#### ELMER FOX, WESTHEIMER & CO.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors H. Tracy Hall, Incorporated Provo, Utah

The accompanying balance sheet of H. Tracy Hall, incorporated as of August 31, 1976 and August 31, 1975 and the related statements of earnings and retained earnings for the fiscal years then ended were not audited by us and accordingly we do not express an opinion on them.

These statements are for internal use by management and do not include a statement of changes in financial position or all disclosures that might be required for a fair presentation to third parties.

Elner Fon Wastherner + 60.

Provo, Utah September 16, 1976

## H. TRACY HALL, INCORPORATED

## BALANCE SHEET

(Unaudited)

## ASSETS

1976   1975		August	August 31,	
Cash Prepaid expenses         \$ 6,644 \$24,800 70         135           Total current assets         6,714 24,935           Property and equipment, at cost: Machinery and equipment Less accumulated depreciation         32,501 10,812 6,727         30,108 21,689 23,381 228,403 \$48,316           LIABILITIES AND STOCKHOLDERS' EQUITY           Liabilities:         \$ - \$ 168 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable 5,000 2,500				
Cash	Current assets.			
Total current assets   6,714   24,935	[20] [14] [14] [14] [14] [14] [14] [15] [15] [15] [15] [15] [15] [15] [15	\$ 6,644	\$24,800	
Property and equipment, at cost:  Machinery and equipment Less accumulated depreciation  LIABILITIES AND STOCKHOLDERS' EQUITY  Liabilities:  Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable Total liabilities  Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  A32,501 30,108 24,702 21,689 23,381 228,403 \$48,316   Stockholders' EQUITY  Stockholders' EQUITY  11,426 11,426 11,426 11,426 11,426 12,500 2,500	Prepaid expenses	70	135	
Machinery and equipment   32,501   30,108   10,812   6,727   21,689   23,381   \$28,403   \$48,316   \$28,403   \$48,316   \$32,403   \$48,316   \$32,403   \$48,316   \$32,403   \$48,316   \$32,403   \$32,4	Total current assets	6,714	24,935	
Machinery and equipment   32,501   30,108   10,812   6,727   21,689   23,381   328,403   348,316	Property and equipment, at cost:			
LIABILITIES AND STOCKHOLDERS' EQUITY  Liabilities: Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable Total liabilities  11,426 11,4	Machinery and equipment		THE RESIDENCE OF THE PERSON NAMED IN COLUMN 1	
Liabilities:  Accounts payable	Less accumulated depreciation			
Liabilities:  Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  Liabilities \$ - \$ 168 5,000 - 11,426 11,426 11,426 2,500 2,500 11,426 11,426 11,426 11,426 11,426 11,426 11,426 11,426 11,426 11,426 2,500 2,500 25,000 18,926 14,094		21,689	23,381	
Liabilities:  Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable  Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  \$ - \$ 168 5,000 - 11,426		\$28,403	\$48,316	
Liabilities:  Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable  Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  \$ - \$ 168 5,000 - 11,426				
Liabilities:  Accounts payable 9-1/2% note payable to a bank Notes payable to stockholders Debentures payable  Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  \$ - \$ 168 5,000 - 11,426				
Accounts payable \$ - \$ 168 9-1/2% note payable to a bank 5,000 - Notes payable to stockholders 11,426 11,426 Debentures payable 2,500 2,500  Total liabilities 18,926 14,094  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings (15,523) 9,222	LIABILITIES AND STOCKHOLDERS	EQUITY		
Accounts payable \$ - \$ 168 9-1/2% note payable to a bank 5,000 - Notes payable to stockholders 11,426 11,426 Debentures payable 2,500 2,500  Total liabilities 18,926 14,094  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings (15,523) 9,222				
9-1/2% note payable to a bank Notes payable to stockholders Debentures payable Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  7,000 - 11,426 11,426 2,500 2,500 14,094	Liabilities:		4 160	
Notes payable to stockholders Debentures payable Total liabilities  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  11,426 2,500 2,500 18,926 14,094  25,000 25,000 (15,523) 9,222			\$ 168	
Debentures payable 2,500 2,500  Total liabilities 18,926 14,094  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings 25,000 25,000  (15,523) 9,222			11.426	
Total liabilities 18,926 14,094  Stockholders' equity: Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings 25,000 (15,523) 9,222				
Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  25,000 (15,523) 9,222	나 가 아이에 가끔하는데 이렇게 하는 것이 다 가장에 없는 것이 없다.		14,094	
Common stock, \$1 par value Authorized - 50,000 shares Issued and outstanding - 25,000 shares Retained earnings  25,000 (15,523) 9,222				
Authorized - 50,000 shares  Issued and outstanding - 25,000 shares  Retained earnings  25,000 (15,523) 9,222				
Issued and outstanding - 25,000 shares       25,000       25,000         Retained earnings       (15,523)       9,222				
Retained earnings (15,523) 9,222		25,000	25,000	
		(15,523)	9,222	
9,477 34,222		9,477	34,222	
\$28,403 \$48,316		\$28,403	\$48,316	

## H. TRACY HALL, INCORPORATED

# STATEMENT OF EARNINGS (LOSS) AND RETAINED EARNINGS (ACCUMULATED DEFICIT)

#### (Unaudited)

		Year ended August 31,	
		1976	1975
Net s	sales	\$ 13,342	\$27,095
Cost	of sales	6,569	8,252
Gross	s margin on sales	6,773	18,843
Int	r earnings: terest income ins on sale of equipment	637	1,441 36,117
		637	37,558
Gross	s earnings	7,410	56,401
Sal Ins Fro Suj Ins Tra Duo Res Dej Ut:	ating expenses: Laries and wages surance eight and express pplies terest expense avel expense kes and licenses es and subscriptions nt preciation and amortization ilities scellaneous expense	1,100 320 138 - 236 2,889 723 305 - 4,150 719 988	7,885 374 1,773 8,516 1,555 3,589 2,598 413 2,900 4,178 809 1,472
		11,568	36,062
Net	earnings (loss)	(4,158)	
Reta	ined earnings (deficit) at beginning of year	9,222	11,383
Divi	dends paid	(20,587)	(22,500)
Reta	ined earnings (deficit) at end of year	\$(15,523)	\$ 9,222
Net	earnings (loss) per share	<u>\$(.17)</u>	\$.81

1974-75 FY

#### ELMER FOX, WESTHEIMER & CO.

CERTIFIED PUBLIC ACCOUNTANTS

257 EAST CENTER STREET P. O. Box 1366 PROVO, UTAH 84601 801-373-3654

H. Tracy Hall, President H. Tracy Hall, Incorporated 1711 North Lambert Lane Provo, Utah 84601

Dear Tracy:

Enclosed are Federal income tax returns and State franchise tax returns which have been prepared for the corporation for the fiscal year ended August 31, 1975. These returns should be transmitted to the respective taxing authorities in accordance with the attached instructions.

Dividend distributions should be made to stockholders on or before November 15, as follows:

H. Tracy Hall	\$ 5,558.64
Ida Rose Hall	4,941.00
H. Tracy Hall, Jr.	1,441.12
Daniel Bartholomew	1,441.12
David R. Hall	1,441.12
J. Martin Neil	1,441.12
Virginia Hall	1,441.12
Charlotte Hall	1,441.12
Nancy Hall	1,441.12
Total	\$20,587.48

If you have any questions, don't hesitate to call us.

Very truly yours,

Frank Hack

Frank H. Gardner, C.P.A.

Partner

FHG:dt

Enclosures