THE Exit Plan Forecaster™
BUSINESS FINANCIAL PLANNING SOLUTIONS

February 15, 2012

Mr. Alexander Johnson, President
Johnson Mechanical Contractors
35 Pipefitter Drive
Middleton, WI 53562

Dear Mr. Johnson:

We are pleased to provide you with an analysis for your business financial exit plan. It is comprised of three individual "linked" parts that when reviewed together will give you a comprehensive insight as to your business' current fair market value, budget strategies that will help you increase its value through profit enhancement and an analysis of different future fair market values if the projected profit enhancement goals are obtained.

The first section contains a business fair market value calculation from our affiliate www.TheValueForecaster.com. A fair market value calculation will necessarily result in a value at which the normalized spendable income stream of the business can accomplish three critical criteria: 1) It must be able to support the structured market debt service that would be created from a hypothetical business sale in the business' market area. 2) It must be able to pay the owner a market rate salary as determined by the size, type and location of the business to current industry standards of a similar business within the same market area. 3) It must be able to pay the owner a market rate of return on his/her investment as determined by the current market standards.

The second section contains an annual business financial plan from our affiliate www.TheProfitForecaster.com. Using specific and proven budget strategies, this plan will show you how to increase profitability to maximize the company's market value. Using these same strategies, an analysis is also included that projects the profitability of the budget year out for two additional years. These strategies are explained in detail and are used in conjunction with an included three-year profit enhancement action plan. This plan includes monthly and annual profit goals, procedures, systems, forms and instructions that will help you achieve your exit value and exit time line goal.

The third section contains the final value and time-line analysis scenarios provide by www.TheExitPlanAnalyst.com. Three additional business value estimates are provided based on three different time-lines. 1) The potential market value if the budgeted profit results are obtained at the end of year #1. 2) The potential market value if the projected profit results are obtained at the end of year #2. 3) The potential market value if the projected profit results are obtained at the end of year #3. By determining the results of these scenarios, you will be able to project more accurately the company's value at the time of exit or the time-line of exit based on achieving a specific value goal.

Sincerely,

The Exit Plan Forecaster Team

BUSINESS ANALYSIS/VALUATION
MARKET VALUE CALCULATION

For

Johnson Mechanical Contractors
2754 Grand Avenue
Madison WI, 53714

Valuation as of: December 31 2011

PREPARED BY

The Value Forecaster Team
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Report Date: February 15 2012

BUSINESS VALUATION SUMMARY

The Profit Forecaster Team, has been asked by Mr. Alexander Johnson, to render the business valuation described below. The following information details our assignment:

Client Name:	Alexander Johnson
Business Name:	Johnson Mechanical Contractors
Business Address:	2754 Grand Avenue Madison, WI 53714
Type of Entity:	S Corporation
State/Province of Incorporation:	WI
In Business Since:	1988
Valuation Prepared by:	The Value Forecaster Team
Business Interest Valued:	100
Effective Date of Appraisal:	December 31 2011
Date of Valuation:	February 15 2012
Purpose of Evaluation:	Financial Planning
Standard of Value:	Fair Market Value
Calculated Business Value:	$2,027,488
Down Payment Required:	$506,872
Additional Investment Required:	$36,100
Total Investment Anticipated:	$542,972

Summary of Value:

We have calculated that a 100% ownership interest of Johnson Mechanical Contractors is $2,027,488.

An anticipated investment of $506,872 would be required as a down payment to purchase this business. An additional investment will be required to cover the cash cost of deferred maintenance, and working capital, and other cash investments for a total other cash investment of $36,100. Therefore, the market value of the business plus the additional cash outlays would total $2,063,588.

The calculated valuation is based upon the variables listed above as of the date listed above only, and has been determined based upon a 100% marketable interest as noted above.

Scope and Limitations:

Johnson Mechanical Contractors. Any change in the information relied upon in determining the foregoing valuation could result in a revision of the estimated fair market value. **The determination of fair market value is subject to the Statement of Limiting Conditions set forth below, which should be reviewed carefully in their entirety.**

Standard of Value:

The fair market value is defined as follows: The fair market value of a business is the value at which the business would change hands between a willing seller and a willing buyer when neither is under a compulsion and when both have reasonable knowledge of the relevant facts.

A fair market transaction must be a "win-win" for all parties concerned. Consequently, a fair market value calculation will necessarily result in a value at which the normalized spendable income stream of the business can accomplish three critical criteria: 1) It must be able to support the structured market debt service that would be created from a hypothetical business sale in the business' market area. 2) It must be able to pay the owner a market rate salary as determined by the size, type and location of the business to current industry standards of a similar business within the same market area. 3) It must be able to pay the owner a market rate of return on his/her investment as determined by the current market standards.

MARKET VARIABLES USED IN ANALYSIS

INVESTMENT CRITERIA

Down Payment (as a % of S/P):	25
Investor Required Rate of Return:	20
Subject Business NPBT (as % of Sales):	N/A
Investor Other Cash Investments:	
Deferred Maintenance	$12,600
Working Capital	$20,500
Other	$3,000

MARKET STANDARDS

Owner Market Salary in Dollars:	N/A
Owner Market Salary as % of Sales	1.8

FINANCING

Number of Years to Analyze Income Statement	1
Beginning Year to Analyze	2011
Ending Month of Fiscal Year	December

LOANS:

Auto/Truck	
Market Value	$683,223
Loan to Value Ratio (%)	60
Amount to Finance	$409,934
Term Length (Years)	4
Interest Rate %	7.0
Inventory	
Market Value	$474,000
Loan to Value Ratio (%)	50
Amount to Finance	$237,000
Term Length (Years)	3
Interest Rate %	7.5

MARKET VARIABLES USED IN ANALYSIS (CONTINUED)

Machinery and Equipment	
Market Value	$754,371
Loan to Value Ratio (%)	70
Amount to Finance	$528,060
Term Length (Years)	5
Interest Rate %	7.0
Office Furniture/Fixtures	
Market Value	$131,727
Loan to Value Ratio (%)	75
Amount to Finance	$98,795
Term Length (Years)	3
Interest Rate %	7.50
Seller Financing	
Assets Used as Collateral	To Be Determined
Term Length (Years)	5
Interest Rate %	7.0

Year 1

INCOME STATEMENT ADJUSTMENTS SUMMARY

	%	Actual Year Ending 12-31-2011	Adjustment Year Ending 12-31-2011	%	Adjusted Year Ending 12-31-2011
INCOME:					
Sales	100	$9,216,687		100	$9,216,687
Total Income	100	$9,216,687	$0	100	$9,216,687
	====	=========	=========	====	=========
Cost of Goods Sold:					
Direct Costs - Labor	23.20	$2,138,590	$0	23.20	$2,138,590
Direct Costs - Materials	23.84	$2,197,498	$0	23.84	$2,197,498
Direct Costs - Equipment	0.20	$18,568	$0	0.20	$18,568
Direct Costs - Subcontractor	2.70	$248,976	$0	2.70	$248,976
Direct Costs - Other	1.13	$103,848	$0	1.13	$103,848
Total Cost of Goods Sold	51.08	$4,707,480	$0	51.08	$4,707,480
	====	=========	=========	====	=========
GROSS PROFIT	48.92	$4,509,207	$0	48.92	$4,509,207
	====	=========	=========	====	=========
LESS: OPERATING COSTS					
Total Variable Costs	18.80	$1,732,522	($28,500)	18.49	$1,704,022
(See detail schedule on next page)	====	=========	=========	====	=========
Fixed Costs					
Total Fixed Costs	25.22	$2,324,035	$1,253	25.23	$2,325,288
(See detail schedule on next page)	====	=========	=========	====	=========
Total Operating Expenses	44.01	$4,056,557	($27,247)	43.72	$4,029,310
(Fixed Costs plus Variable Costs)	====	=========	=========	====	========
Other Income (Expenses)					
Total Other Income (Expenses)	0.14	$13,078	$42,873	0.61	$55,951
	====	=========	=========	====	========
NET OPERATING INCOME (NPBT)	5.05	$465,728	$70,120	5.81	$535,848
(Before Debt Service)	====	=========	=========	====	========
LESS: ANNUAL DEBT SERVICE					$427,254
					========
CASH FLOW AFTER DEBT SERVICE				20.00	$108,594
(Return on Investment ROI)				====	========
Earnings Before Interest, Taxes, Depreciation, Amortization (EBITDA)				6.89	$635,051
				====	========
Debt Service Coverage Ratio (DSCR)					1.25
					========

INCOME STATEMENT ADJUSTMENTS DETAIL

	%	Actual Year Ending 12-31-2011	Adjustment Year Ending 12-31-2011	%	Adjusted Year Ending 2-31-2011
Variable Costs					
Advertising & Promotion	0.77	$71,395	$0	0.77	$71,395
Auto & Truck Gas, Oil, Repairs	2.05	$189,190	$0	2.05	$189,190
Bad Debt	0.30	$27,710	$0	0.30	$27,710
Bank Charges	0.10	$9,619	$0	0.10	$9,619
Employee Benefits	2.26	$208,674	($28,500)	1.95	$180,174
Freight	0.21	$19,539	$0	0.21	$19,539
Insurance - W. C. Direct Labor	0.91	$84,071	$0	0.91	$84,071
Laundry, Cleaning	0.09	$8,646	$0	0.09	$8,646
License & Permits	0.06	$5,735	$0	0.06	$5,735
Miscellaneous	0.00	$418	$0	0.00	$418
Office Supplies	0.63	$58,475	$0	0.63	$58,475
Other	0.09	$8,014	$0	0.09	$8,014
Payroll Taxes (Direct Labor)	2.16	$198,776	$0	2.16	$198,776
Shop Supplies & Small Tools	0.62	$57,051	$0	0.62	$57,051
Travel, Lodging & Entertainment	0.02	$2,104	$0	0.02	$2,104
U.P.S./FedEx	0.02	$1,861	$0	0.02	$1,861
Union Benefits/Dues	7.71	$710,512	$0	7.71	$710,512
Warranty Expense	0.77	$70,732	$0	0.77	$70,732
Total Variable Costs	18.80	$1,732,522	($28,500)	18.49	$1,704,022
	====	=========	=======	====	========
Fixed Costs:					
Contributions	0.03	$2,434	$0	0.03	$2,434
Depreciation	1.32	$121,985	($22,782)	1.08	$99,203
Dues & Subscriptions	0.23	$20,867	$0	0.23	$20,867
Insurance - Auto & Liability	3.97	$366,043	$0	3.97	$366,043
Insurance - Group Health	0.17	$15,248	$0	0.17	$15,248
Insurance - Officer	0.10	$8,981	$0	0.10	$8,981
Other - Expenses	1.58	$145,787	$0	1.58	$145,787
Payroll Tax - Office	0.88	$81,028	$3,135	0.91	$84,163
Professional Fees	0.70	$64,435	$0	0.70	$64,435
Property Taxes	0.21	$19,584	$0	0.21	$19,584
Rent	0.76	$69,665	$0	0.76	$69,665
Repairs & Maintenance	0.05	$4,409	$0	0.05	$4,409
Salaries - Owner	1.57	$145,000	$20,900	1.80	$165,900
Salaries - Office/Shop	13.40	$1,234,609	$0	13.40	$1,234,609
Telephone	0.11	$9,960	$0	0.11	$9,960
Utilities	0.15	$14,000	$0	0.15	$14,000
Total Fixed Costs	25.22	$2,324,035	$1,253	25.23	$2,325,288
	====	=========	=======	====	========
Total Operating Costs	44.01	$4,056,557	($27,247)	43.72	$4,029,310
	====	=========	=======	====	========

COMMENTS – ADJUSTMENTS TO INCOME STATEMENT

ADJUSTMENTS FOR YEAR: 2011

Line Item Adjusted	Comments
Employee Benefits	Employee benefits includes $28,500 of employee bonuses that are added back for normalization purposes.
Depreciation	All accelerated cost recovery depreciation is added back for normalization purposes to better represent the actual amount of straight line depreciation.
Payroll Tax - Office	An adjustment was made to the office payroll taxes to compensate for the increase in owner's salary when adjusted to industry standard.
Salaries - Owner	The owner's salary is adjusted to the RMA industry standard for similar businesses of size and type in the same market.
Other Expense - Interest	All business interest is added back for normalization purposes.

STRUCTURED FINANCING SUMMARY

Source of Purchase Funds	Amount	Terms (yrs)	Interest	Mo. Payment
Financial Institution Financing:				
Auto / Truck	$409,934	4	7.00	$9,816
Inventory	$237,000	3	7.50	$7,372
Machinery/Equipment	$528,060	5	7.00	$10,456
Office Furniture/Fixtures	$98,795	3	7.50	$3,073
Seller Financing	$246,827	5	7.00	$4,887
Total	$1,520,616			$35,604

DEFINITION OF MARKET VALUE

The market value is the most probable price that a business should bring in a competitive and open market under all conditions necessary for a fair sale presuming the buyer and seller each act prudently, knowledgeably, and assuming the price is not affected by undue stimuli. Implicit in this definition are the consummation of a sale as of a specified date and the transfer of title from seller to buyer under the following conditions:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised and each of them is acting in what one considers one's own best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash of the same currency which the business has adopted as their accounting standard or in terms of financial arrangements comparable thereto.
5. The price represents the normal consideration for the business sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

A fair market transaction must be a "win-win" for all parties concerned. Consequently, included within any fair market value determination of a going business, in its specific market, is the understanding that the normalized spendable income stream of the business will have to meet three criteria:

1. It must be able to support the structured debt service that is created from the business sale.
2. It must be able to pay the owner a fair salary as determined by the size, type and location of the business to current market standards.
3. It must be able to pay the owner a fair return on their investment as determined by current market standards.

STATEMENT OF LIMITING CONDITIONS

1. The establishing of the fair market value of this business is not based in whole or in part upon: the race, color, sex or national origin of the prospective owners or occupants of the business evaluated; or upon the race, color, sex or national origin of the present owners or occupants of the businesses in the vicinity of the business evaluated.

2. This evaluation has been made in conformity with the use of good, common accepted business and accounting practices.

3. In preparing this evaluation the evaluator has relied upon the representations made to him/her by the owners and/or management of the subject business, as well as certain information that the evaluator has compiled from sources believed to be reliable. Although the evaluator has attempted to verify such information to the extent possible, there can be no guarantee that such information is true and correct. Any inaccuracies in information on which the evaluation is prepared could materially affect the valuation of the subject business.

4. The evaluator has used financial sources such as the business' tax forms to assure the accuracy of this report. These forms are signed by the owner and/or management of the business certifying to the government that it is a true and accurate representation of the financial condition of the business.

5. The evaluator has mathematically compiled the final opinion of value through the use of commonly accepted accounting practices. The evaluator assumes no liability in the determining of this value.

6. This analysis cannot be duplicated or otherwise copied in whole or in part without the permission of the evaluator.

7. It is understood that the evaluator is not required to give testimony or appear in court because of having made this evaluation with reference to the business in question, unless arrangements have been previously made.

8. This report is not an appraisal or a full fair market valuation, but rather a "calculation" of value only! Unlike a full fair market valuation, for the sake of time in its creation, certain valuation procedures were omitted that could affect its final accuracy. Only one valuation methodology, the optimization method, was used in its creation. This method is more specifically defined in the "Standard of Value" paragraph contained within the Business Valuation Summary section of this report.

9. During the recasting of the financial statement, depreciation, owner salary, employee bonuses, employee profit sharing, owner bonuses, interest and other line items disclosed by the subject company have been reviewed for adjustment during the data collection process. However, there may be line items that a full fair market valuation would adjust that this value calculation has not. Accordingly, there can be no assurance that all adjustments that would have a material impact on the calculation of value were in fact made.

10. Only one financial year may have been used for this analysis. If profitability in the one year utilized resulted from factors that were unique to that year or otherwise unlikely to occur in the future, the calculated valuation may vary substantially from the valuation that would result from use of a more "typical" year. In addition, this valuation calculation was prepared based upon certain assumptions concerning the structure of a sale or other disposition of the subject business. Differences between the assumed structure and that actually utilized could result in material differences in the value of the business.

11. Although we believe this value to be a solid representation of the fair market value because of its verifiable and objective methodology, the final calculated value may differ with the final opinion of value that would be determined had a full market valuation been performed. Moreover, fair market valuations are subject to many variables, including unanticipated future events, which could have a material impact on the ultimate value of a business. **There is no guarantee that the estimated fair market value will in fact be a value that could be realized upon sale or other disposition of the subject business.**

BUSINESS FINANCIAL PLAN

For

Johnson Mechanical Contractors
2754 Grand Avenue
Madison WI, 53714

Analysis as of: December 31 2011

PREPARED BY

The Profit Forecaster Team
TheProfitForecaster.com
7780 Elmwood Ave.
Suite 100
Middleton, WI 53562
608 827-6349
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www.theprofitforecaster.com

Report Date: February 15 2012

February 15 2012

Mr. Alexander Johnson, President
Johnson Mechanical Contractors
35 Pipefitter Drive
Middleton, WI 53562

Dear: Mr. Johnson:

Thank you for contacting us. The following is the information that you requested on Johnson Mechanical Contractors located at 2754 Grand Avenue, Madison, WI 53562. Enclosed you will find our complete Operations Analysis for this business. This letter contains a general overview of the findings of our analysis. For more complete data, please review the enclosed information.

Our analysis of the company's last year's financial performance can be seen in the results that were obtained in a review of the company's income statement and balance sheet that has yielded the following key financial ratio performance: Acid Test Ratio: 2.06, Current Ratio: 2.64, Asset Liquidity Ratio: 0.85, Debt Equity Ratio: 0.61, Return on Investment: 22.55, Working Capital Turnover Ratio: 4.46, Inventory Turnover Ratio: 4.75, Average Age A/R: 77.42, Average Age A/P: 56.39, Cash Conversion Period: 158.11, Cash Turns: 2.31, Cash Demand Period: 115.49, Profit Margin Before Tax: 5.05, Return on Assets: 19.84.

As part of our financial analysis, we estimated the potential of the company's next year's financial performance by creating a financial model. To begin this model, we started with a budget, which is a short term financial plan that uses the company's last year's financial performance as the base standard and adjusts the base using assumptions that either increase or decrease the sales and/or price and/or expense line-items. The final result of this analysis is totally dependent upon the assumptions made herein. Since this is a financial analysis that is dependent upon the listed assumptions, it must be understood that different financial variable assumptions would yield different results. Using the assumptions that are shown on each of the expense line-items contained on the attached proforma budget, and assuming the sales will change by 3% and assuming the price will change by 1.5%, next year's budgeted profit would be 6.44%, $620,396.

As part of next year's short term financial plan, we have included a job costing analysis that would accurately determine, when multiplied to the estimated cost of labor and/or materials of the company's product(s), both the job cost multipliers for job or product's cost and the job cost multipliers that would create the base selling price standard needed to achieve the company's budget goal. To achieve the results of the attached budget goals, the multiplier that would be used for the labor calculation is 2.4412 and the multiplier that would be used for the materials calculation is 1.5949. To determine cost of any job or product, the multiplier that would be used for the labor calculation (if appropriate) would be 2.2965 and the multiplier that would be used for the materials (if appropriate) would be 1.5004. If your product(s) use both labor and materials, you would use the sum of the labor cost of your product times the labor multiplier and the material cost of your product times the materials multiplier. If your product contains either labor or materials, you would use the appropriate multiplier.

To conclude our analysis, we determined the cash demands of the company that would be needed to achieve the next year's budget profit goals. As part of the analysis, we considered the historical number of days-out that was being experienced in the collection of receipts and the payment of the company's obligations. An analysis of the effects on profit and/or cash demand that other collection or payment periods would have on the cash flow are also available as a separate analysis. Based upon the attached anticipated cash flow schedule, it was determined that the following cash or credit line of $266,956 would be needed to fund next year's budget goal. Based upon an anticipated credit line having a rate of 7.5%, $10,902 would be paid in interest expense to fund the credit line. After adjusting the original budgeted profit of $620,395 for the additional expense of the credit line and any additional profit generated from discounting, the new anticipated Net Profit Before Taxes would be 6.79%, $654,640.

This is an accurate mathematical analysis that is dependent upon the assumptions made herein. Since the analysis is dependent upon the listed assumptions, remember that different financial variable assumptions would yield different results. I would be glad to work with you in creating any additional business models that are based upon different sales, price and expense assumptions that you would like to consider.

Sincerely,

The Profit Forecaster Team

The Profit Forecaster Team

Enclosures

Johnson Mechanical Contractors
December 31 2011

Year 1

INCOME STATEMENT SUMMARY

	%	Actual Year Ending 12-31-2011
INCOME:		
Sales	100	$9,216,687
Total Income	100	$9,216,687
	====	=========
Cost of Goods Sold:		
Direct Costs - Labor	23.20	$2,138,590
Direct Costs - Materials	23.84	$2,197,498
Direct Costs - Equipment	0.20	$18,568
Direct Costs - Subcontractor	2.70	$248,976
Direct Costs - Other	1.13	$103,848
Total Cost of Goods Sold	51.08	$4,707,480
	====	=========
GROSS PROFIT	48.92	$4,509,207
	====	=========
LESS: OPERATING COSTS		
Total Variable Costs	18.80	$1,732,522
(See detail schedule on next page)	====	=========
Fixed Costs		
Total Fixed Costs	25.22	$2,324,035
(See detail schedule on next page)	====	=========
Total Operating Expenses	44.01	$4,056,557
(Fixed Costs plus Variable Costs)	====	=========
Other Income (Expenses)		
Total Other Income (Expenses)	0.14	$13,078
	====	=========
NET OPERATING INCOME (NPBT)	5.05	$465,728
(Before Debt Service)	====	=========

INCOME STATEMENT DETAIL

	%	Actual Year Ending 12-31-2011
Variable Costs		
Advertising & Promotion	0.77	$71,395
Auto & Truck Gas, Oil, Repairs	2.05	$189,190
Bad Debt	0.30	$27,710
Bank Charges	0.10	$9,619
Employee Benefits	2.26	$208,674
Freight	0.21	$19,539
Insurance - W. C. Direct Labor	0.91	$84,071
Laundry, Cleaning	0.09	$8,646
License & Permits	0.06	$5,735
Miscellaneous	0.00	$418
Office Supplies	0.63	$58,475
Other	0.09	$8,014
Payroll Taxes (Direct Labor)	2.16	$198,776
Shop Supplies & Small Tools	0.62	$57,051
Travel, Lodging & Entertainment	0.02	$2,104
U.P.S./FedEx	0.02	$1,861
Union Benefits/Dues	7.71	$710,512
Warranty Expense	0.77	$70,732
Total Variable Costs	18.80	$1,732,522
	====	=========
Fixed Costs:		
Contributions	0.03	$2,434
Depreciation	1.32	$121,985
Dues & Subscriptions	0.23	$20,867
Insurance - Auto & Liability	3.97	$366,043
Insurance - Group Health	0.17	$15,248
Insurance - Officer	0.10	$8,981
Other - Expenses	1.58	$145,787
Payroll Tax - Office	0.88	$81,028
Professional Fees	0.70	$64,435
Property Taxes	0.21	$19,584
Rent	0.76	$69,665
Repairs & Maintenance	0.05	$4,409
Salaries - Owner	1.57	$145,000
Salaries - Office/Shop	13.40	$1,234,609
Telephone	0.11	$9,960
Utilities	0.15	$14,000
Total Fixed Costs	25.22	$2,324,035
	====	=========
Total Operating Costs	44.01	$4,056,557
	====	=======

Year 1

BALANCE SHEET SUMMARY

	Actual Year Ending 12-31-2011
CURRENT ASSETS	
Total Current Assets	$2,821,702
	=========
FIXED ASSETS	
Total Fixed Assets	$467,157
	=========
OTHER ASSETS	
Total Other Assets	$35,150
	=========
TOTAL ASSETS	$3,324,009
	=========
CURRENT LIABILITIES	
Total Current Liabilities	$1,067,394
	=========
LONG TERM LIABILITIES	
Total Current Liabilities	$191,546
	=========
TOTAL LIABILITIES	$1,258,940
	=========
NETWORTH	
Total Net worth	$2,065,069
	=========
TOTAL LIABILITIES AND NETWORTH	$3,324,009
	=========

BALANCE SHEET DETAIL

	Actual Year Ending 12-31-2011
CURRENT ASSET ADJUSTMENTS	
Total Current Assets	$2,821,702
	=========
FIXED ASSET ADJUSTMENTS	
Total Depreciable Assets	$1,806,196
	=========
Net Book Value	$467,157
Total Fixed Assets	$467,157
	=========
OTHER ASSET ADJUSTMENTS	
Total Other Assets	$35,150
TOTAL ASSET ADJUSTMENTS	$3,324,009
	=========
CURRENT LIABILITIES ADJUSTMENTS	
Total Current Liabilities	$1,067,394
	=========
LONG TERM LIABILITIES ADJUSTMENTS	
Total Long Term Liabilities	$191,546
	=========
TOTAL LIABILITIES	$1,258,940
	=========
NETWORTH ADJUSTMENTS	
Total Networth	$2,065,069
	=========

PROFORMA FIRST YEAR FINANCIAL BUDGET SUMMARY

Budget Assumptions:
Sales Increase = 3%
Price Market Adjustment = 1.5%

	%	Budget Year Ending 12/31/12
INCOME:		
Sales	100	$9,635,585
Total Income	100	$9,635,585
	=====	=========
Cost of Goods Sold:		
Direct Costs - Labor	22.86	$2,202,748
Direct Costs - Materials	23.49	$2,263,423
Direct Costs - Equipment	0.20	$19,125
Direct Costs - Subcontractor	2.66	$256,445
Direct Costs - Other	1.11	$106,963
Total Cost of Goods Sold	50.32	$4,848,704
	=====	=========
GROSS PROFIT	49.68	$4,786,881
(Total Income less COS)	=====	=========
LESS: OPERATING COSTS		
Total Variable Costs	18.52	$1,784,498
(See detail schedule on next page)		
Fixed Costs		
Total Fixed Costs	24.86	$2,395,458
(See detail schedule on next page)		
Total Operating Costs		
(Fixed Costs plus Variable Costs)		
Total Operating Costs	43.38	$4,179,955
	====	=========
Other Income (Expenses)		
Total Other Income (Expenses)	0.14	$13,470
(See detail schedule on next page)		
BUDGET- NET OPERATING INCOME	6.44	$620,396
	====	=========

PROFORMA FIRST YEAR FINANCIAL BUDGET DETAIL

	%	Budget Year Ending 12/31/12
Variable Costs:		
Advertising & Promotion	0.76	$73,537
Auto & Truck Gas, Oil, Repairs	2.02	$194,866
Bad Debt	0.30	$28,541
Bank Charges	0.10	$9,908
Employee Benefits	2.23	$214,934
Freight	0.21	$20,125
Insurance - W. C. Direct Labor	0.90	$86,593
Laundry, Cleaning	0.09	$8,905
License & Permits	0.06	$5,907
Miscellaneous	0.00	$431
Office Supplies	0.63	$60,229
Other	0.09	$8,254
Payroll Taxes (Direct Labor)	2.12	$204,739
Shop Supplies & Small Tools	0.61	$58,763
Travel, Lodging & Entertainment	0.02	$2,167
U.P.S./FedEx	0.02	$1,917
Union Benefits/Dues	7.60	$731,827
Warranty Expense	0.76	$72,854
Total Variable Costs	**18.52**	**$1,784,498**
Fixed Costs:		
Contributions	0.03	$2,434
Depreciation	1.27	$121,985
Dues & Subscriptions	0.22	$20,867
Insurance - Auto & Liability	4.16	$400,543
Insurance - Group Health	0.18	$17,078
Insurance - Officer	0.09	$8,981
Other - Expenses	1.56	$150,100
Payroll Tax - Office	0.86	$82,649
Professional Fees	0.67	$64,435
Property Taxes	0.22	$21,151
Rent	0.72	$69,665
Repairs & Maintenance	0.05	$4,409
Salaries - Owner	1.53	$147,900
Salaries - Office/Shop	13.07	$1,259,301
Telephone	0.10	$9,960
Utilities	0.15	$14,000
Total Fixed Costs	24.86	$2,395,458
Total Operating Costs	**43.38**	**$4,179,955**
Other Income (Expenses):		
Other Income	0.60	$57,630
Other Expense - Interest	0.46	$44,159
Total Other Income (Expenses)	**0.14**	**$13,470**

COMMENTS – BUDGET

ADJUSTMENTS FOR YEAR: 2012

Line Item Adjusted	Comments
Insurance - Auto & Liability	An insurance quote was obtained and an increase of $34,500 is budgeted.
Insurance - Group Health	Health insurance quotations show that there will be a 12% increase in health insurance in 2012.
Other - Expenses	An increase of other expenses is anticipated for 2012.
Payroll Tax - Office	Payroll taxes will increase in 2012 due to the budgeted increase in the owner
Property Taxes	Property taxes will be increasing by $1,567.
Salaries - Owner	Owner’s salary is budgeted to increase by 2%.
Salaries - Office/Shop	Office/shop salaries is budgeted to increase by 2% in 2012.

PROFORMA FIRST YEAR FINANCIAL BUDGET DETAIL Q1

	M1 %	Amount	M2 %	Amount	M3 %	Amount
Income:						
	7.59	$731,341	9.39	$904,781	6.65	$640,766
	====	=====	====	=====	====	=====
Cost of Goods Sold:						
Direct Costs - Labor	22.86	$167,189	22.86	$206,838	22.86	$146,483
Direct Costs - Materials	23.49	$171,794	23.49	$212,535	23.49	$150,518
Direct Costs - Equipment	0.20	$1,452	0.20	$1,796	0.20	$1,272
Direct Costs - Subcontractor	2.66	$19,464	2.66	$24,080	2.66	$17,054
Direct Costs - Other	1.11	$8,118	1.11	$10,044	1.11	$7,113
Total Cost of Goods Sold	**50.32**	**$368,017**	**50.32**	**$455,293**	**50.32**	**$322,440**
	====	=====	====	=====	====	=====
Gross Profit	**49.68**	**$363,324**	**49.68**	**$449,488**	**49.68**	**$318,326**
	====	=====	====	=====	====	=====
Variable Costs:						
Advertising & Promotion	0.76	$5,581	0.76	$6,905	0.76	$4,890
Auto & Truck Gas, Oil, Repairs	2.02	$14,790	2.02	$18,298	2.02	$12,959
Bad Debt	0.30	$2,166	0.30	$2,680	0.30	$1,898
Bank Charges	0.10	$752	0.10	$930	0.10	$659
Employee Benefits	2.23	$16,313	2.23	$20,182	2.23	$14,293
Freight	0.21	$1,527	0.21	$1,890	0.21	$1,338
Insurance - W. C. Direct Labor	0.90	$6,572	0.90	$8,131	0.90	$5,758
Laundry, Cleaning	0.09	$676	0.09	$836	0.09	$592
License & Permits	0.06	$448	0.06	$555	0.06	$393
Miscellaneous	0.00	$33	0.00	$40	0.00	$29
Office Supplies	0.63	$4,571	0.63	$5,656	0.63	$4,005
Other	0.09	$626	0.09	$775	0.09	$549
Payroll Taxes (Direct Labor)	2.12	$15,540	2.12	$19,225	2.12	$13,615
Rentals	0.00	$0	0.00	$0	0.00	$0
Sales Commissions	0.00	$0	0.00	$0	0.00	$0
Sales Tax Expense	0.00	$0	0.00	$0	0.00	$0
Shop Supplies & Small Tools	0.61	$4,460	0.61	$5,518	0.61	$3,908
Travel, Lodging & Entertainment	0.02	$164	0.02	$203	0.02	$144
U.P.S./FedEx	0.02	$146	0.02	$180	0.02	$127
Union Benefits/Dues	7.60	$55,546	7.60	$68,719	7.60	$48,666
Warranty Expense	0.76	$5,530	0.76	$6,841	0.76	$4,845
Total Variable Costs	**18.52**	**$135,441**	**18.52**	**$167,564**	**18.52**	**$118,668**
	====	=====	====	=====	====	=====
Fixed Costs:						
Contributions	0.03	$203	0.02	$203	0.03	$203
Depreciation	1.39	$10,165	1.12	$10,165	1.59	$10,165
Dues & Subscriptions	0.24	$1,739	0.19	$1,739	0.27	$1,739
Insurance - Auto & Liability	4.56	$33,379	3.69	$33,379	5.21	$33,379
Insurance - Group Health	0.19	$1,423	0.16	$1,423	0.22	$1,423
Insurance - Officer	0.10	$748	0.08	$748	0.12	$748
Insurance - W. C. Office	0.00	$0	0.00	$0	0.00	$0
Other - Expenses	1.71	$12,508	1.38	$12,508	1.95	$12,508
Payroll Tax - Office	0.94	$6,887	0.76	$6,887	1.07	$6,887
Postage, Mailings	0.00	$0	0.00	$0	0.00	$0
Professional Fees	0.73	$5,370	0.59	$5,370	0.84	$5,370
Property Taxes	0.24	$1,763	0.19	$1,763	0.28	$1,763
Rent	0.79	$5,805	0.64	$5,805	0.91	$5,805
Repairs & Maintenance	0.05	$367	0.04	$367	0.06	$367
Salaries - Owner	1.69	$12,325	1.36	$12,325	1.92	$12,325
Salaries - Office/Shop	14.35	$104,942	11.60	$104,942	16.38	$104,942
Telephone	0.11	$830	0.09	$830	0.13	$830
Utilities	0.16	$1,167	0.13	$1,167	0.18	$1,167
Total Fixed Costs	27.28	$199,621	22.04	$199,621	31.16	$199,621
	====	=====	====	=====	====	=====
Total Operating Costs	**45.81**	**$335,062**	**40.58**	**$367,185**	**49.67**	**$318,289**
	====	=====	====	=====	====	=====
Other Income (Expenses):						
Other Income	0.60	$4,374	0.60	$5,411	0.60	$3,832
Other Expense – Interest	0.46	$3,352	0.46	$4,147	0.46	$2,937
Other Expense	0.00	$0	0.00	$0	0.00	$0
Total Other Income (Expenses)	**0.14**	**$1,022**	**0.14**	**$1,264**	**0.14**	**$895**
	====	=====	====	=====	====	=====
BUDGET – NET OPERATING INCOME	**4.00**	**$29,284**	**9.24**	**$83,567**	**0.15**	**$932**
	====	=====	====	=====	====	=====

PROFORMA FIRST YEAR FINANCIAL BUDGET DETAIL Q2

	M4 %	Amount	M5 %	Amount	M6 %	Amount
Income:						
	8.11	$781,446	8.30	$799,754	10.31	$993,429
	====	=====	====	=====	====	=====
Cost of Goods Sold:						
Direct Costs - Labor	22.86	$178,643	22.86	$182,828	22.86	$227,103
Direct Costs - Materials	23.49	$183,564	23.49	$187,864	23.49	$233,359
Direct Costs - Equipment	0.20	$1,551	0.20	$1,587	0.20	$1,972
Direct Costs - Subcontractor	2.66	$20,798	2.66	$21,285	2.66	$26,439
Direct Costs - Other	1.11	$8,675	1.11	$8,878	1.11	$11,028
Total Cost of Goods Sold	**50.32**	**$393,231**	**50.32**	**$402,442**	**50.32**	**$499,901**
	====	=====	====	=====	====	=====
Gross Profit	**49.68**	**$388,215**	**49.68**	**$397,312**	**49.68**	**$493,528**
	====	=====	====	=====	====	=====
Variable Costs:						
Advertising & Promotion	0.76	$5,964	0.76	$6,104	0.76	$7,582
Auto & Truck Gas, Oil, Repairs	2.02	$15,804	2.02	$16,174	2.02	$20,091
Bad Debt	0.30	$2,315	0.30	$2,369	0.30	$2,943
Bank Charges	0.10	$804	0.10	$822	0.10	$1,022
Employee Benefits	2.23	$17,431	2.23	$17,840	2.23	$22,160
Freight	0.21	$1,632	0.21	$1,670	0.21	$2,075
Insurance - W. C. Direct Labor	0.90	$7,023	0.90	$7,187	0.90	$8,928
Laundry, Cleaning	0.09	$722	0.09	$739	0.09	$918
License & Permits	0.06	$479	0.06	$490	0.06	$609
Miscellaneous	0.00	$35	0.00	$36	0.00	$44
Office Supplies	0.63	$4,885	0.63	$4,999	0.63	$6,210
Other	0.09	$669	0.09	$685	0.09	$851
Payroll Taxes (Direct Labor)	2.12	$16,604	2.12	$16,993	2.12	$21,109
Rentals	0.00	$0	0.00	$0	0.00	$0
Sales Commissions	0.00	$0	0.00	$0	0.00	$0
Sales Tax Expense	0.00	$0	0.00	$0	0.00	$0
Shop Supplies & Small Tools	0.61	$4,766	0.61	$4,877	0.61	$6,058
Travel, Lodging & Entertainment	0.02	$176	0.02	$180	0.02	$223
U.P.S./FedEx	0.02	$155	0.02	$159	0.02	$198
Union Benefits/Dues	7.60	$59,351	7.60	$60,742	7.60	$75,451
Warranty Expense	0.76	$5,908	0.76	$6,047	0.76	$7,511
Total Variable Costs	**18.52**	**$144,723**	**18.52**	**$148,113**	**18.52**	**$183,983**
	====	=====	====	=====	====	=====
Fixed Costs:						
Contributions	0.03	$203	0.03	$203	0.02	$203
Depreciation	1.30	$10,165	1.27	$10,165	1.02	$10,165
Dues & Subscriptions	0.22	$1,739	0.22	$1,739	0.18	$1,739
Insurance - Auto & Liability	4.27	$33,379	4.17	$33,379	3.36	$33,379
Insurance - Group Health	0.18	$1,423	0.18	$1,423	0.14	$1,423
Insurance - Officer	0.10	$748	0.09	$748	0.08	$748
Insurance - W. C. Office	0.00	$0	0.00	$0	0.00	$0
Other - Expenses	1.60	$12,508	1.56	$12,508	1.26	$12,508
Payroll Tax - Office	0.88	$6,887	0.86	$6,887	0.69	$6,887
Postage, Mailings	0.00	$0	0.00	$0	0.00	$0
Professional Fees	0.69	$5,370	0.67	$5,370	0.54	$5,370
Property Taxes	0.23	$1,763	0.22	$1,763	0.18	$1,763
Rent	0.74	$5,805	0.73	$5,805	0.58	$5,805
Repairs & Maintenance	0.05	$367	0.05	$367	0.04	$367
Salaries - Owner	1.58	$12,325	1.54	$12,325	1.24	$12,325
Salaries - Office/Shop	13.43	$104,942	13.12	$104,942	10.56	$104,942
Telephone	0.11	$830	0.10	$830	0.08	$830
Utilities	0.15	$1,167	0.15	$1,167	0.12	$1,167
Total Fixed Costs	25.56	$199,621	24.96	$199,621	20.09	$199,621
	====	=====	====	=====	====	=====
Total Operating Costs	**44.06**	**$344,344**	**43.48**	**$347,734**	**38.61**	**$383,604**
	====	=====	====	=====	====	=====
Other Income (Expenses):						
Other Income	0.60	$4,674	0.60	$4,783	0.60	$5,942
Other Expense – Interest	0.46	$3,581	0.46	$3,665	0.46	$4,553
Other Expense	0.00	$0	0.00	$0	0.00	$0
Total Other Income (Expenses)	**0.14**	**$1,093**	**0.14**	**$1,118**	**0.14**	**$1,389**
	====	=====	====	=====	====	=====
BUDGET – NET OPERATING INCOME	**5.75**	**$44,964**	**6.34**	**$50,696**	**11.20**	**$111,313**
	====	=====	====	=====	====	=====

PROFORMA FIRST YEAR FINANCIAL BUDGET DETAIL Q3

	M7 %	Amount	M8%	Amount	M9 %	Amount
Income:						
	8.27	$796,863	8.95	$862,385	6.11	$588,734
	====	=====	====	=====	====	=====
Cost of Goods Sold:						
Direct Costs - Labor	22.86	$182,167	22.86	$197,146	22.86	$134,588
Direct Costs - Materials	23.49	$187,185	23.49	$202,576	23.49	$138,295
Direct Costs - Equipment	0.20	$1,582	0.20	$1,712	0.20	$1,169
Direct Costs - Subcontractor	2.66	$21,208	2.66	$22,952	2.66	$15,669
Direct Costs - Other	1.11	$8,846	1.11	$9,573	1.11	$6,535
Total Cost of Goods Sold	**50.32**	**$400,988**	**50.32**	**$433,959**	**50.32**	**$296,256**
	====	=====	====	=====	====	=====
Gross Profit	**49.68**	**$395,875**	**49.68**	**$428,426**	**49.68**	**$292,478**
	====	=====	====	=====	====	=====
Variable Costs:						
Advertising & Promotion	0.76	$6,082	0.76	$6,582	0.76	$4,493
Auto & Truck Gas, Oil, Repairs	2.02	$16,115	2.02	$17,441	2.02	$11,906
Bad Debt	0.30	$2,360	0.30	$2,554	0.30	$1,744
Bank Charges	0.10	$819	0.10	$887	0.10	$605
Employee Benefits	2.23	$17,775	2.23	$19,237	2.23	$13,132
Freight	0.21	$1,664	0.21	$1,801	0.21	$1,230
Insurance - W. C. Direct Labor	0.90	$7,161	0.90	$7,750	0.90	$5,291
Laundry, Cleaning	0.09	$736	0.09	$797	0.09	$544
License & Permits	0.06	$489	0.06	$529	0.06	$361
Miscellaneous	0.00	$36	0.00	$39	0.00	$26
Office Supplies	0.63	$4,981	0.63	$5,390	0.63	$3,680
Other	0.09	$683	0.09	$739	0.09	$504
Payroll Taxes (Direct Labor)	2.12	$16,932	2.12	$18,324	2.12	$12,510
Rentals	0.00	$0	0.00	$0	0.00	$0
Sales Commissions	0.00	$0	0.00	$0	0.00	$0
Sales Tax Expense	0.00	$0	0.00	$0	0.00	$0
Shop Supplies & Small Tools	0.61	$4,860	0.61	$5,259	0.61	$3,590
Travel, Lodging & Entertainment	0.02	$179	0.02	$194	0.02	$132
U.P.S./FedEx	0.02	$159	0.02	$172	0.02	$117
Union Benefits/Dues	7.60	$60,522	7.60	$65,499	7.60	$44,715
Warranty Expense	0.76	$6,025	0.76	$6,520	0.76	$4,451
Total Variable Costs	**18.52**	**$147,578**	**18.52**	**$159,714**	**18.52**	**$109,031**
	====	=====	====	=====	====	=====
Fixed Costs:						
Contributions	0.03	$203	0.02	$203	0.03	$203
Depreciation	1.28	$10,165	1.18	$10,165	1.73	$10,165
Dues & Subscriptions	0.22	$1,739	0.20	$1,739	0.30	$1,739
Insurance - Auto & Liability	4.19	$33,379	3.87	$33,379	5.67	$33,379
Insurance - Group Health	0.18	$1,423	0.17	$1,423	0.24	$1,423
Insurance - Officer	0.09	$748	0.09	$748	0.13	$748
Insurance - W. C. Office	0.00	$0	0.00	$0	0.00	$0
Other - Expenses	1.57	$12,508	1.45	$12,508	2.12	$12,508
Payroll Tax - Office	0.86	$6,887	0.80	$6,887	1.17	$6,887
Postage, Mailings	0.00	$0	0.00	$0	0.00	$0
Professional Fees	0.67	$5,370	0.62	$5,370	0.91	$5,370
Property Taxes	0.22	$1,763	0.20	$1,763	0.30	$1,763
Rent	0.73	$5,805	0.67	$5,805	0.99	$5,805
Repairs & Maintenance	0.05	$367	0.04	$367	0.06	$367
Salaries - Owner	1.55	$12,325	1.43	$12,325	2.09	$12,325
Salaries - Office/Shop	13.17	$104,942	12.17	$104,942	17.82	$104,942
Telephone	0.10	$830	0.10	$830	0.14	$830
Utilities	0.15	$1,167	0.14	$1,167	0.20	$1,167
Total Fixed Costs	25.06	$199,621	23.15	$199,621	33.9	$199,621
	====	=====	====	=====	====	=====
Total Operating Costs	**43.57**	**$347,199**	**41.67**	**$359,335**	**52.43**	**$308,652**
	====	=====	====	=====	====	=====
Other Income (Expenses):						
Other Income	0.60	$4,766	0.60	$5,158	0.60	$3,521
Other Expense – Interest	0.46	$3,652	0.46	$3,952	0.46	$2,698
Other Expense	0.00	$0	0.00	$0	0.00	$0
Total Other Income (Expenses)	**0.14**	**$1,114**	**0.14**	**$1,206**	**0.14**	**$823**
	====	=====	====	=====	====	=====
BUDGET – NET OPERATING INCOME	**6.25**	**$49,790**	**8.15**	**$70,297**	**-2.61**	**($15,351)**
	====	=====	====	=====	====	=====

PROFORMA FIRST YEAR FINANCIAL BUDGET DETAIL Q4

	M10 %	Amount	M11 %	Amount	M12%	Amount
Income:						
	9.81	$945,251	7.41	$713,997	9.10	$876,838
	====	=====	====	=====	====	=====
Cost of Goods Sold:						
Direct Costs - Labor	22.86	$216,090	22.86	$163,224	22.86	$200,450
Direct Costs - Materials	23.49	$222,042	23.49	$167,720	23.49	$205,971
Direct Costs - Equipment	0.20	$1,876	0.20	$1,417	0.20	$1,740
Direct Costs - Subcontractor	2.66	$25,157	2.66	$19,003	2.66	$23,336
Direct Costs - Other	1.11	$10,493	1.11	$7,926	1.11	$9,734
Total Cost of Goods Sold	**50.32**	**$475,658**	**50.32**	**$359,290**	**50.32**	**$441,231**
	====	=====	====	=====	====	=====
Gross Profit	**49.68**	**$469,593**	**49.68**	**$354,707**	**49.68**	**$435,607**
	====	=====	====	=====	====	=====
Variable Costs:						
Advertising & Promotion	0.76	$7,214	0.76	$5,449	0.76	$6,692
Auto & Truck Gas, Oil, Repairs	2.02	$19,116	2.02	$14,440	2.02	$17,733
Bad Debt	0.30	$2,800	0.30	$2,115	0.30	$2,597
Bank Charges	0.10	$972	0.10	$734	0.10	$902
Employee Benefits	2.23	$21,085	2.23	$15,927	2.23	$19,559
Freight	0.21	$1,974	0.21	$1,491	0.21	$1,831
Insurance - W. C. Direct Labor	0.90	$8,495	0.90	$6,417	0.90	$7,880
Laundry, Cleaning	0.09	$874	0.09	$660	0.09	$810
License & Permits	0.06	$579	0.06	$438	0.06	$538
Miscellaneous	0.00	$42	0.00	$32	0.00	$39
Office Supplies	0.63	$5,908	0.63	$4,463	0.63	$5,481
Other	0.09	$810	0.09	$612	0.09	$751
Payroll Taxes (Direct Labor)	2.12	$20,085	2.12	$15,171	2.12	$18,631
Rentals	0.00	$0	0.00	$0	0.00	$0
Sales Commissions	0.00	$0	0.00	$0	0.00	$0
Sales Tax Expense	0.00	$0	0.00	$0	0.00	$0
Shop Supplies & Small Tools	0.61	$5,765	0.61	$4,354	0.61	$5,347
Travel, Lodging & Entertainment	0.02	$213	0.02	$161	0.02	$197
U.P.S./FedEx	0.02	$188	0.02	$142	0.02	$174
Union Benefits/Dues	7.60	$71,792	7.60	$54,228	7.60	$66,596
Warranty Expense	0.76	$7,147	0.76	$5,398	0.76	$6,630
Total Variable Costs	**18.52**	**$175,059**	**18.52**	**$132,232**	**18.52**	**$162,388**
	====	=====	====	=====	====	=====
Fixed Costs:						
Contributions	0.02	$203	0.03	$203	0.02	$203
Depreciation	1.08	$10,165	1.42	$10,165	1.16	$10,165
Dues & Subscriptions	0.18	$1,739	0.24	$1,739	0.20	$1,739
Insurance - Auto & Liability	3.53	$33,379	4.67	$33,379	3.81	$33,379
Insurance - Group Health	0.15	$1,423	0.20	$1,423	0.16	$1,423
Insurance - Officer	0.08	$748	0.10	$748	0.09	$748
Insurance - W. C. Office	0.00	$0	0.00	$0	0.00	$0
Other - Expenses	1.32	$12,508	1.75	$12,508	1.43	$12,508
Payroll Tax - Office	0.73	$6,887	0.96	$6,887	0.79	$6,887
Postage, Mailings	0.00	$0	0.00	$0	0.00	$0
Professional Fees	0.57	$5,370	0.75	$5,370	0.61	$5,370
Property Taxes	0.19	$1,763	0.25	$1,763	0.20	$1,763
Rent	0.61	$5,805	0.81	$5,805	0.66	$5,805
Repairs & Maintenance	0.04	$367	0.05	$367	0.04	$367
Salaries - Owner	1.30	$12,325	1.73	$12,325	1.41	$12,325
Salaries - Office/Shop	11.10	$104,942	14.70	$104,942	11.97	$104,942
Telephone	0.09	$830	0.12	$830	0.09	$830
Utilities	0.12	$1,167	0.16	$1,167	0.13	$1,167
Total Fixed Costs	21.11	$199,621	27.94	$199,621	22.77	$199,621
	====	=====	====	=====	====	=====
Total Operating Costs	**39.64**	**$374,680**	**46.48**	**$331,853**	**41.29**	**$362,009**
	====	=====	====	=====	====	=====
Other Income (Expenses):						
Other Income	0.60	$5,654	0.60	$4,270	0.60	$5,244
Other Expense – Interest	0.46	$4,332	0.46	$3,272	0.46	$4,018
Other Expense	0.00	$0	0.00	$0	0.00	$0
Total Other Income (Expenses)	**0.14**	**$1,322**	**0.14**	**$998**	**0.14**	**$1,226**
	====	=====	====	=====	====	=====
BUDGET – NET OPERATING INCOME	**10.18**	**$96,235**	**3.34**	**$23,852**	**8.53**	**$74,824**
	====	=====	====	=====	====	=====

KEY FINANCIAL RATIOS

	Actual Income Statement and Current Balance Sheet
Acid Test: (Quick Ratio)	2.06
Current Ratio: (Working Capital Ratio)	2.64
Asset Liquidity Ratio:	0.85
Debt Equity Ratio: (Total Liability to NW)	0.61
Net Profit to Net Sales Ratio:	0.05
AP to Sales Ratio:	0.04
AR to Sales Ratio:	0.21
AR to AP Ratio:	5.13
Sales to AR Ratio:	4.71
Return on Investment: (ROI)	22.55
Working Capital Turnover Ratio:	4.46
Inventory Turnover Ratio:	4.75
Average Sales per Day:	$25,251
Average Age AR: (Average Collection Period):	77.42
Average Age AP:	56.39
Average Age of Underbillings:	4.51
Average Age of Overbillings:	13.77
Average Age of Materials Inventory:	76.18
Cash Conversion Period:	158.11
Cash Turns:	2.31
Cash Demand Period:	115.49
Profit Margin, Before Income Taxes:	5.05
Return on Net Assets: (RONA)	19.84
Maximum Sales Limited by Cash Flow:	$6,407,259
Excess Sales:	$2,809,428
Ideal Average Sales per Month: (As Measured by Cash Flow)Key Ratios	$533,938

Year Being Viewed: 2011

JOB COSTING/PRICING

Year Displayed: 2012

Job Costing/Pricing Details / Multipliers	Final Budget
Final Budget	
Sales Revenues	$9,635,585
Budgeted Net Operating Income (Loss) Before Taxes $ (NPBT $)	$620,396
Budgeted Net Operating Income (Loss) Before Taxes % (NPBT %)	6.44
Budget Profit Goal Multipliers:	
Labor Profit Goal Multiplier (includes budgeted profit/loss)	2.4412
MESO Profit Goal Multiplier (includes budgeted profit/loss)	1.5949
Burden Rate Multipliers:	
(Doesn't include other income and expenses)	
Labor Burden Rate Multiplier (Calculates cost of labor)	2.2965
MESO Burden Rate Multiplier (Calculates cost of MESO)	1.5004
Breakeven Analysis:	
Breakeven Sales Volume Dollars ($)	$7,687,771
Breakeven Sales Volume Percentage (%)	79.79
Single Burden Rate Multipler:	
Labor Profit Goal Multiplier	3.1537
Labor Burden Rate Multiplier	2.8851

CASH FLOW—BUDGET

						Budget Fiscal Year							
	FINAL	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Percent Of Annual Sales	100	7.59	9.39	6.65	8.11	8.30	10.31	8.27	8.95	6.11	9.81	7.41	9.10
Fiscal Year	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
INCOME	$9,635,585	$731,341	$904,781	$640,766	$781,446	$799,754	$993,429	$796,863	$862,385	$588,734	$945,251	$713,997	$876,838
COSTS OF SALES													
Direct Labor	$2,202,748	$167,189	$206,838	$146,483	$178,643	$182,828	$227,103	$182,167	$197,146	$134,588	$216,090	$163,224	$200,450
Direct Materials	$2,263,423	$171,794	$212,535	$150,518	$183,564	$187,864	$233,359	$187,185	$202,576	$138,295	$222,042	$167,720	$205,971
Direct Equipment	$19,125	$1,452	$1,796	$1,272	$1,551	$1,587	$1,972	$1,582	$1,712	$1,169	$1,876	$1,417	$1,740
Direct Subcontractor	$256,445	$19,464	$24,080	$17,054	$20,798	$21,285	$26,439	$21,208	$22,952	$15,669	$25,157	$19,003	$23,336
Direct Other	$106,963	$8,118	$10,044	$7,113	$8,675	$8,878	$11,028	$8,846	$9,573	$6,535	$10,493	$7,926	$9,734
TOTAL COST OF SALES	$4,848,704	$368,017	$455,293	$322,440	$393,231	$402,442	$499,901	$400,988	$433,959	$296,256	$475,658	$359,290	$441,231
GROSS PROFIT	$4,786,881	$363,324	$449,488	$318,326	$388,215	$397,312	$493,528	$395,875	$428,426	$292,478	$469,593	$354,707	$435,607
OPERATING EXPENSES													
Total Variable Overhead Expense	$1,784,498	$135,443	$167,564	$118,669	$144,723	$148,113	$183,982	$147,578	$159,713	$109,033	$175,059	$132,231	$162,389
Total Fixed Expenses	$2,395,458	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622
TOTAL OPERATING EXPENSES	$4,179,956	$335,065	$367,186	$318,291	$344,345	$347,735	$383,604	$347,200	$359,335	$308,655	$374,681	$331,853	$362,011
OPERATING INCOME (LOSS)	$606,925	$28,259	$82,302	$35	$43,870	$49,577	$109,924	$48,675	$69,091	($16,177)	$94,912	$22,854	$73,596
Other Income and Expenses	$13,470	$1,022	$1,265	$896	$1,092	$1,118	$1,389	$1,114	$1,206	$823	$1,321	$998	$1,226
NPBT (LOSS)	$620,395	$29,281	$83,567	$931	$44,962	$50,695	$111,313	$49,789	$70,297	($15,354)	$96,233	$23,852	$74,822
CASH FLOW PROJECTION													
Beginning Cash Balance		$244,083	$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,053	$25,256
Plus													
Cash Reserves Carried Forward			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Collections (A/R)	77	$797,269	$740,209	$781,359	$795,450	$779,547	$692,115	$778,566	$871,575	$895,809	$813,951	$733,614	$733,044
AVAILABLE CASH		$1,041,352	$740,209	$781,359	$795,450	$779,547	$692,115	$778,566	$871,575	$895,809	$813,951	$750,667	$758,300
Less Disbursements													
Direct Labor (Payroll)		$167,189	$206,838	$146,483	$178,643	$182,828	$227,103	$182,167	$197,146	$134,588	$216,090	$163,224	$200,450
Direct Material (A/P)	30	$199,906	$171,794	$212,535	$150,518	$183,564	$187,864	$233,359	$187,185	$202,576	$138,295	$222,042	$167,720
Direct Equipment (A/P)	56	$1,388	$1,625	$1,477	$1,702	$1,291	$1,534	$1,616	$1,894	$1,577	$1,617	$1,246	$1,790
Direct Subcontractors (A/P)	56	$18,741	$21,917	$19,804	$22,826	$17,313	$20,577	$21,671	$25,389	$21,147	$21,680	$16,702	$24,003
Direct Other (A/P)	56	$7,844	$9,169	$8,260	$9,521	$7,221	$8,583	$9,039	$10,590	$8,820	$9,042	$6,966	$10,012
Variable Overhead (A/P)	56	$130,494	$152,602	$137,812	$158,839	$120,470	$143,186	$150,801	$176,674	$147,152	$150,860	$116,222	$167,029
Fixed Overhead (A/P)		$193,669	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622	$199,622
Installment Payments - Bank		$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257	$10,257
Installment Payments - Other		$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236	$1,236
Miscellaneous Payments													
Fixed Asset Additions		$12,000	$15,700	$24,000	$6,820	$12,000	$1,200	$9,500	$6,000	$8,500	$4,600	$2,500	$18,600
Other Asset Additions				$2,400			$1,200			$3,600			
Bonuses/Profit Sharing		$250,000											
Other/Owner Distributions													
Interest on Credit Line	7.5	$1,375	$991	$1,228	$1,261	$840	$485	$1,497	$1,668	$1,206	$351	$0	$0
Federal Income Taxes	28			$31,858			$57,952			$29,325			$54,574
State/Province Income Taxes	3.5			$3,982			$7,244			$3,666			$6,822
TOTAL DISBURSEMENTS		$994,099	$791,751	$800,954	$741,245	$736,642	$868,043	$820,765	$817,661	$773,272	$753,650	$740,017	$862,115

CASH FLOW—BUDGET (Continued)

Plus	FINAL	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Depreciation Adjustments	$121,985	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165	$10,165
Sale of Assets									$6,200				
Inventory Reduction													
Other Cash Infusion (Not Loans)													
Direct Materials Discounts Earned	2.00	$3,998	$3,436	$4,251	$3,010	$3,671	$3,757	$4,667	$3,744	$4,052	$2,766	$4,441	$3,354
INDICATED BALANCE		$61,416	($37,941)	($5,179)	$67,380	$56,741	($162,006)	($27,367)	$74,023	$136,754	$73,232	$25,256	($90,296)
Loans/Notes Adjustments													
Loans/Notes to be Obtained													
Loans/Notes to be Repaid													
Cash Reserves													
ENDING CASH BALANCE W/O DRAWS/REPAYS		$61,416	($37,941)	($5,179)	$67,380	$56,741	($162,006)	($27,367)	$74,023	$136,754	$73,232	$25,256	($90,296)
Revolving Credit Line Adjustments													
Credit Line Draws - Anticipated		$0	$37,941	$5,179	$0	$0	$162,006	$27,367	$0	$0	$0	$0	$90,296
Credit Line Repayments - Anticipated		$61,416	$0	$0	$67,380	$56,741	$0	$0	$74,023	$136,754	$56,179	$0	$0
Current Credit Line Balance	$220,000	$158,584	$196,525	$201,704	$134,324	$77,583	$239,589	$266,956	$192,933	$56,179	$0	$0	$90,296
MONTHLY ENDING CASH		$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,053	$25,256	$0
CREDIT LINE / CASH NEEDED TO ACHIEVE BUDGET			**$266,956**										
ANNUAL INTEREST DOLLARS PAID ON CREDIT LINE:			**$10,902**										
ANNUAL PROFIT INCREASED FROM DISCOUNTING:			**$45,147**										
ANNUAL NET PROFIT BEFORE TAXES $:			**$654,640**										
ANNUAL NET PROFIT BEFORE TAXES %:			**6.79**										
ANNUAL NET PROFIT AFTER TAXES $:			**$459,217**										
ANNUAL NET PROFIT AFTER TAXES %:			**4.77**										

Profit Forecast

	Year 1	Year 2	Year 3
Fiscal Year			
% Sales Volume Increase (Decrease) Budgeted:	3%	3%	3%
% Price and/or Cost of Living Increase (Decrease) Budgeted:	1.5%	1.5%	1.5%
% Direct Costs Category Increase (Decrease)			
% Variable Costs Category Increase (Decrease)			
% Fixed Cost Category Adjustment:	3.07%	3.07%	3.07%
BUDGET - Net Operating Income (Loss) Before Tax	$620,397	$781,866	$954,631
INCOME			
Sales			
Total Sales	$9,635,585	$10,069,186	$10,522,300
Cost of Goods Sold			
Direct Costs - Labor	$2,202,748	$2,268,830	$2,336,895
Direct Costs - Materials	$2,263,423	$2,331,326	$2,401,265
Direct Costs - Equipment	$19,125	$19,699	$20,290
Direct Costs - Subcontractor	$256,445	$264,138	$272,063
Direct Costs - Other	$106,963	$110,172	$113,477
Total Cost of Goods Sold (CGS)	$4,848,704	$4,994,165	$5,143,990
GROSS PROFIT	$4,786,881	$5,075,021	$5,378,310
LESS OPERATING COSTS			
Variable Costs:			
Advertising & Promotion	$73,537	$75,743	$78,015
Auto & Truck Gas, Oil, Repairs	$194,866	$200,712	$206,733
Bad Debt	$28,541	$29,397	$30,279
Bank Charges	$9,908	$10,205	$10,511
Employee Benefits	$214,934	$221,382	$228,023
Freight	$20,125	$20,729	$21,351
Insurance - W. C. Direct Labor	$86,593	$89,191	$91,867
Laundry, Cleaning	$8,905	$9,172	$9,447
License & Permits	$5,907	$6,084	$6,267
Miscellaneous	$431	$444	$457
Office Supplies	$60,229	$62,036	$63,897
Other	$8,254	$8,502	$8,757
Payroll Taxes (Direct Labor)	$204,739	$210,881	$217,208
Rentals			
Sales Commissions			
Sales Tax Expense			
Shop Supplies & Small Tools	$58,763	$60,526	$62,342
Travel, Lodging & Entertainment	$2,167	$2,232	$2,299
U.P.S./FedEx	$1,917	$1,975	$2,034
Union Benefits/Dues	$731,827	$753,782	$776,395
Warranty Expense	$72,854	$75,040	$77,291
Total Variable Costs	$1,784,497	$1,838,032	$1,893,173
Fixed Costs:			
Contributions	$2,434	$2,509	$2,586
Depreciation	$121,985	$125,730	$129,590
Dues & Subscriptions	$20,867	$21,508	$22,168
Insurance - Auto & Liability	$400,543	$412,840	$425,514
Insurance - Group Health	$17,078	$17,602	$18,143
Insurance - Officer	$8,981	$9,257	$9,541
Insurance - W. C. Office			
Payroll Tax - Office	$82,649	$85,186	$87,802
Other - Expenses	$150,100	$154,708	$159,458
Postage, Mailings			
Professional Fees	$64,435	$66,413	$68,452
Property Taxes	$21,151	$21,800	$22,470
Rent	$69,665	$71,804	$74,008
Repairs & Maintenance	$4,409	$4,544	$4,684
Salaries - Owner	$147,900	$152,441	$157,120
Salaries - Office/Shop	$1,259,301	$1,297,962	$1,337,809
Telephone	$9,960	$10,266	$10,581
Utilities	$14,000	$14,430	$14,873
Total Fixed Costs	$2,395,458	$2,468,999	$2,544,797
Total Operating Expense	$4,179,955	$4,307,030	$4,437,970
Operating Income (Loss) - Operations Only	$606,926	$767,991	$940,340
Other Income (Expense)			
Other Income	$57,630	$59,359	$61,140
Other Expense – Interest	$44,159	$45,484	$46,848
Other Expense			
Total Other Income (Expenses)	$13,471	$13,875	$14,291
ANNUAL FORECAST - Net Operating Income (Loss) Before Taxes	$620,397	$781,866	$954,631

MEASURING THE "FISCAL-FITNESS" OF A COMPANY: THE ALTMAN Z-SCORE

Year Being Viewed:

In the early 60's Edward Altman, using Multiple Discriminate Analysis (MDA), combined a set of 5 financial ratios to come up with the Altman Z-Score. This score uses statistical techniques to predict a company's probability of failure using the following 8 variables from a company's financial statements:

From the Income Statement:

1	EBIT (Earnings Before Interest & Taxes)	$465,728
2	Net Sales	$9,216,687

From the Balance Sheet:

3	Total Assets	$3,324,009
4	Market Value of Equity	$2,065,069
5	Total Liabilities	$1,258,940
6	Current Assets	$2,821,702
7	Current Liabilities	$1,067,394
8	Retained Earnings	$1,643,248

The 5 financial ratios in the Altman Z-Score and their respective weight factors are as follows:

RATIO	Weightage	Range
A EBIT / Total Assets	3.300	-4 to +8
B Net Sales / Total Assets	0.999	-4 to +8
C Market Value of Equity / Total Liabilities	0.600	-4 to +8
D Working Capital / Total Assets	1.200	-4 to +8
E Retained Earnings / Total Assets	1.400	-4 to +8

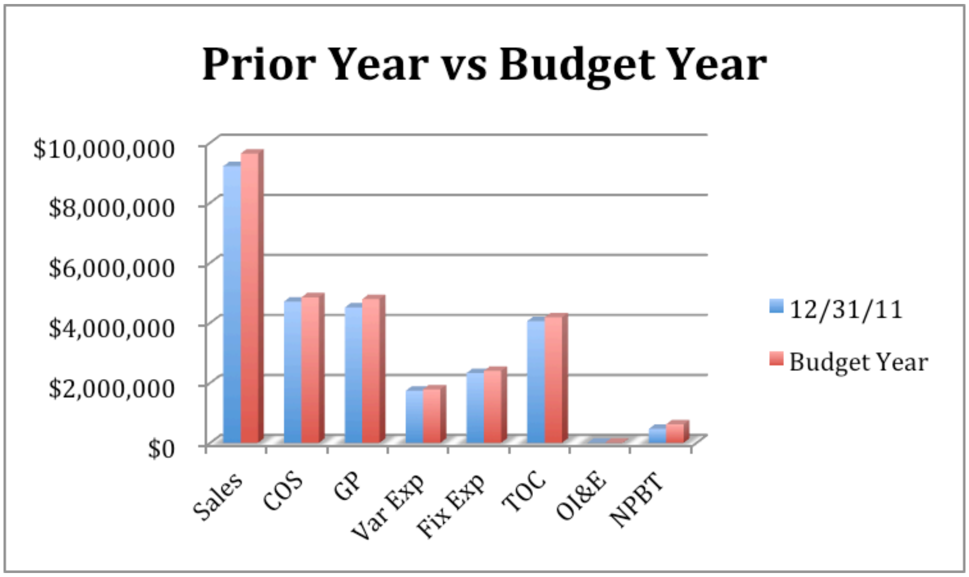
These ratios are multiplied by the weightage as above, and the results are added together.

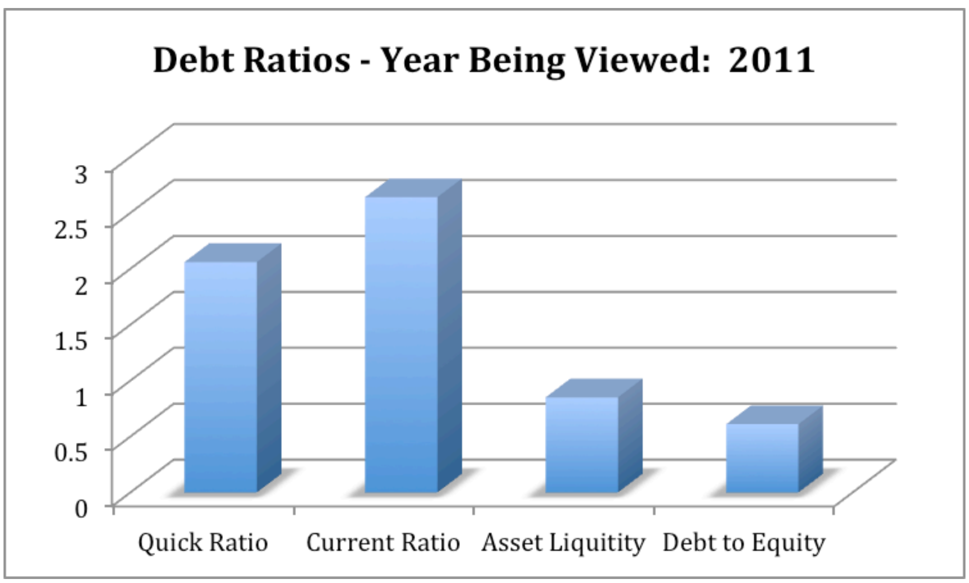
Z-Score = A x 3.300 + B x 0.999 + C x 0.600 +D x 1.200 + E x 1.400

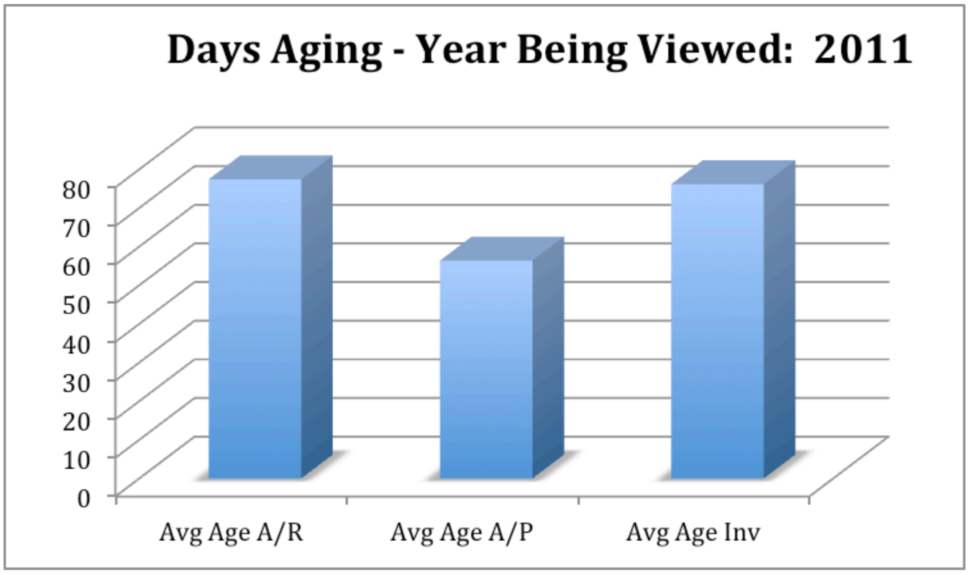
If the Z-Score is:

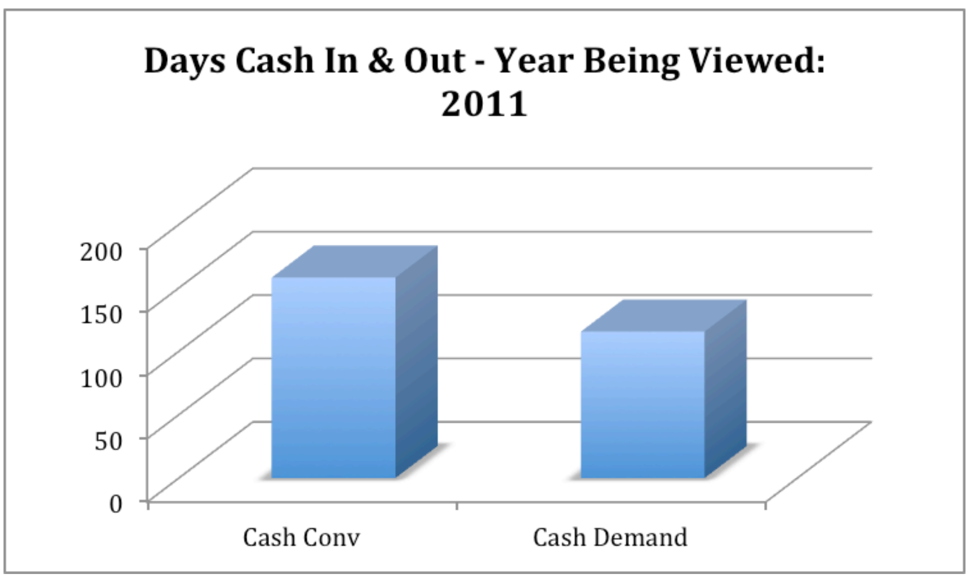
Above 3.0	The company is safe based on these financial figures only.
Between 2.7 and 2.99	On alert. This zone is an area where one should exercise caution.
Between 1.8 and 2.7	Good chances of the company going bankrupt within 2 years of operations from the date of financial figures given.
Below 1.8	Probability of financial embarrassment is VERY high.

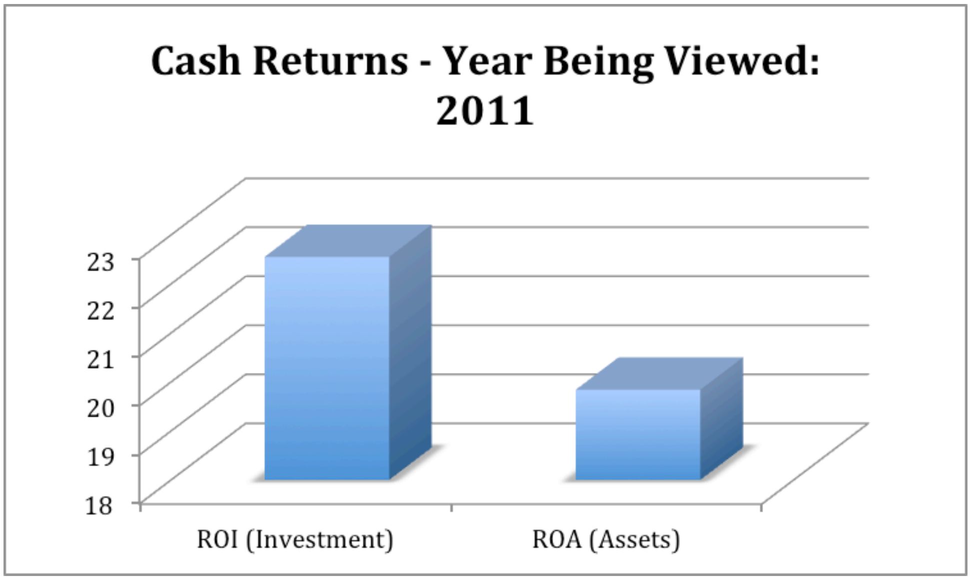
Z-Score 5.47


Prior Year vs Budget Year
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
Sales
COS
GP
Var Exp
Fix Exp
TOC
OI&E
NPBT
12/31/11
Budget Year

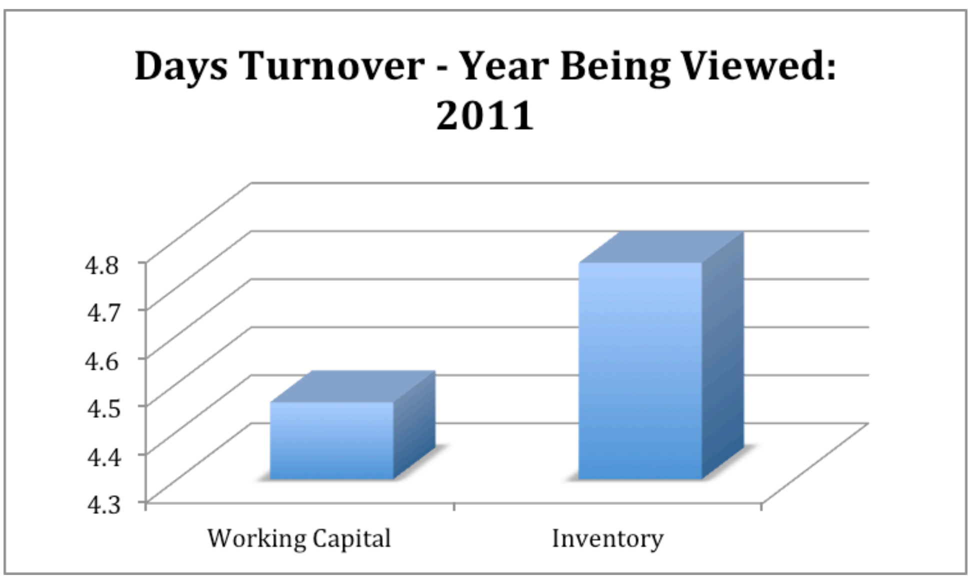

Debt Ratios - Year Being Viewed: 2011
3
2.5
2
1.5
1
0.5
0
Quick Ratio
Current Ratio
Asset Liquitity
Debt to Equity


Days Aging - Year Being Viewed: 2011
80
70
60
50
40
30
20
10
0
Avg Age A/R
Avg Age A/P
Avg Age Inv

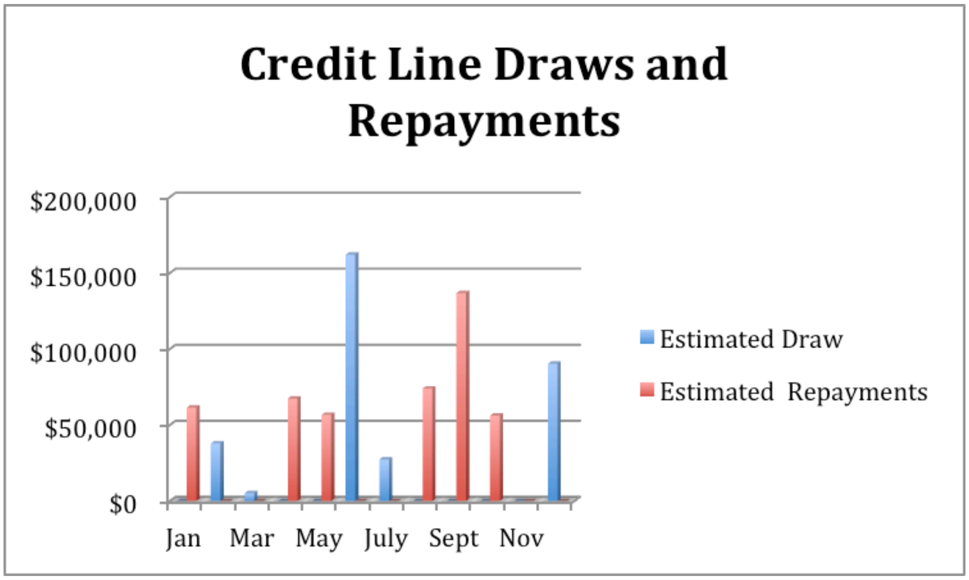

Days Cash In & Out - Year Being Viewed: 2011
200
150
100
50
0
Cash Conv
Cash Demand

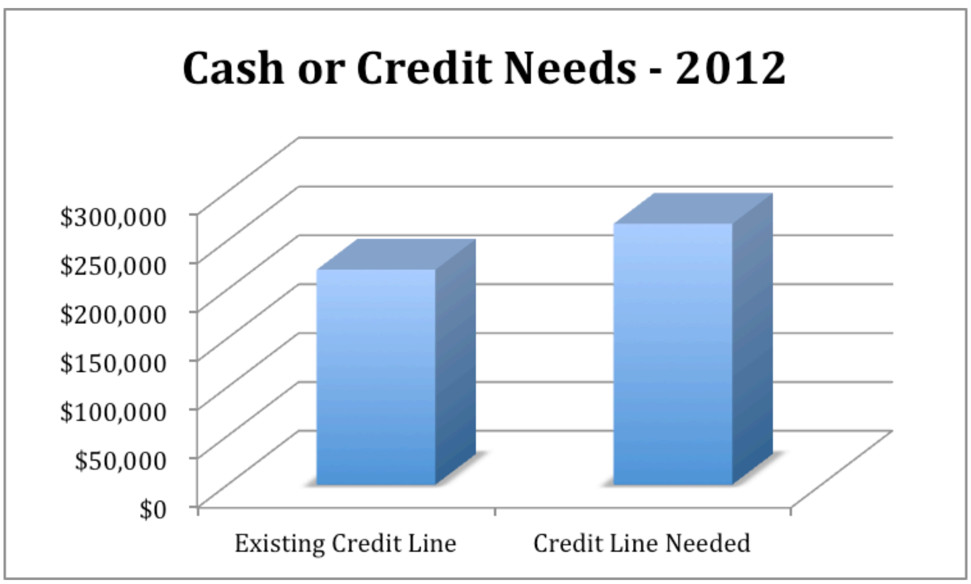


Cash Returns - Year Being Viewed: 2011
23
22
21
20
19
18
ROI (Investment)
ROA (Assets)



Days Turnover - Year Being Viewed: 2011
4.8
4.7
4.6
4.5
4.4
4.3
Working Capital
Inventory


Credit Line Draws and Repayments
$200,000
$150,000
$100,000
$50,000
$0
Jan
Mar
May
July
Sept
Nov
Estimated Draw
Estimated Repayments


Cash or Credit Needs - 2012
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
Existing Credit Line
Credit Line Needed

BUDGET STRATEGIES USED TO ACHIEVE PROFIT GOALS

By using certain proven budget strategies and the proper financial approach, profitability can be increased and the existing cash position enhanced. **To insure the creation of an optimal budget, each of the following financial sales and expense areas in the budget process have been considered and prioritized.**

The first five things, listed by priority that must be done to improve profits are:
1) Increase the selling price (with appropriate market adjustments)
2) Decrease and control the direct costs (labor and MESO).
3) Decrease and control the variable costs (associated costs to direct costs).
4) Increase the sales volume.
5) Decrease the fixed costs.

1) The first thing that must be done to increase profit is to establish a new selling price standard from which to manage. The selling price will be adjusted with the appropriate market adjustments needed to achieve the desired profit goal. A system has been developed to insure that annual price increases, including even small cost of living increases, are implemented into the budget and passed through to the job costing/pricing system. Any price increase passes directly through to the bottom line as additional net profit since there are no associated variable or fixed costs connected with the increase. This can be done as long as it is determined that any anticipated price increase would not adversely affect the sales volume and/or profits. Another very successful budget strategy includes increasing the price of the product(s) and/or services to a point where the "price shoppers" will go elsewhere. This resulting drop in sales doesn't necessarily mean that there will be a drop in profitability. To the contrary, most of the time a price increase that was intentionally implemented to reduce the sales levels may actually increase the net profit of the company depending upon the actual amount of the price increase. As the sales volume drops, the flow of order processing and paperwork also drops and gives more time to the administrative personnel to spend on more accurately managing expenses and the policies, procedures and systems that control them. The result can be a drop in the breakeven cost. Also, "price shoppers" must also be considered. Usually they are the most demanding of all of the customers. Keeping this in mind, a drop in volume can be a very good corporate strategy. It is understood that prices can't continue to be increased more than the CPI and expect existing customers to continue to pay them without simultaneously controlling the variable and fixed expenses. Customers will not continue to pay higher and higher prices just to compensate management for their inability to properly manage and control the variable or fixed costs. This is the fastest and most foolproof strategy to immediately increase the profitability. **Therefore, this is the first area of priority that was considered for profitability improvement.**

2) The second thing that must be done is to decrease the company's direct costs. Direct costs are defined as the direct labor and/or Material, Equipment, Subcontractor and Other direct costs (MESO) associated with a specific job, product or service. Since the single largest percentage of a company's sales dollar is usually consumed with costs in this category, a very slight percentage improvement in any of these areas will show a compounded benefit to the bottom line. Because of these phenomena, this is the second best place to look for improvements that will reap the fastest profitability benefits. Direct Costs are variable costs. No budget expense improvements were made in any direct variable cost line item unless the cause of the cost increase was identified and the plans to implement the policies, procedures and/or systems needed to correct them are made. If lower expenses in the direct variable cost line items were budgeted without knowing how the results would be achieved, it is highly unlikely that the costs will be reduced. As an example, an employee incentive plan may be implemented to help control the direct labor, or or a better inventory systems may be installed to help control the material/inventory costs. Better financial strategies will help improve the cash management position of a company to control things like cash discounts, etc. **Therefore, this is the second area of priority that was considered for profitability improvement.**

3) The third thing that must be done is to minimize all of the variable costs associated with each specific job, product or service. As before, no budget expense improvements were made in any variable cost line item unless the cause of the cost increase was identified and the plans to implement the policies, procedures and/or systems needed to correct them are made. If lower expenses in the variable cost line items were budgeted without knowing how the results would be achieved, it is highly unlikely that the costs will be reduced. If "Bad Debts" are too high, no reduction has been made in the budget without a plan that will be implemented to control them. As an example, better credit control measures can be implemented that will properly screen new customers before they become a bad debt.

Any correlation between any of the direct costs and some of the costs in this variable expense category were noted. As an example, if the direct costs of labor are reduced, the payroll taxes for the direct labor will also be reduced as will union dues and other associated expenses. Certain improvements in the direct cost category will "ripple" down in the form of lower costs and additional profits to other variable cost line items. The variable costs associated with a specific job, product or service is usually the second largest group of individual line-item costs within a company. Because of this, it takes a smaller percentage of improvement on a larger line-item expense to drop to the bottom line with a greater dollar amount of profitability. **Therefore, this is the third area of priority that was considered for profitability improvement.**

4) The fourth thing that must be done is to increase sales revenues to add additional revenue to the company. Once the direct and variable line-item costs have been reduced, the sales breakeven point has been lowered and it is now the proper time to consider a plan to increase the sales volume because a higher profit on each sales dollar will be generated. If specific sales focus can be identified and directed to a more profitable department, product or service of the company, it will be even more advantageous to look to an increase in sales as the next thing to do to increase the profitability. A typical misconception is thinking that the first thing that should be done to increase profits is to increase the sales volume instead of waiting until the breakeven point has been reduced. With each dollar increase in sales comes with it an increase in variable and fixed costs. There is a very big difference in "increasing the price" and "increasing the sales". Although both actions increase the line item entitled "Sales", an actual sales volume increase carries with it a proportionate share of the variable and fixed costs needed to finalize the sale but a price increase drops right to the bottom line with no cost increases. It takes proportionally more effort and expense to generate additional sales volume to increase profits than it does by better control the direct and variable costs. **Therefore, this is the forth area of priority that was considered for profitability improvement.**

5) The fifth thing that must be done is to reduce the fixed costs. Typically, reducing fixed costs is thought to be the first priority to maximizing profits. The most obvious costs and easiest to cut are fixed costs. They are the most visible and easiest to blame. Looking a little deeper into each line item of the fixed costs category, it can be seen that the line item expenses are typically the single **smallest** percentage of sales and they represent the lowest percentage of costs. Because of this, even a large decrease in costs of some of the smaller line-items in the fixed cost category will typically have a smaller overall effect on profits than will a small decrease in costs of the much larger line-item expenses in the direct and variable expense categories. There are some other issues that must also be considered. Typically, some of the first costs to be cut are the administrative personnel because they are more visible and seem more obvious. Unfortunately, the administrative personnel are the ones who track and control the policies, procedures and systems that when implemented, reduce and control the costs in the direct costs and other variable cost categories. Being frugal in this area can easily backfire on company management who do not understand how to best properly prioritize and control the expenses of their company. **Therefore, this is the fifth place that was considered for profitability improvement.**

As new corrective measures are installed to control the different variable cost line items, systems must be created to control them. Management will then be managing the **systems** that control the details, not the details. This will allow management to control more items simultaneously and in less time. This newfound time will then allow management to turn their attention to other items that are in need of attention but were not a priority earlier in the process. This fact causes the profitability benefits of the earlier corrections to exponentially improve and with it, profits and employee morale.

INCOME STATEMENT FORMATTING STRATEGIES

INCOME STATEMENT FORMATTING STRATEGIES

The chances are that your company's income statement is currently formatted in exactly the same way as one of the income statement "templates" that came with your existing accounting software. These "templates" are usually designed to follow GAAP (Generally Accepted Accounting Practices) but may or may not (usually "NOT") be designed for proper management information systems (MIS). We want to suggest that you consider formatting your company's income statement and budgets in the same way that is found within The TASCON® Business Analyst because is utilizes proven and successful business strategies that we will discuss here. Let's breakdown the income statement one section at a time.

Income:
List only the income from "operations" in this area. This will assure that most industry standard comparisons that may be found and used later will consider only the same income source. If your company has more than one profit center (department/division), each profit center should be tracked as an individual line-item and all line-items should be totaled to show the total operating income.

Cost of Goods Sold (Direct Costs):
List only five category items within the area of direct costs. Direct Labor, Direct Materials, Direct Equipment, Direct Subcontractor, Direct Other (Labor and MESO). If your company has more than one profit center (department/division), each profit center should be tracked as an individual line-item under each category with subtotals for each category. Most GAAP formatting includes items additional to these such as: Direct Labor Payroll Tax, Union Dues, etc. The reason that we don't want to list these types of items here is because of the negative effect that it would have on our job costing calculations. Job costing for any type of business depends upon having the ability to accurately estimate the true cost of your job, product or service. If the estimator isn't familiar with the additional costs from the abstract categories of direct labor payroll taxes, union dues, etc. it is almost impossible to estimate accurately. If we only use the five key categories listed above there is much more of a chance of maintaining accuracy in the beginning of the full estimating process. The TASCON® Business Analyst uses a dual overhead rate strategy of job costing that is dependent upon calculating the ratio of the direct labor to the direct MESO (MESO/Labor). Formatting the direct costs in this way facilitates this process. All other variable expense items that may have been listed in this category will

be placed in another variable cost category and considered in the final burden factors. Note that all of the direct cost categories are variable costs that "follow" the sales dollars.

Variable Costs:
List all of the other variable costs in this single category. You will find if you list all of your variable costs alphabetically, your eye will easily find any subject line-item when needed. With the addition of the "Variable Cost" category we now have two variable cost sections. The Cost of Good Section and the Variable Costs section. All variable costs are initially managed in the same way. To control them, you will first set a control standard (budget) as a percentage of sales for each line-item. As you list your budget standard next to your actual monthly performance you will easily be able to compare the percentage variance of each line-item to identify problem areas without having mixed other fixed cost line-items within these categories because the fixed costs line-items are tracked and managed differently.

Fixed Costs:
Next you will list all of the fixed costs in this single category. You will find that if you list all of your fixed costs alphabetically, your eye will easily find any subject line-item when needed. Fixed costs are managed differently than the variable costs. Fixed costs are tracked and managed by comparing the actual dollar amount incurred to the actual dollar amount of the budget standard. The percentage that the fixed cost line-item is of the total sales will vary with sales but is not a cause for alarm as would the variance be for a variable cost item. Grouping all fixed costs in their own category also provides the added advantage of easily calculating the fixed costs category percentage of sales. Knowing this percentage will aid us in evaluating breakeven points, bid strategies and marketing decisions. As an example, if we know when we will be reaching our breakeven point we have the option of reducing our price by the same percentage as our fixed cost category and still make our full budgeted profit.

Other Income (Expense):
Finally you will list all other income and expense items that do not have anything to do with the operations income or expenses of the business. These income and expense items are considered a variable cost and would be tracked and managed like the other variable cost items. To control them, you will first set a control standard (budget) as a percentage of sales for each line-item.

The recommended basis format for an income statement is very simple and could even be considered very "elementary". Below you will find a copy of the recommended income statement template which includes a budget column. Please see the PDF files in the Budget Input Section and the Job Cost Section for more details on using these formatting strategies.

Recommended Income Statement Formatting Template

Sample Company (No Departments)

Recommended P&L Format
Management Information Systems

(Notes)

	Budget		Actual		Notes
					Budget and Actual may be reversed to preference
INCOME	%*	$	%*	$	All percentages to two decimals
Sales					Operations income only, no other or misc. income.
TOTAL SALES (Revenues)					
COST OF GOODS SOLD:	%*	$	%*	$	
Direct Costs - Labor Direct Costs - Materials Direct Costs - Equipment					
Direct Costs - Subcontractor Direct Costs - Other					
TOTAL COST OF GOODS SOLD (CGS)					Job related only: Bonds, Permits and the like.
GROSS PROFIT					MESO: Materials, Equipment, Subcontract, Other

Variable Costs:

	Budget		Actual		Budget and Actual may be reversed to preference
Advertising & Promotion					Change variable expense items as needed.
Auto & Truck Gas, Oil, Repairs					List all alphabetically
Bad Debt					Breakdown expense details in subcategories
Bank Charges					
Employee Benefits					
Freight					
Insurance - W.C. - Direct Labor					
Laundry, Cleaning					
License, Permits					
Miscellaneous					
Office Supplies					
Other					
Payroll Taxes (Direct Labor) Sales					
Commissions					
Sales Tax Expense					
Shop Supplies & Small Tools Travel,					
Lodging & Entertainment					
U.P.S./FedEX					
Union Benefits/Dues					
Warranty Expense					
Subtotal Variable Costs					
					Budget and Actual may be reversed to preference

Fixed Costs:

	Budget		Actual		
Contributions					Change fixed expense items as needed.
Depreciation					List all alphabetically
Dues & Subscriptions					Breakdown expense details in subcategories
Insurance - Auto, Liability Insurance					
- Group Health Insurance-Officer					
Insurance - W.C. Office Other -					
Expenses					
Payroll Taxes - Office					
Postage, Mailings					
Professional Fees					
Property Taxes					
Rent					
Repairs & Maintenance					
Salaries - Owner					Option to Hide: List as Confidential #1
Salaries - Office/Shop					
Telephone					
Utilities					
Total Fixed Costs					
TOTAL OPERATING EXPENSES					
OPERATING INCOME (LOSS) - Operations Only					Option to Hide: List as Confidential #2
					Budget and Actual may be reversed to preference
					Add or change other income/expense items as needed.
					Breakdown income/expense details in subcategories

OTHER INCOME AND (EXPENSE)	%*	$	%*	$
Other Income				
Other Expense - Interest				
Other Expense				
Subtotal Other Income (Expense)	Budget		Actual	
INCOME (LOSS) BEFORE INCOME TAX (NPBT)				
INCOME TAX				
Other Income - Nontaxable				
NET OPEPERATING INCOME (LOSS)				

*Percentages carried out to ".00"

ACHIEVING BUSINESS FINANCIAL GOALS

AN ACTION PLAN FOR LEVERAGING PRICING MULTIPLIERS FOR CONTRACTORS AND MANUFACTURERS

Understanding pricing multipliers and having the ability to use them effectively and track their results properly makes a tremendous impact on bottom line profits. This information in this action plan includes detailed explanations of the pricing multipliers and a simple system for leveraging them to achieve budgeted profit goals.

First, we will define pricing multipliers and review the profit goal standards that they create.

Second, we will look at a system that, if used on a day-to-day basis in conjunction with the pricing multipliers, will help accurately control profits.

Third, we will provide an approach to using the pricing multipliers as a competitive bidding advantage.

DEFINING PRICING MULTIPLIERS

What Is a Pricing Multiplier?

A pricing multiplier is the factor used to calculate the pricing standard for a business that will achieve its budgeted profit goal. This action plan provides pricing multipliers that are unique to each business for its major direct cost categories: Labor and MESO. (The MESO category is the sum total of the Material, Equipment, Subcontractor, and Other direct costs.) These pricing multipliers have been calculated through a series of complex calculations applying the "dual overhead burden" method, blending prior year performance with anticipated annual cost increases and/or decreases along with the profit goals for the budgeted year. The "dual overhead burden" method is one of the most accurate pricing methods available because it allocates the amount of budgeted burden to both the labor and MESO categories proportionate to the business's historical performance.

How To Use the Pricing Multipliers.

To calculate the budgeted sales price for each job or product, the LABOR or MESO pricing multiplier is multiplied times the estimated cost of each of these major direct cost categories. The calculated prices for the major cost categories are then summed to determine the total sales budget for each job or product. If a business could sell every job or project at this calculated price, it would achieve its budgeted profit goal for the year (assuming that the rest of the other budgeted line items are managed to budget). Of course, competition comes into play when pricing jobs or products, and a business may be able to charge more for some work; or, may have to charge less to capture other work. The systems that are discussed below can help manage the variances in pricing due to the realities of the competitive environment.

Labor-Only Pricing Multipliers.

This action plan also contains a different pricing multiplier for applying burden and profit to labor only. We don't recommend this method because the dual overhead approach is more effective. Nevertheless, if it is decided to use only labor to cover burden and profit, this labor-only multiplier would be multiplied times the estimated direct labor costs to determine the budgeted selling price for labor; then, the estimated MESO costs would be added to this number for the final budgeted selling price. The same system recommended below for managing variance throughout the course of the year would be used.

Breakeven Multipliers.

"Breakeven" pricing multipliers are also provided in this action plan that, when applied to the direct cost categories, will calculate a "walk-away" price. The resulting price using these multipliers is that price at which a business is covering its costs only (including burden but not including profit). If a job or product is priced below this breakeven number, a loss would be incurred for that job or product.

The result of using specific and accurate job/product pricing multipliers is that they will create an accurate pricing standard from which to manage and track profit goals. These standards can then be systemized to form an easy way to track performance to budget. Later in this action plan we will discuss how to manage this information in context of actual market conditions and describe a system that will help facilitate tracking company performance.

CALCULATING PRICING STANDARDS WITH MULTIPLIERS

The income statement has been formatted to allow only 5 specific items to be included in the "Direct Cost" line items: Labor, Material, Equipment, Subcontractor and Other. The Material, Equipment, Subcontractor and Other direct costs are aggregated into a major direct cost category called MESO. These are the only direct costs items that should be used to estimate a job or product's cost because they are easily estimated and/or determined, and there is no need to include other line item costs that are difficult to estimate on a per job or product basis. Examples of non-direct line item costs are corresponding payroll taxes, union costs, etc.

Since the "dual overhead burden" method applies the entire burden ONLY to those items that are listed as job or product expenses in the "direct cost" line items, care must be taken to properly allocate the actual direct labor costs and the direct "MESO" costs.

If jobs or products are priced using both direct labor and materials (MESO):

1) Labor cost allocation: As an example, if an employee has both non-field/production duties in the field or during production, the proportionate share of each should be allocated to direct cost labor and fixed cost administrative salaries as appropriate.

2) Material, equipment, subcontractor and other allocations: ONLY the actual materials, equipment, subcontractor or other expenses that are actually used for the job should be included in the direct cost MESO line items.

If jobs or products are priced using direct labor, materials (MESO) and/or equipment/machine time:

1) Equipment or machinery cost allocations: To properly apply burden to specific equipment or machinery, the actual cost of the equipment or machinery MUST be included in the direct cost line items. These costs would include such things as maintenance and repairs, the fuel or electricity to run the equipment or machinery and the straight line depreciation for each piece of equipment or machinery whose time will be part of the estimating process.

    (a) It is recommended that the direct cost line item entitled: "Direct Cost - Equipment" be used to contain all the costs for all of the maintenance and repairs and the fuel/electricity pertaining to the equipment/machinery that will be broken out and estimated for customer specific jobs.

    (b) The line item entitled: "Direct Cost – Subcontractor" will be used as usual for those subcontractor costs that pertain only to customer jobs.

    (c) It is recommended that the direct cost line item entitled: "Direct Cost – Other" be used to contain the depreciation specific to the equipment/machinery that will be estimated for the job. Any accelerated depreciation that was applied to the equipment/machine and all other depreciation would be listed in the fixed cost category of expenses on the standard "depreciation" line item. (For financial management purposes, remember to add the two depreciation line items together to determine the total depreciation for all company equipment/machines.) If the actual costs and hours of usage of each piece of equipment or machine have been properly tracked, its actual cost per hour can be determined. To estimate the MESO category, during the estimating or bidding process, the cost of materials must be estimated and the number of hours each piece of equipment or machinery will be used must be estimated times the cost per hour. The total materials, equipment or machine cost, subcontractor and other costs will be added together for a total cost of MESO. (To determine the hourly selling price of a piece of equipment or machinery, multiply its hourly cost times the MESO multiplier for the final hourly selling price.)

NOTE: The sample calculations below show equipment/machine time priced as a separate line item. If equipment and/or machine time are not tracked as direct costs and/or if they are not priced separately in the pricing process, this line item would not be included in pricing calculations. However, the logic of using pricing multipliers and tracking variances remains the same.

Sample Calculations

Estimate the actual labor and MESO cost for a job.

Labor Cost Estimate: 150 hrs X $24.50/hr (w/o benefits)	$ 3,675.00
MESO Cost Estimate	$ 740.00
Equip/Mach time: 150 hours @ $115.20/hr	$17,280.00

Sales Price Calculation:

Labor: $3,675 X 2.5028 Labor multiplier	$ 9,197.79
MESO: $740 X 1.6271 MESO multiplier	$ 1,204.05
Equip/Mach time: $17,280 X 1.6271 MESO	$28,116.29
Budgeted Sales Price	$38,518.13

Tracking the Variance:

Job 1: Budgeted Sales Price (as calculated)		$38,518.13
Market Sales Price (as determined by sales dept.)		$39,500.00
Variance:	OVER BUDGET	$ 981.87
Job 2: Budgeted Sales Price (as calculated)		$ 20,145.00
Market Sales Price (as determined by sales dept.)		$ 19,700.00
Variance:	UNDER BUDGET	$ (445.00)

Net Performance to Budget for Above Jobs

Variance: $981.87 - $445.00	OVER BUDGET	$ 536.87

The sales department, not the accounting department, should have the flexibility to determine the final sales price within management's criteria, and the final sales price should be compared to the budgeted selling price. Then, the variance should be tracked and recorded. When selling a job or product for a price less than the standard, the amount of discount to "get back" to the budgeted pricing standard is clearly known. Remember, the budgeted pricing standard is based upon the prior year's history where some jobs/products were probably sold at a discount and others for a premium. At the end of any period of time, week, month, year, if the variance is equal to or larger than "0", the budgeted profit has been achieved or exceeded. Keep in mind that if big jobs or orders are discounted that are processed over a period of time, the total amount of discount that must be recaptured will not necessarily be all within a one month period. If a job is discounted that will run say 10 months, that discount will have to be "recaptured" over jobs within the next 10 months.

The breakeven multipliers should be used in the same way as shown above to establish the minimum acceptable price standard. This is the "walk away" price. The variance between any final price and the budgeted selling price standard should always be tracked carefully.

USING THE RELATIONSHIP BETWEEN DUAL OVERHEAD RATE MULTIPLIERS AND A SINGLE OVERHEAD RATE AS A COMPETITIVE ADVANTAGE

The relationship between the dual overhead rate multipliers and the single overhead burden rate multiplier can be used for a bidding advantage. Here's how. The dual overhead rate multipliers are calculated using the average ratio of the direct labor cost to the average direct MESO costs. The burden and profit are then proportionally allocated between the company's historical ratio of direct labor to direct MESO. Let's call this the "sweet spot" of the company's historically average job or project. On the other hand, the single overhead rate multiplier is calculated by simply applying all of the burden and profit to direct labor only.

First, the budgeted sales price of a job or project needs to be calculated by using the dual overhead rate multipliers as shown in the examples above using the estimate of labor and materials. Next, calculate the budgeted selling price using the single overhead multiplier that uses labor costs only plus the cost of materials.

Now, compare the two budgeted sales prices. The base standard will be the budgeted selling price calculated from the dual overhead multipliers. Let's assume that it is known that the competition almost always applies all of their burden and profit to direct labor. If the price using the single overhead rate multiplier is higher than the price calculated using the dual overhead multipliers, the chances are the budgeted price will be lower than the competition because the competition probably has more labor than the company's "sweet spot" job. Knowing this, the price could be increased slightly so as not to "leave anything on the table". Conversely, if the price using the single overhead rate multiplier is lower than the price calculated using the dual overhead multipliers, the chances are the budgeted selling price will be higher on the bid because the job probably has less labor in it than the company's "sweet spot" job. To get the job, it will probably have to be discounted. If the two prices are very similar, the job to be bid is almost identical to the company's "sweet spot" job and the budgeted price will be very competitive. Remember, all variances from the pricing standard need to be tracked as explained above.

SYSTEMS FOR CONTROLLING PROFITS USING PRICING MULTIPLIERS

The result of using specific and accurate job pricing multipliers is that they will create an accurate standard from which to manage to achieve profit goals. These standards can then be systemized to form an easy way to track performance to budget.

An example of systems that can be used to manage profit goals can be found below.

1) Job /Product Cost and Pricing Worksheet – This form is used, or customized if necessary, to provide a template for proper job, product or service pricing.

2) Job/Product Cost and Pricing Budget Worksheet – This form is used, or customized if necessary, to track the variance of the budgeted selling price from the actual selling price. If a job, product or service has been discounted

or marked-up from the budget price standard on a job or project that will be performed over many months, track the proportionate amount of variance each period so you know what amount of variance must be recaptured or can be used to discount future sales without sacrificing the budget goals.

[SEE SAMPLE FORMS ON NEXT TWO PAGES]

JOB COST WORKSHEET

Project Manager:	______________	Date:	______________
Customer Name:	______________	Customer P. O. #: ______	Customer Chg Ord. #: ______
Job Name:	______________	Co. Job #: ______	Co. Change Order #: ______
Job Pricing Approval:	Mgr. ______ Date: ______ CFO ______ Date: ______	Type of Job: ____ Bid ____ T&M	Wage Reporting: ____ Yes ____ No

Line No.	Description	Cost Breakdown	Sales Price Total(s)
1	**Labor Cost:** Rate ________ Hrs. ________		
2	Labor Multiplier	X ______	
3	***LABOR BUDGET SELLING PRICE*** (#1 X #2)		
	MESO Calculations:		
4	Material (add freight and sales tax)	______	
5	Equipment (add freight and sales tax)	______	
6	Subcontractor(s)	______	
7	Other (permits, company and/or equipment rental, travel, etc.)	______	
8	Subtotal MESO Cost:	______	
9	MESO Multiplier	X ______	
10	***MESO BUDGET SELLING PRICE*** (#8 X #9)		
11	***LABOR + MESO BUDGET SELLING PRICE*** (#3 + #10)		______
12	Bond Multiplier (If bonded by Co.)		X ______
13	Bond Cost (#11 X #12)	______	⇐ ______
14	MESO Multiplier (#9)		X
15	***BOND BUDGET SELLING PRICE*** (#13 X #14)		
16	**MESO Cost** (Subtotal MESO Cost + Bond Cost) (#8 + #13)		
17	**Total Costs of Sales** (#1 + #16)		
18	***BUDGET SALES PRICE*** (#3 + #10 + #15)		

SALES TAX AND OPTIONAL MARKETING CALCULATION

Line No.	Description	Sales Price Total(s)
19	Market Price Increase (Decrease) (If necessary, adjust for competition or customer)	______
20	Extraordinary Travel or Freight (if not included in #7 above)	______
21	Sales Tax (on #18 above - if applicable)	______
22	***TOTAL MARKET SALES PRICE*** (#18 + #19 + # 20 + #21)	

JOB COST BUDGET TRACKING WORKSHEET

Department: ____________________ Project Mgr. / Estimator: ________________________

Job / Chg. No.	Date	Job Cost Budget	Market Price Adjustment			
			Increase	(Decrease)	Variance	# Months

BUSINESS FINANCIAL EXIT PLAN
FORECAST SCENARIOS

For

Johnson Mechanical Contractors
2754 Grand Avenue
Madison WI, 53714

Valuation as of: December 31, 2011

PREPARED BY

The Exit Plan Forecaster Team
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Report Date: February 15, 2012

THE Exit Plan Forecaster™
BUSINESS FINANCIAL PLANNING SOLUTIONS

Business Financial Exit Plan Scenarios

Three business value estimate worksheets are provided here based on the three different time-lines that were created from the preceeding business financial plan.

1) The potential market value if the budgeted profit results are obtained at the end of year #1.
2) The potential market value if the projected profit results are obtained at the end of year #2.
    a. Year two assumes that the budget strategies and performance from the original budget year are duplicated for this year.
3) The potential market value if the projected profit results are obtained at the end of year #3.
    a. Year three assumes that the budget strategies and performance from the original budget year are duplicated for this year.
4) If you chooze additional years to analyze, each additional year makes the same assumption as years #2 and #3 above.

By determining the results of these scenarios, you will be able to project more accurately the company's value at the time of exit or the time-line of exit based on achieving a specific value goal.

The first worksheets show the line-item detail of the normalized profit and loss statement for year #1 (original budget year), year #2 and year #3. These projections are based on the profit projections contained in the preceeding business financial plan. Years #2 and #3 assume that the annual budget variables are the same as the original budget year. Remember that the "BUDGET – Net Operating Income (Loss) Before Tax" shown at the end of the "ANNUAL BUDGET VARIABLES" section represent the NOI of the *Normalized* Income Statement not the regular Income Statement.

The second set of worksheets shows the estimated fair market value of the business at the end of each profit year. Year "0" represents the current fair market value of the business. Year "1" represents the estimated fair market value of the business at the end of year #1 which is the first budgeted year. Year "2" represents the estimated fair market value of the business at the end of the year following the first budgeted year. Year "3" represents the extimated fair market value of the business at the end of year #3. From the results of these scenarios, you can determine the estimated value of your business at the shown time-lines or determine the time needed to achieve your profit goal before exit.

THE Exit Plan Forecaster™
BUSINESS FINANCIAL PLANNING SOLUTIONS

Business Financial Exit Plan Scenarios
Potential Fair Market Value Growth Summay Results

The potential market value* if the budgeted profit results are obtained at the end of year #1:	$2,027,488
The potential market value** if the projected profit results are obtained at the end of year #2:	$2,712,513
The potential market value** if the projected profit results are obtained at the end of year #3:	$3,429,485
The potential market value** if the projected profit results are obtained at the end of year #4:	$4,196,241

*The details of the value calculation for year one are itemized in the first section of this report.

**Years two, three and four are based upon the growth of profits that are generated from achieving the first budgeted year's profit performance goal. Each year's projected profit is then "normalized" for valuation purposes based upon the same assumtions that were made in the origainal valuation calculation for year one.

Return

Business Analysis/Valuation - Financial Statements
File: Sample Biz Financial Plan Contractor 5/11/12 1Yr.

Print Value Forecast Adjustments in the Valuation Report? Yes

Number of Years to Forecast? 3

Data Being Used to Create a Business Value Forecast:
A business value forecast will be created for the number of years indicated by further normalizing any interest expense from the income statement's adjusted values. Business Value Forecast

ANNUAL BUDGET VARIABLES	Year 1	Year 2	Year 3
Budgeted % Sales Volume Increase (Decrease)	3.00	3.00	3.00
Budgeted % Price and/or Cost of Living Increase (Decrease)	1.50	1.50	1.5
Budgeted % Direct Costs Category Increase (Decrease)			
Budgeted % Variable Costs Category Increase (Decrease)			
Budgeted % Fixed Cost Category Adjustment	3.09	3.07	3.07
BUDGET - Net Operating Income (Loss) Before Tax	692178	855799	1030781

INCOME	Year 1	Year 2	Year 3
Sales	100.00 %	100.00 %	100.00 %
	9635585	1006918(	1052230(
Total Sales	100.00 %	100.00 %	100.00 %
	9635585	1006918(	1052230(

COST OF GOODS SOLD	Year 1	Year 2	Year 3
Direct Costs - Labor	22.86 %	22.53 %	22.21 %
	2202748	2268830	2336895
Direct Costs - Materials	23.49 %	23.15 %	22.82 %
	2263423	2331326	2401265
Direct Costs - Equipment	0.20 %	0.20 %	0.19 %
	19125	19699	20290
Direct Costs - Subcontractor	2.66 %	2.62 %	2.59 %
	256445	264138	272063
Direct Costs - Other	1.11 %	1.09 %	1.08 %

	106963	110172	113477
Total Cost of Goods Sold (CGS)	50.32 %	49.60 %	48.89 %
	4848704	4994165	5143990
GROSS PROFIT	49.68 %	50.40 %	51.11 %
	4786881	5075021	5378310

LESS OPERATING COSTS

Variable Costs	**Year 1**	**Year 2**	**Year 3**
Advertising & Promotion	0.76 %	0.75 %	0.74 %
	73537	75743	78015
Auto & Truck Gas, Oil, Repairs	2.02 %	1.99 %	1.96 %
	194866	200712	206733
Bad Debt	0.30 %	0.29 %	0.29 %
	28541	29397	30279
Bank Charges	0.10 %	0.10 %	0.10 %
	9908	10205	10511
Employee Benefits	1.93 %	1.90 %	1.87 %
	185579	191146	196881
Freight	0.21 %	0.21 %	0.20 %
	20125	20729	21351
Insurance - W. C. Direct Labor	0.90 %	0.89 %	0.87 %
	86593	89191	91867
Laundry, Cleaning	0.09 %	0.09 %	0.09 %
	8905	9172	9447
License & Permits	0.06 %	0.06 %	0.06 %
	5907	6084	6267
Miscellaneous	0.00 %	0.00 %	0.00 %
	431	444	457
Office Supplies	0.63 %	0.62 %	0.61 %
	60229	62036	63897
Other	0.09 %	0.08 %	0.08 %
	8254	8502	8757

Payroll Taxes (Direct Labor)	2.12 %	2.09 %	2.06 %
	204739	210881	217208
Rentals	%	%	%
Sales Commissions	%	%	%
Sales Tax Expense	%	%	%
Shop Supplies & Small Tools	0.61 %	0.60 %	0.59 %
	58763	60526	62342
Travel, Lodging & Entertainment	0.02 %	0.02 %	0.02 %
	2167	2232	2299
U.P.S./FedEx	0.02 %	0.02 %	0.02 %
	1917	1975	2034
Union Benefits/Dues	7.60 %	7.49 %	7.38 %
	731827	753782	776395
Warranty Expense	0.76 %	0.75 %	0.73 %
	72854	75040	77291
Total Variable Costs	18.22 %	17.95 %	17.70 %
	1755142	1807796	1862030

Fixed Costs:	**Year 1**	**Year 2**	**Year 3**
Contributions	0.03 %	0.02 %	0.02 %
	2434	2509	2586
Depreciation	1.03 %	1.02 %	1.00 %
	99203	102249	105388
Dues & Subscriptions	0.22 %	0.21 %	0.21 %
	20867	21508	22168
Insurance - Auto & Liability	4.16 %	4.10 %	4.04 %
	400543	412840	425514
Insurance - Group Health	0.18 %	0.17 %	0.17 %

		17078		17602		18143
Insurance - Officer	0.09 %	8981	0.09 %	9257	0.09 %	9541
Insurance - W. C. Office	%		%		%	
Other - Expenses	1.56 %	150100	1.54 %	154708	1.52 %	159458
Payroll Tax - Office	0.89 %	85846	0.88 %	88481	0.87 %	91198
Postage, Mailings	%		%		%	
Professional Fees	0.67 %	64435	0.66 %	66413	0.65 %	68452
Property Taxes	0.22 %	21151	0.22 %	21800	0.21 %	22470
Rent	0.72 %	69665	0.71 %	71804	0.70 %	74008
Repairs & Maintenance	0.05 %	4409	0.05 %	4544	0.04 %	4684
Salaries - Owner	1.76 %	169218	1.73 %	174413	1.71 %	179767
Salaries - Office/Shop	13.07 %	1259301	12.89 %	1297962	12.71 %	1337809
Telephone	0.10 %	9960	0.10 %	10266	0.10 %	10581
Utilities	0.15 %	14000	0.14 %	14430	0.14 %	14873
Total Fixed Costs	24.88 %	2397191	24.54 %	2470785	24.20 %	2546638
Total Operating Expenses	43.09 %	4152333	42.49 %	4278581	41.90 %	4408668
	6.59		7.91		9.22	

Operating Income (Loss) - (Operations Only)	%	%	%
	634548	796440	969642

OTHER INCOME (EXPENSES):	**Year 1**	**Year 2**	**Year 3**
	0.60	0.59	0.58
Other Income	%	%	%
	57630	59359	61140
Other Expense - Interest (Normalized)	%	%	%
Other Expense	%	%	%
	0.60	0.59	0.58
Total Other Income (Expense)	%	%	%
	57630	59359	61140
	7.18	8.50	9.80
ANNUAL NORMALIZED FORECAST: Normalized Net Operating Income (Loss) Before Taxes	%	%	%
	692178	855799	1030781
	-1.62	-3.18	-4.70
Turbo What – If Analysis Section: Line #10 What- If" Adjustments: Exit Strategy and Succession Planning Normalized Profit Goal Scenarios	%	%	%
	-156330	-319951	-494933

Return

Business Analysis/Valuation - Turbo 'What-If' Analysis
File: Sample Biz Financial Plan Contractor 5/11/12 1Yr.

Please select the "Calculate" button twice to insure an accurate value after making what-if entries to the Condensed Income Statement or using the "Reset" button.
Note: The TASCON® Business Analyst was designed for optional use and viewing on "Microsoft Internet Explorer". Due to the complexity of the calculations within this section, accurate calculations using any other browser can not be guaranteed.

THE TURBO WHAT-IF ANALYST™

'What-If' Business Value - The Value Forecaster™ for Exit Strategies and Succession Planning: $2,027,488

Market Investment Criteria - Market Variables:

Down Payment (as a % of S/P)	25
Investor Market Rate of Return % (ROI %)	20
Subject Business Industry Standard NPBT %	

Other Cash Investments (Not Down Payment):

Deferred Maintenance	12600
Working Capital	20500
Other Cash Investments	3000
Total Other Cash Investments	36100

Condensed Income Statement:	Actual Income Statement	What-If Adjustment	What-If Adjusted Income	Adjustment Comments
[1]Sales	9216687		9216687	
[2]Cost of Goods Sold (CGS)	4707480		4707480	
[3]Gross Profit (GP)	4509207		4509207	
Operating Expenses - "What-If" Modifications:				
[4]Depreciation (Default) or other "What-If" entry	121985	-22782	99203	
[5]Owner's Salary (Default) or other "What-If" entry	145000		145000	
[6] Employee Bonuses / Profit Sharing			0	
[7] Owner's Bonuses / Profit Sharing			0	
[8] Other - "What-If" Adjustment(s): Miscellaneous			0	
[9] Other - "What-If" Adjustment(s): Strategic Sale, Roll Up, Spin-Off, LBO and Investment, Scenarios			0	
[10] Other - "What-If" Adjustment(s): Exit Strategy and Succession Planning Normalized Profit Goal Scenarios			0	
[11] Balance of Other Operating Expenses or other "What-If" entry	3789572	-4465	3785107	
[12] Other Income	55951		55951	
[13] Other Expense - Interest	42873	-42873	0	
[14] Other Expense	0		0	
[15] Total Operating Expenses (TOE)[4+5+6+7+8+9+10+11+12-13-14]	4043479		3973359	
[16] What-If Net Operating Income (NOI)[3-15]	465728		535848	

Financing Variables - Modifications:	Asset Market Value	Loan to Value Ratio	Loan Amounts	Term (Yrs)	Interest Rate
Auto/Truck Financing	683223	60	409934	4	7.0
Inventory Financing	474000	50	237000	3	7.5
Machinery/Equipment Financing	754371	70	528060	5	7.0
Office Furniture/Fixture Financing	131727	75	98795	3	7.50
Other Financing		75		5	7
Real Estate Financing		80		20	6.5
Seller, GAP or Mezzanine Financing - Deal Structuring (When one or more market value is entered in any asset group.) or Single Loan Analysis - No Deal Structuring			246827	5	7.0

(When no market value is entered in any asset group.)

Total Financing	1273789
Down Payment Required	506872
Cash Flow Before Tax $ (ROI$)	108594
Debt Service Coverage Ratio	1.25

THE VALUE FORECASTER™ LINK:
Exit Strategy and Succession Planning Normalized Profit Goal Scenario Adjustments:
Choose the year and select "Load Year" to auto load the adjustment and calculate the estimated value. Year 0
(Available only if a valuation has been performed and if The Value Forecaster™ has been activated)

Accept and record "What-If" modifications to the most current year of the analysis/valuation?

NOTE: The "Sales", "Cost of Goods Sold" and "Other Operating Expense" value modifications must be updated manually by the user due to the fact that the values in these fields may include the values to more than one income statement line-item field and The TASCON™ Business Analyst has no way to determine the proper allocation to each field from the total(s) entered.

Return

Business Analysis/Valuation - Turbo 'What-If' Analysis
File: Sample Biz Financial Plan Contractor 5/11/12 1Yr.

Please select the "Calculate" button twice to insure an accurate value after making what-if entries to the Condensed Income Statement or using the "Reset" button.
Note: The TASCON® Business Analyst was designed for optional use and viewing on "Microsoft Internet Explorer". Due to the complexity of the calculations within this section, accurate calculations using any other browser can not be guaranteed.

THE TURBO WHAT-IF ANALYST™

'What-If' Business Value - The Value Forecaster™ for Exit Strategies and Succession Planning: $2,712,513

Market Investment Criteria - Market Variables:

Down Payment (as a % of S/P)	25
Investor Market Rate of Return % (ROI %)	20
Subject Business Industry Standard NPBT %	

Other Cash Investments (Not Down Payment):

Deferred Maintenance	12600
Working Capital	20500
Other Cash Investments	3000
Total Other Cash Investments	36100

Condensed Income Statement:	Actual Income Statement	What-If Adjustment	What-If Adjusted Income	Adjustment Comments
[1]Sales	9216687		9216687	
[2]Cost of Goods Sold (CGS)	4707480		4707480	
[3]Gross Profit (GP)	4509207		4509207	
Operating Expenses - "What-If" Modifications:				
[4]Depreciation (Default) or other "What-If" entry	121985	-22782	99203	
[5]Owner's Salary (Default) or other "What-If" entry	145000		145000	
[6] Employee Bonuses / Profit Sharing			0	
[7] Owner's Bonuses / Profit Sharing			0	
[8] Other - "What-If" Adjustment(s): Miscellaneous			0	
[9] Other - "What-If" Adjustment(s): Strategic Sale, Roll Up, Spin-Off, LBO and Investment, Scenarios			0	
[10] Other - "What-If" Adjustment(s): Exit Strategy and Succession Planning Normalized Profit Goal Scenarios		-156330	-156330	
[11] Balance of Other Operating Expenses or other "What-If" entry	3789572	-4465	3785107	
[12] Other Income	55951		55951	
[13] Other Expense - Interest	42873	-42873	0	
[14] Other Expense	0		0	
[15] Total Operating Expenses (TOE)[4+5+6+7+8+9+10+11+12-13-14]	4043479		3817029	
[16] What-If Net Operating Income (NOI)[3-15]	465728		692178	

Financing Variables - Modifications:	Asset Market Value	Loan to Value Ratio	Loan Amounts	Term (Yrs)	Interest Rate
Auto/Truck Financing	683223	60	409934	4	7.0
Inventory Financing	474000	50	237000	3	7.5
Machinery/Equipment Financing	754371	70	528060	5	7.0
Office Furniture/Fixture Financing	131727	75	98795	3	7.50
Other Financing		75		5	7
Real Estate Financing		80		20	6.5
Seller, GAP or Mezzanine Financing - Deal Structuring (When one or more market value is entered in any asset group.) or Single Loan Analysis - No Deal Structuring			760595	5	7.0

(When no market value is entered in any asset group.)

Total Financing	1273789
Down Payment Required	678128
Cash Flow Before Tax $ (ROI$)	142846
Debt Service Coverage Ratio	1.26

THE VALUE FORECASTER™ LINK:
Exit Strategy and Succession Planning Normalized Profit Goal Scenario Adjustments:
Choose the year and select "Load Year" to auto load the adjustment and calculate the estimated value. Year 1
(Available only if a valuation has been performed and if The Value Forecaster™ has been activated)

Accept and record "What-If" modifications to the most current year of the analysis/valuation?

NOTE: The "Sales", "Cost of Goods Sold" and "Other Operating Expense" value modifications must be updated manually by the user due to the fact that the values in these fields may include the values to more than one income statement line-item field and The TASCON™ Business Analyst has no way to determine the proper allocation to each field from the total(s) entered.

Return

Business Analysis/Valuation - Turbo 'What-If' Analysis
File: Sample Biz Financial Plan Contractor 5/11/12 1Yr.

Please select the "Calculate" button twice to insure an accurate value after making what-if entries to the Condensed Income Statement or using the "Reset" button.
Note: The TASCON® Business Analyst was designed for optional use and viewing on "Microsoft Internet Explorer". Due to the complexity of the calculations within this section, accurate calculations using any other browser can not be guaranteed.

THE TURBO WHAT-IF ANALYST™

'What-If' Business Value - The Value Forecaster™ for Exit Strategies and Succession Planning: $3,429,485

Market Investment Criteria - Market Variables:

Down Payment (as a % of S/P)	25
Investor Market Rate of Return % (ROI %)	20
Subject Business Industry Standard NPBT %	

Other Cash Investments (Not Down Payment):

Deferred Maintenance	12600
Working Capital	20500
Other Cash Investments	3000
Total Other Cash Investments	36100

Condensed Income Statement:	Actual Income Statement	What-If Adjustment	What-If Adjusted Income	Adjustment Comments
[1]Sales	9216687		9216687	
[2]Cost of Goods Sold (CGS)	4707480		4707480	
[3]Gross Profit (GP)	4509207		4509207	
Operating Expenses - "What-If" Modifications:				
[4]Depreciation (Default) or other "What-If" entry	121985	-22782	99203	
[5]Owner's Salary (Default) or other "What-If" entry	145000		145000	
[6] Employee Bonuses / Profit Sharing			0	
[7] Owner's Bonuses / Profit Sharing			0	
[8] Other - "What-If" Adjustment(s): Miscellaneous			0	
[9] Other - "What-If" Adjustment(s): Strategic Sale, Roll Up, Spin-Off, LBO and Investment, Scenarios			0	
[10] Other - "What-If" Adjustment(s): Exit Strategy and Succession Planning Normalized Profit Goal Scenarios		-319951	-319951	
[11] Balance of Other Operating Expenses or other "What-If" entry	3789572	-4465	3785107	
[12] Other Income	55951		55951	
[13] Other Expense - Interest	42873	-42873	0	
[14] Other Expense	0		0	
[15] Total Operating Expenses (TOE)[4+5+6+7+8+9+10+11+12-13-14]	4043479		3653408	
[16] What-If Net Operating Income (NOI)[3-15]	465728		855799	

Financing Variables - Modifications:	Asset Market Value	Loan to Value Ratio	Loan Amounts	Term (Yrs)	Interest Rate
Auto/Truck Financing	683223	60	409934	4	7.0
Inventory Financing	474000	50	237000	3	7.5
Machinery/Equipment Financing	754371	70	528060	5	7.0
Office Furniture/Fixture Financing	131727	75	98795	3	7.50
Other Financing		75		5	7
Real Estate Financing		80		20	6.5
Seller, GAP or Mezzanine Financing - Deal Structuring (When one or more market value is entered in any asset group.) or Single Loan Analysis - No Deal Structuring			1298325	5	7.0

(When no market value is entered in any asset group.)

Total Financing	1273789
Down Payment Required	857371
Cash Flow Before Tax $ (ROI$)	178694
Debt Service Coverage Ratio	1.26

THE VALUE FORECASTER™ LINK:
Exit Strategy and Succession Planning Normalized Profit Goal Scenario Adjustments:
Choose the year and select "Load Year" to auto load the adjustment and calculate the estimated value. Year 2
(Available only if a valuation has been performed and if The Value Forecaster™ has been activated)

Accept and record "What-If" modifications to the most current year of the analysis/valuation?

NOTE: The "Sales", "Cost of Goods Sold" and "Other Operating Expense" value modifications must be updated manually by the user due to the fact that the values in these fields may include the values to more than one income statement line-item field and The TASCON™ Business Analyst has no way to determine the proper allocation to each field from the total(s) entered.

Return

Business Analysis/Valuation - Turbo 'What-If' Analysis
File: Sample Biz Financial Plan Contractor 5/11/12 1Yr.

Please select the "Calculate" button twice to insure an accurate value after making what-if entries to the Condensed Income Statement or using the "Reset" button.
Note: The TASCON® Business Analyst was designed for optional use and viewing on "Microsoft Internet Explorer". Due to the complexity of the calculations within this section, accurate calculations using any other browser can not be guaranteed.

THE TURBO WHAT-IF ANALYST™

'What-If' Business Value - The Value Forecaster™ for Exit Strategies and Succession Planning: $4,196,241

Market Investment Criteria - Market Variables:	
Down Payment (as a % of S/P)	25
Investor Market Rate of Return % (ROI %)	20
Subject Business Industry Standard NPBT %	
Other Cash Investments (Not Down Payment):	
Deferred Maintenance	12600
Working Capital	20500
Other Cash Investments	3000
Total Other Cash Investments	36100

Condensed Income Statement:	Actual Income Statement	What-If Adjustment	What-If Adjusted Income	Adjustment Comments
[1]Sales	9216687		9216687	
[2]Cost of Goods Sold (CGS)	4707480		4707480	
[3]Gross Profit (GP)	4509207		4509207	
Operating Expenses - "What-If" Modifications:				
[4]Depreciation (Default) or other "What-If" entry	121985	-22782	99203	
[5]Owner's Salary (Default) or other "What-If" entry	145000		145000	
[6] Employee Bonuses / Profit Sharing			0	
[7] Owner's Bonuses / Profit Sharing			0	
[8] Other - "What-If" Adjustment(s): Miscellaneous			0	
[9] Other - "What-If" Adjustment(s): Strategic Sale, Roll Up, Spin-Off, LBO and Investment, Scenarios			0	
[10] Other - "What-If" Adjustment(s): Exit Strategy and Succession Planning Normalized Profit Goal Scenarios		-494933	-494933	
[11] Balance of Other Operating Expenses or other "What-If" entry	3789572	-4465	3785107	
[12] Other Income	55951		55951	
[13] Other Expense - Interest	42873	-42873	0	
[14] Other Expense	0		0	
[15] Total Operating Expenses (TOE)[4+5+6+7+8+9+10+11+12-13-14]	4043479		3478426	
[16] What-If Net Operating Income (NOI)[3-15]	465728		1030781	

Financing Variables - Modifications:	Asset Market Value	Loan to Value Ratio	Loan Amounts	Term (Yrs)	Interest Rate
Auto/Truck Financing	683223	60	409934	4	7.0
Inventory Financing	474000	50	237000	3	7.5
Machinery/Equipment Financing	754371	70	528060	5	7.0
Office Furniture/Fixture Financing	131727	75	98795	3	7.50
Other Financing		75		5	7
Real Estate Financing		80		20	6.5
Seller, GAP or Mezzanine Financing - Deal Structuring (When one or more market value is entered in any asset group.) or Single Loan Analysis - No Deal Structuring			1873392	5	7.0

(When no market value is entered in any asset group.)

Total Financing	1273789
Down Payment Required	1049060
Cash Flow Before Tax $ (ROI$)	217032
Debt Service Coverage Ratio	1.27

THE VALUE FORECASTER™ LINK:
Exit Strategy and Succession Planning Normalized Profit Goal Scenario Adjustments:
Choose the year and select "Load Year" to auto load the adjustment and calculate the estimated value. Year 3
(Available only if a valuation has been performed and if The Value Forecaster™ has been activated)

Accept and record "What-If" modifications to the most current year of the analysis/valuation?

NOTE: The "Sales", "Cost of Goods Sold" and "Other Operating Expense" value modifications must be updated manually by the user due to the fact that the values in these fields may include the values to more than one income statement line-item field and The TASCON™ Business Analyst has no way to determine the proper allocation to each field from the total(s) entered.