

H. TRACY HALL, INCORPORATED

UNAUDITED

FINANCIAL STATEMENTS

YEARS ENDED AUGUST 31, 1978 AND 1977

ELMER FOX, WESTHEIMER & CO.

CERTIFIED PUBLIC ACCOUNTANTS

H. TRACY HALL, INCORPORATED

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FINANCIAL STATEMENTS

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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, 1978 and August 31, 1977 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
October 4, 1978

H. TRACY HALL, INCORPORATED

BALANCE SHEET

(Unaudited)

ASSETS

	<u>August 31,</u>	
	<u>1978</u>	<u>1977</u>
Current assets:		
Cash	\$ 2,070	\$ 4,240
Prepaid expenses	<u>14,348</u>	<u>9,169</u>
Total current assets	<u>16,418</u>	<u>13,409</u>
Property and equipment, at cost:		
Machinery and equipment	33,093	32,501
Less accumulated depreciation	<u>20,451</u>	<u>16,074</u>
	<u>12,642</u>	<u>16,427</u>
	<u>\$29,060</u>	<u>\$29,836</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:		
9-1/2% notes payable to a bank	\$10,000	\$10,000
Notes payable to stockholders	11,426	11,426
Debentures payable	<u>2,500</u>	<u>2,500</u>
Total liabilities	<u>23,926</u>	<u>23,926</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>(19,866)</u>	<u>(19,090)</u>
	<u>5,134</u>	<u>5,910</u>
	<u>\$29,060</u>	<u>\$29,836</u>

H. TRACY HALL, INCORPORATED

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

(Unaudited)

	Year ended August 31,	
	<u>1978</u>	<u>1977</u>
Net sales	\$ 8,652	\$ 5,844
Cost of sales	<u>2,165</u>	<u>600</u>
Gross margin on sales	<u>6,487</u>	<u>5,244</u>
Other earnings:		
Interest income	<u>170</u>	<u>264</u>
Gross earnings	<u>6,657</u>	<u>5,508</u>
Operating expenses:		
Salaries and wages	-	-
Insurance	92	366
Freight and express	284	67
Supplies	560	296
Interest expense	1,005	594
Travel expense	-	136
Taxes and licenses	6	70
Dues and subscriptions	-	124
Rent	97	185
Depreciation and amortization	4,382	5,327
Utilities	602	765
Miscellaneous expense	<u>405</u>	<u>1,145</u>
	<u>7,433</u>	<u>9,075</u>
Net earnings (loss)	(776)	(3,567)
Retained earnings (deficit) at beginning of year	<u>(19,090)</u>	<u>(15,523)</u>
Retained earnings (deficit) at end of year	<u>\$ 19,866</u>	<u>\$ (19,090)</u>
Net earnings (loss) per share	<u>\$ (.03)</u>	<u>\$ (.14)</u>

