reputation as a reliable provider of quality interpreters. Duties of the recruiter include participating in local community organizations, events, and centers to find people in the community fluent in various languages. The recruiter orients potential interpreters to LTS and presents information about available opportunities. The recruiter also conducts written and oral testing to assess whether potential interpreters skills are at an adequate level to pursue further training as a professional healthcare interpreter.

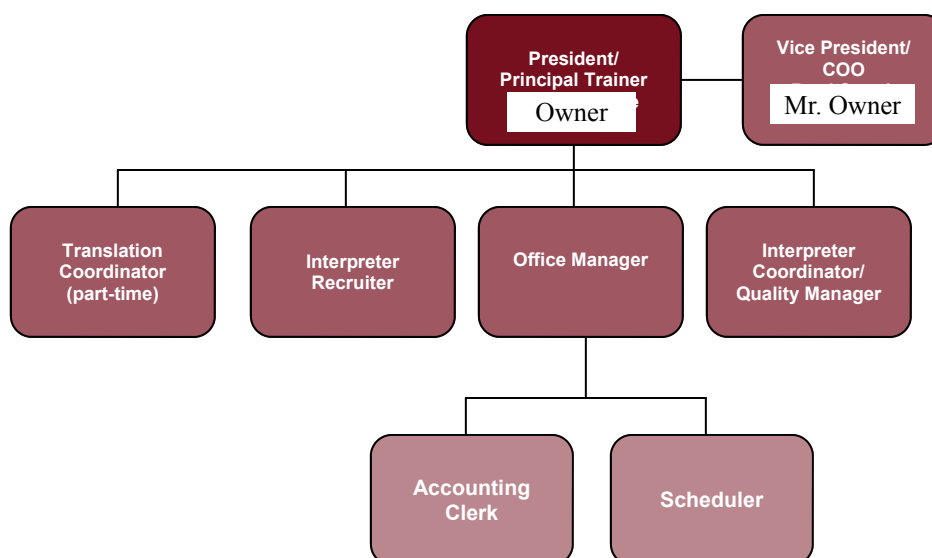
### Curriculum for Interpreting in Health Care®

LTS provides comprehensive and rigorous professional interpreter training through its *Curriculum for Interpreting in Health Care*® (CIH) program. Ms. Owner developed the CIH program after years of leadership with the National Council on Interpreting in Health Care (NCIHC). The CIH program fully incorporates both the *National Code of Ethics for Interpreters in Health Care* and the *Standards of Practice for Interpreters in Health Care* published by the NCIHC, training all LTS interpreters to the latest and most demanding national standards.

The standard course fee is \$250 and includes all course materials as well as a multi-appointment internship program with a senior LTS mentor. This mentor accompanies the trainee on their first assignments to help them transition from classroom skills to real-world professional implementation of the concepts they have studied. Other course requirements include oral and written proficiency exams (to qualify for and complete the course) and 46 hours of in-depth training including the study of medical terminology, advocacy, HIPAA guidelines, cultural brokering, difficult encounter role plays, and the proper role of a healthcare interpreter. Once the internship and other course requirements have been successfully completed, the interpreter is awarded a professional development certificate signifying their status as a professionally trained medical interpreter.

No other training program in the country compares to the scope and professional development offered by the CIH program.\* As a result, LTS is regarded as having the most highly skilled interpreters in the field—a reputation that has allowed them to be the preferred supplier for some of Chicago's most respected healthcare institutions.

### Organizational Chart



\*Currently there is no nationally recognized certification for professional healthcare interpreters. In 2008 the National Coalition on Healthcare Interpreter Certification (NCC), comprised of approximately twenty organizations dedicated to the professionalization of healthcare interpreting, began meeting to launch a multi-year project during which the coalition will work toward creating a single national certification process for healthcare interpreters. Owner, President of LTS is a member of the NCC's Steering Committee and serves as the Co-Chair of the Standards, Training, and Certification Committee.

### Executives' Duties

Owner, Founder, President, and Principal Trainer of LTS, was formerly the director of the first community-based healthcare interpreting service in Chicago. The President works about 40–50 hours per week running the day-to-day operations, managing employees, and training interpreters. She is known by her clients and is a recognized industry expert.

Since 1999 Ms. Owner has acted as Co-Chair of the Standards, Training, and Certification (STC) Committee of the National Council on Interpreting in Health Care (NCIHC). As a member of the NCIHC, she has been instrumental in developing and disseminating standards of practice within the industry, including a code of ethics and standards of practice for healthcare interpreters. Currently, as Co-Chair of the STC Committee, and as a member of the Steering Committee of the National Coalition on Health Care Interpreter Certification (NCC), she is involved in developing national standards for training professional medical interpreters and developing a single national certification process to ensure competency of healthcare interpreters.

Ms. Owner has also served as a technical advisor for The Joint Commission\* research project, *"Hospitals, Language and Culture: A Snapshot of the Nation"* and is currently one of 26 national members of the expert advisory panel for the Commission's current project, *"Developing Hospital Standards for Culturally Competent Patient-Centered Care."* As the only member of the panel to represent a private company, Ms. Owner is working with other panel members to advise the Commission on further defining the accreditation requirements on culturally competent, patient-centered care, which includes language services and language access. The panel is also working to train Commission auditors on the standards, which will be implemented in 2011. Implementation will result in more specifically defined standards for accredited hospitals which is likely to increase demand for professional healthcare interpreter services.

Ms. Owner travels frequently for her national speaking engagements, and provides consultation to state and community-based programs across the country. She takes about two months of vacation per year.

Mr. Owner, Ms. Owner's husband, is the Company's Vice President and Chief Operating Officer. He oversees financial operations; oversees legal issues; and manages client contracts and negotiations. His weekly schedule varies. On most weeks he works approximately 15 hours per week. However, when there is a client issue or a need to respond to a request for proposal (RFP), he will work up to 40 hours per week. He takes approximately two months of vacation per year.

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\* The Joint Commission is an independent, not-for-profit organization that accredits more than 16,000 healthcare organizations and programs in the United States. Its mission is to continuously improve the safety and quality of care provided to the public through the provision of healthcare accreditation and related services that support performance improvement in healthcare organizations. The Joint Commission standards include the field of language services and language access, though they are not dedicated solely to that area.



# markets & customers

## Customer Base

LTS maintains a customer base of approximately 25 accounts, and its largest customer contributed 37.8% to 2008 revenue. Management has always placed a special emphasis on customer service, and its high level of repeat business (90-95%) speaks to the quality of its customer relationships. The Company's customer base includes world-renown healthcare institutions as well as a small number of legal firms dealing in healthcare matters. All clients are located in the Chicago metropolitan area.

### LTS Top Ten Customers - 2008 and 2007

Customer	Years as Customer	2008 Sales	% of 2008 Sales	2007 Sales	% of 2007 Sales
A	4	\$1,028,316	38%	\$1,051,579	43%
B	6	\$556,761	21%	\$436,583	18%
C	6	\$355,269	13%	\$229,095	9%
D	3	\$232,706	9%	\$423,369	17%
E	6	\$190,593	7%	\$153,229	6%
F	4	\$91,681	3%	\$34,237	2%
G	5	\$56,955	2%	\$56,832	2%
H	1	\$37,880	1%	-	-
I	-	\$37,400	1%	\$40,817	2%
J	-	\$28,694	1%	\$5,201	<1%
Top ten total		\$2,616,255	96%	\$2,430,942	99%
All other		\$102,915	4%	\$23,189	1%
Total Sales		\$2,719,170	100%	\$2,454,131	100%

\*At the end of 2008, Customer C decreased hours purchased from LTS and began purchasing additional hours from lower priced providers. This client currently purchases 100 hours for difficult to source languages and appointments declined by other providers. Client C and LTS are in the process of discussions regarding an increase in hours due to quality concerns about services provided by the other companies.

\*\*The Company's newest customer (H) was added near the end of 2008. This customer's projected sales for 2009 are more than \$500,000.

# sales & marketing

Ownership's sales and marketing efforts have been intentionally limited in an attempt to achieve mild, controlled growth. Most of the Company's sales and marketing strategies focus on:

**Reputation:** The Company's primary marketing advantage is its reputation. Most clients have been with the Company for many years. LTS is known for its quality service, professionalism, and responsiveness. In addition, clients appreciate that the Company is at the forefront of the industry, through its President Ms. Owner. The President meets quarterly with clients to keep them apprised of national level developments with regard to training and certification, and clients have the opportunity to respond and provide input.

**Sales Staff:** Staff involved in sales and marketing include Ms. Owner and Mr. Owner. Ms. Owner obtained most client contracts when she started the Company and continues to dedicate some time to generating new business. Mr. Owner works with clients on contract negotiations and pricing. There are significant opportunities to increase sales through additional salespeople and by targeting new customers and/or markets (see Growth Section, page 27).

Most new business is obtained through referrals, direct sales, and industry associations, although the Company has recently responded to several requests for proposals (RFPs). It is likely that there will be an increase in the number of jobs that are bid, particularly within large healthcare networks. Bids are prepared by Mr. Owner.

**Company Website:** The Company's website, LTS, was professionally designed in 2000 and last updated in 2009. It describes and outlines the Company's services; highlights the quality of LTS interpreters and the Company's expertise in regard to training and certification; and provides links to valuable references and resources within the industry.

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# growth

## Highlights

- Healthcare Reform
- Geographic Expansion
- Medical Tourism
- Centralized Sourcing
- Bundled Pricing
- Package/Market Proprietary Programs
- Augmented Sales Activities
- Document Translation Services
- Video Interpreting Services
- Industry Outlook
- Technological Advancements

The healthcare interpreting market in the United States is extremely large and fragmented, and LTS is positioned to capitalize on the significant growth opportunities that exist. By implementing the following strategies, ownership is confident that reaching \$20 million in revenue within five years is an attainable—and possibly conservative—goal.

## Healthcare Reform

Under the recently proposed healthcare reform, all uninsured Americans will be provided (or required to purchase) medical coverage. This is expected to add millions of previously uninsured LEP patients—who must be provided language assistance services—to the healthcare system. According to the US Census Bureau, Spanish-speaking Hispanics alone account for 32.6 percent, or roughly 15 million, of the 46 million uninsured Americans. Furthermore, Chicago's Hispanic population is the third highest in the country behind only New York and Los Angeles. *Ownership believes that the healthcare reform could significantly impact LTS, estimating that sales could more than double within the first year of full healthcare coverage.*

## Geographic Expansion

LTS' business model has proven to be very successful and management is confident that the same model would allow the Company to thrive in other geographic markets. One of the biggest challenges LTS faces with respect to geographic expansion is the amount of time and capital resources necessary to recruit, test, train, and mentor a new network of interpreters. Additionally, it would take time to develop relationships with area healthcare providers.

One of the best avenues for expansion would be to acquire a small interpreting agency in a new market. This would provide LTS with established interpreter and customer bases and allow them to make an immediate impact. There are numerous small agencies in nearly every major market that would be ideal acquisition targets for LTS. Also, a partnership with a large OPI firm would provide LTS with an opportunity to reach new customers through the OPI firm's existing sales relationships. Ideally, ownership would like to establish a greenfield operation to replicate their current business model in a new geographic location.

With a concerted effort, LTS could expand into three new markets per year (one new location every four months), resulting in 16 locations throughout the United States by 2014. The Company will target the top 20 metropolitan statistical areas (MSA)—defined by the US Office of Management and Budgets as core urban areas with populations of 50,000 or more—including Los Angeles, New York, Dallas, and Miami (Chicago is the third largest MSA). There is currently no large, national on-site provider.

**Medical Tourism Partnership**

Medical tourism is the practice of traveling across international borders to obtain healthcare services. Through contracts with US healthcare institutions, medical tourism companies market the institutions' healthcare programs and services to individuals overseas and manage all the logistical factors involved in receiving international patients who seek care through these programs. Typically, the healthcare providers pay the medical tourism companies a percentage of the patients' total medical fees.

LTS has a relationship with a company experienced in medical tourism called BMP Tourism (BMP) which is owned by Deya Ghabayen, one of LTS' former Arabic interpreters and senior mentors. LTS will work with BMP on behalf of US-based healthcare institutions to recruit government-sponsored, privately insured, and/or wealthy international patients. The Companies will have a particular focus on Middle Eastern countries (Kuwait, Saudi Arabia, United Arab Emirates, Qatar, Bahrain, Oman, Jordan, etc), as Ms. Ghabayen has experience, staff, and contacts—including contacts with medical liaison offices—throughout those regions. Medical tourism services include:

- VISA assistance
- On-going interpreting services throughout the patient's stay
- Translation of medical records
- Scheduling and follow-up
- International and local travel arrangements
- Housing assistance
- Language assistance
- Billing
- Extended family support services (local sightseeing, entertainment, etc)

Mr. Owner and Ms. Key Emp. have recently presented the benefits of their services to one of LTS' largest customers with strong upper management interest. Ownership believes that by 2011 they will be able to source 40 patients from overseas, which will contribute an estimated \$3,200,000\* to revenue.

**Centralized Sourcing**

Currently, LTS contracts with healthcare providers to service individual sites. However, LTS would like to move from site-to-site contracts toward centralized sourcing. For example, assume an organization called XYZ Healthcare has four metropolitan locations: XYZ East, XYZ West, XYZ North, and XYZ South. Rather than target and establish a relationship with XYZ East, LTS would like to establish a relationship with XYZ Healthcare in an effort to service all of their metropolitan sites. To make this change, a concentrated sales and marketing effort would be needed to target the appropriate healthcare providers.

\*\$3,200,000 estimate is based on a hospital's estimated gross billings of \$200,000 per in-bound international patient, of which LTS will receive 40% (\$80,000).  $\$80,000 \times 40 \text{ patients} = \$3,200,000$ .

**Bundled Pricing**

While LTS currently offers a variety of services to meet clients' needs, the majority of revenue is generated through the Company's on-site interpreting services. To increase competitiveness, LTS could partner with a national provider of over-the-phone interpreting services to offer a mixed bundle of services (OSI, OPI, document translation, video remote interpreting, etc). Mixed bundling is the practice of selling products or services both individually and/or in a bundle, usually at a volume discount.

Offering a mixed bundle will increase the volume of billable hours, add a level of convenience and price flexibility to customers, and provide insulation against lower priced competition and individual service discount pricing. Furthermore, a phone provider's existing sales relationships would help LTS expand into new geographic markets while providing them with enough time to establish an interpreter base (see "Geographic Expansion" on page 27).

**Package and Market Intellectual Property**

**CIH Training Program:** Although the CIH program is currently used exclusively to train LTS interpreters, there are exciting opportunities to capitalize on the strength of the program. The Company is optimally positioned as the leader for training within the industry; no public or private entity has approached LTS' level of sophistication in the development of a comprehensive training program. One of the most significant opportunities involves packaging and marketing the program nationally. This would likely require LTS to partner with a national training organization to establish a network of qualified trainers and launch the program in numerous markets throughout the United States. Through this program, the CIH program would become the standard program for interpreter training and, eventually, certification. Additionally, for healthcare institutions that prefer employing full-time interpreters in certain languages, the CIH program can be used to train permanent hospital staff.

**Scheduling Database:** LTS' scheduling database has tremendous appeal to interpreters, customers, and competitors alike. Since the database is hosted on LTS' servers, ownership would like to create a shared system whereby other interpreting agencies can use the platform on a fee basis or through a licensing agreement. This would be an attractive option for many companies who are already paying fees to use a less sophisticated database, as well as to those who are still using antiquated scheduling methods. Additionally, the database can be licensed or offered as a free customer benefit to contracted clients who wish to manage their own interpreting staff. The Company's database can be marketed to companies throughout the United States and would create an entirely new revenue stream.

**Medical Glossary:** As stated earlier, the Company's exhaustive medical glossary provides an added level of preparation that benefits all parties involved in an encounter. Currently, the glossary is free to be used by LTS' contract interpreters to prepare for upcoming encounters. However, ownership is considering marketing the glossary to professional interpreters, interpreting agencies, and hospitals nationwide at a yearly, per-interpreter rate (i.e. \$99 per year per interpreter).

**Augmented Sales Activities**

LTS has maintained the same marketing approach for the last several years despite the growth opportunities afforded by a more aggressive sales and marketing strategy. While most new business has come as a result of Ms. Owner's industry involvement, a significant impact can be made by adding salespeople who are dedicated to establishing relationships with additional healthcare providers. Currently, Ms. Owner and Mr. Owner comprise the Company's entire sales team.

**Document Translation Services**

Historically, the Company's focus has been on growing the on-site interpreting aspect of the business. However, ownership has recently taken steps to enhance the Company's document translation services, and feels that a concentrated marketing effort highlighting LTS' expertise could substantially increase revenue. Currently, LTS has started a new project that involves translating a software application into several different languages for an international hotel development. The software application has already successfully been translated into Russian with several other languages to follow.

**Video Remote Interpreting (VRI)**

LTS would like to add video remote interpreting (VRI) services in the future. VRI brings spoken-language or ASL interpreters into hospital rooms or doctors' offices via audio/visual equipment. Video interpreters are engaged in a way similar to over-the-phone interpreters, but with the added benefit of visual communication. For LTS, implementing VRI requires a switchboard and adding interpreters who have access to the necessary technical equipment (webcam, high-speed business internet, home office, etc).

**Industry Outlook**

Ms. Owner and LTS are on the forefront of all major industry developments. A significant trend expected to impact the industry involves The Joint Commission, which is currently working on expanding hospitals' accreditation requirements to include stricter guidelines on the provision of quality language access. The Joint Commission is working to train compliance auditors on healthcare interpreting standards, which are expected to be implemented by 2011. It is anticipated that these new standards will drastically reduce instances in which healthcare providers use unqualified and/or untrained interpreters (i.e. patient's family members, bilingual hospital staff, etc.) to interpret for patients, and increase demand for professional interpreting services.

**Technological Advancements**

While there are software applications and devices that attempt to provide accurate interpreting or translation, the need for human interaction during the interpreting process is undeniable. This becomes even more important in healthcare settings where the information is extremely sensitive and complex. Many of the latest technological developments are designed to enhance and supplement the quality of interpreting (i.e. video interpreting), but there is currently no technology available that can replace LTS' valuable and necessary services.

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# competition

## Major Competitors

Competitor	Nearest Location	Estimated Size
Cross-Cultural Interpreting Services	Chicago, IL	Smaller
Healthcare Language Services	Chicago, IL	Smaller
MetaPhrasis	Chicago, IL	Smaller
Cosmopolitan Translation Bureau	Chicago, IL	Larger

## Competitive Advantages

- Leading provider in Chicago metropolitan area
- Proprietary training program (CIH)
- Proprietary scheduling database and medical terminology glossary
- Low decline rate for patient encounters
- Highly skilled healthcare interpreter base
- Full-time recruiter
- Solid, long-term client relationships
- Excellent industry reputation
- Only spoken-language interpreting firm to offer ASL

## Barriers to Entry

There are several challenges that make entering the healthcare interpreting market extremely difficult. The recruiting, testing, and training of an adequate number of skilled interpreters would require a significant amount of time, capital resources, and industry involvement. New market participants would also need to establish relationships with hospitals and healthcare institutions—something that Ms. Owner did over many years *prior to* founding LTS. Additionally, knowledge of industry regulations coupled with a solid internal structure to support operations, billing, and scheduling would be required.

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# equipment

LTS owns two servers that accommodate and enable the Company to self-host their scheduling database. The servers are supported by an integrated T1, a digital carrier modulation method with 24 channels, each with a maximum data speed of 64 thousand bits per second. With the integrated T1, the Company has the capability of running different applications concurrently but independently of each other. This equipment enables the Company to fully manage and control the scheduling database, oversee access of all users, and ensure confidentiality and compliance with HIPAA standards.

## **Systems**

LTS uses a Microsoft based PC system for administration and Peachtree for accounting.



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# facility

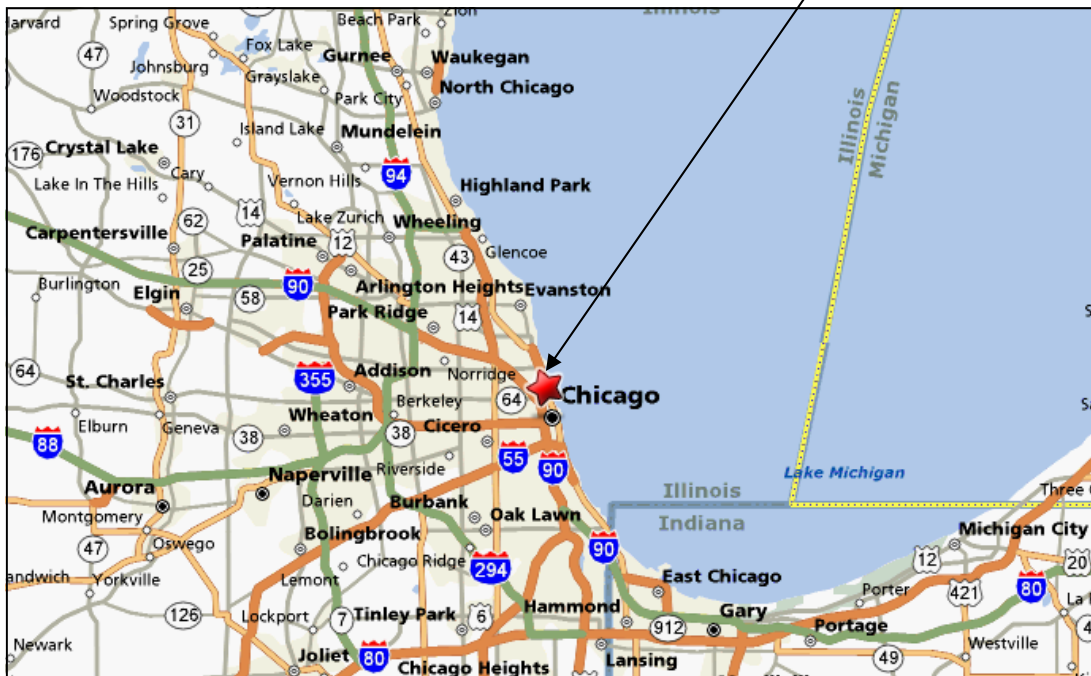
LTS' facility is owned by the Company. It consists of a first-floor commercial condominium unit within a three-story brick, mixed-use condominium building. The property has approximately 25 feet of frontage along Halsted Street between Schubert and Diversey in Chicago. The LTS office unit is 1,842 square feet of interior space. The Company could accommodate a few additional staff within the existing commercial space. There are two upper level residential condominium units that are managed by a condominium association. The residential units are owner occupied.

LTS's commercial unit was appraised at \$460,00 in 2007. LTS is not location sensitive, and can be relocated with relative ease. The current facility was more of a lifestyle choice for current ownership. The unit would most likely appeal to an owner operator looking to establish a permanent place of business in a unique neighborhood with an upward residential and commercial trend. The presence of an attractive long-term lease might also appeal to an investor. The facility could be leased or included as part of the sale.

## Facility Details

Address	Year Built	Total Sq. Ft.	Own or Lease	Appraised Value (2007)
	1985	1,842	Own	\$460,000

## Location of Facility



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# reason for sale

Ms. Owner has invested her knowledge, expertise, time, and resources into creating a successful Company that sets and surpasses industry standards. She believes that the foundation she has built has primed LTS for significant growth. The owner recognizes that timing is ideal for the Company to build on its current skills and pursue a multi-service business, targeting expanded geographic markets.

Ms. Owner is open to a variety of options that will allow the Company to thrive, including a recapitalization or an outright sale. Both Ms. Owner and Mr. Owner are interested in remaining with the Company in similar roles and are excited about helping new ownership aggressively grow the business.