

H. TRACY HALL, INCORPORATED

UNAUDITED

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, ~~1977 AND 1976~~

1974

ELMER FOX, WESTHEIMER & Co.

CERTIFIED PUBLIC ACCOUNTANTS

40004545

H. TRACY HALL, INCORPORATED

UNAUDITED
FINANCIAL STATEMENTS
AUGUST 31, 1974

FOUR STAR FIBER
SOUTHWORTH COUNCIL
50% COTTON FIBER

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Elmer
Fox
&
Company

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, 1974 and the related statement of earnings and retained earnings for the fiscal year 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 & Company

Provo, Utah
October 9, 1974

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H. TRACY HALL, INCORPORATED

BALANCE SHEET

(Unaudited)

ASSETS

	<u>August 31,</u>	
	<u>1974</u>	<u>1973</u>
Current assets:		
Cash	\$24,768	\$ 9,824
Inventory	-	32,682
Prepaid expenses	<u>200</u>	<u>265</u>
Total current assets	<u>24,968</u>	<u>42,771</u>
Property and equipment, at cost:	31,562	21,302
Machinery and equipment	<u>5,700</u>	<u>1,755</u>
Less accumulated depreciation	<u>25,862</u>	<u>19,547</u>
	<u>\$50,830</u>	<u>\$62,318</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
Accounts payable	\$ 521	\$ 885
Federal taxes on earnings (Note 1)	-	-
Notes payable:		
First Security Bank of Utah	-	40,000
Stockholders	11,426	5,050
Debentures payable	<u>2,500</u>	<u>2,500</u>
Total liabilities	<u>14,447</u>	<u>48,435</u>
Stockholders' equity:		
Common stock - \$1 par value		
Authorized - 50,000 shares		
Issued and outstanding - 25,000 shares	25,000	25,000
Retained earnings (deficit)	<u>11,383</u>	<u>(11,117)</u>
	<u>36,383</u>	<u>13,883</u>
	<u>\$50,830</u>	<u>\$62,318</u>

The accompanying note is an integral part of the financial statements.

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H. TRACY HALL, INCORPORATED
 STATEMENT OF EARNINGS AND RETAINED EARNINGS
 (Unaudited)

	Fiscal year ended August 31,	
	1974	1973
Net sales	\$145,885	\$ -
Cost of sales	62,060	-
Gross margin on sales	83,825	-
Other earnings:		
Interest income	3,381	222
Gross earnings	87,206	222
Operating expenses:		
Salaries and wages	5,911	2,600
Insurance	33	348
Freight and express	213	132
Supplies	4,007	3,027
Interest expense	5,843	389
Travel expense	629	614
Taxes and licenses	966	553
Dues and subscriptions	262	181
Rent	5,237	840
Depreciation	3,945	1,755
Utilities	810	589
Miscellaneous expense	350	311
	28,206	11,339
Net earnings (loss) before Federal income taxes on earnings	59,000	(11,117)
Federal income taxes on earnings (Note 1)	-	-
Net earnings	59,000	(11,117)
Retained earnings (deficit) beginning of year	(11,117)	-
Dividends paid	(36,500)	-
Retained earnings end of year	\$ 11,383	(\$11,117)
Net earnings (loss) per common share of outstanding stock	\$2.36	(\$.45)

The accompanying note is an integral part of the financial statements.

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H. TRACY HALL, INCORPORATED
NOTE TO FINANCIAL STATEMENTS

August 31, 1974

(Unaudited)

Note 1 - Stockholders of the corporation made an election dated September 5, 1972 under the provisions of Sec. 1372(a) of the Internal Revenue Code of 1954, as amended by the Technical Amendments Act of 1958, to have the corporation treated as a Subchapter S corporation. No Federal income taxes are therefore payable by the corporation.

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