

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.

Elmer Fox, Westheimer & Co.

Provo, Utah
September 16, 1976

H. TRACY HALL, INCORPORATED

BALANCE SHEET

(Unaudited)

ASSETS

	<u>August 31,</u>	
	<u>1976</u>	<u>1975</u>
Current assets:		
Cash	\$ 6,644	\$24,800
Prepaid expenses	<u>70</u>	<u>135</u>
Total current assets	<u>6,714</u>	<u>24,935</u>
Property and equipment, at cost:		
Machinery and equipment	32,501	30,108
Less accumulated depreciation	<u>10,812</u>	<u>6,727</u>
	<u>21,689</u>	<u>23,381</u>
	<u>\$28,403</u>	<u>\$48,316</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Accounts payable	\$ -	\$ 168
9-1/2% note payable to a bank	5,000	-
Notes payable to stockholders	11,426	11,426
Debentures payable	<u>2,500</u>	<u>2,500</u>
Total liabilities	<u>18,926</u>	<u>14,094</u>
Stockholders' equity:		
Common stock, \$1 par value		
Authorized - 50,000 shares		
Issued and outstanding - 25,000 shares	25,000	25,000
Retained earnings	<u>(15,523)</u>	<u>9,222</u>
	<u>9,477</u>	<u>34,222</u>
	<u>\$28,403</u>	<u>\$48,316</u>

H. TRACY HALL, INCORPORATED

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

(Unaudited)

	Year ended August 31,	
	<u>1976</u>	<u>1975</u>
Net sales	\$ 13,342	\$27,095
Cost of sales	<u>6,569</u>	<u>8,252</u>
Gross margin on sales	<u>6,773</u>	<u>18,843</u>
Other earnings:		
Interest income	637	1,441
Gains on sale of equipment	<u>-</u>	<u>36,117</u>
	<u>637</u>	<u>37,558</u>
Gross earnings	<u>7,410</u>	<u>56,401</u>
Operating expenses:		
Salaries and wages	1,100	7,885
Insurance	320	374
Freight and express	138	1,773
Supplies	-	8,516
Interest expense	236	1,555
Travel expense	2,889	3,589
Taxes and licenses	723	2,598
Dues and subscriptions	305	413
Rent	-	2,900
Depreciation and amortization	4,150	4,178
Utilities	719	809
Miscellaneous expense	<u>988</u>	<u>1,472</u>
	<u>11,568</u>	<u>36,062</u>
Net earnings (loss)	<u>(4,158)</u>	20,339
Retained earnings (deficit) at beginning of year	9,222	11,383
Dividends paid	<u>(20,587)</u>	<u>(22,500)</u>
Retained earnings (deficit) at end of year	<u>\$ (15,523)</u>	<u>\$ 9,222</u>
Net earnings (loss) per share	<u>\$ (.17)</u>	<u>\$.81</u>

1974-75 FY

ELMER FOX, WESTHEIMER & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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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	<u>1,441.12</u>
Total	<u>\$20,587.48</u>

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

Very truly yours,



Frank H. Gardner, C.P.A.
Partner

FHG:dt

Enclosures