

CERTIFIED PUBLIC ACCOUNTANT

Board of Directors
Sample Corporation
111 Main Street
Anytown, California 92399
UNAUDITED

We have reviewed the accompanying balance sheet of Sample Corporation (a Subchapter S Corporation) as of December 31, 1991, and the related statements of income and retained earnings, and cash flows for the year then ended and supplementary financial information, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Sample Corporation.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements and supplementary financial information in order for them to be in conformity with generally accepted accounting principles.

The accompanying notes are an integral part of the financial statements.

SAMPLE CORPORATION

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SAMPLE CORPORATION

BALANCE SHEET

December 31, 1991

(UNAUDITED)

ASSETS

CURRENT ASSETS:

Cash (Note 2)	\$	311,321	
Accounts Receivable - Trade (Notes 1 & 3)		512,670	
Unbilled Work In Progress (Notes 1 & 4)		54,774	
Inventory (Note 1)		<u>109,437</u>	
Total Current Assets	\$		988,202

PROPERTY AND EQUIPMENT, AT COST (Notes 1 and 6):

Equipment		1,141,363	
Furniture and Fixtures		<u>16,776</u>	
		1,158,139	
Less: Accumulated Depreciation		<u>(715,811)</u>	
Net Property and Equipment			<u>442,328</u>
Total Assets	\$		<u>1,430,530</u>

See Accompanying Notes and Accountants' Review Report

SAMPLE CORPORATION

BALANCE SHEET

December 31, 1991

(UNAUDITED)

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts Payable - Trade (Note 7)	\$	275,205	
Contracts Payable - Current Portion (Note 6)		130,545	
Loan From Shareholder (Note 11)		105,966	
Notes Payable (Note 5)		155,096	
Project Receivables Billed in Advance (Notes 1 & 4)		11,073	
Accrued Wages and Payroll Taxes		10,119	
Accrued Rent		8,250	
Deferred Income Taxes		3,198	
		<u> </u>	
Total Current Liabilities	\$		699,452

LONG-TERM DEBT:

Contracts Payable - Net of Current Portion (Note 6)		74,464	
Note Payable to Shareholder (Note 8)		100,000	
		<u> </u>	
Total Long-Term Liabilities			<u>174,464</u>
Total Liabilities			873,916

STOCKHOLDER'S EQUITY:

Common Stock (Note 9)		50,000	
Retained Earnings		506,614	
		<u> </u>	
Total Stockholder's Equity			<u>556,614</u>
Total Liabilities and Stockholder's Equity	\$		<u><u>1,430,530</u></u>

See Accompanying Notes and Accountants' Review Report

SAMPLE CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS
Year Ended December 31, 1991

(UNAUDITED)

	<u>Amount</u>	<u>Percent of Revenues</u>
EARNED CONTRACT REVENUES	\$ 3,609,861	100.0 %
COST OF EARNED CONTRACT REVENUES (SCHEDULE 1)	<u>3,145,769</u>	<u>87.1 %</u>
GROSS PROFIT	464,092	12.9 %
GENERAL AND ADMINISTRATIVE EXPENSES (SCHEDULE 2)	<u>358,340</u>	<u>9.9 %</u>
INCOME FROM OPERATIONS	<u>105,752</u>	<u>3.0 %</u>
OTHER INCOME (EXPENSE):		
Interest Expense	(18,469)	(0.5) %
Interest Income	10,617	0.3 %
Other Income	4,256	0.1 %
Gain on Disposition of Property and Equipment	<u>55,662</u>	<u>1.5 %</u>
Total Other Income (Expense)	<u>52,066</u>	<u>1.4 %</u>
INCOME BEFORE INCOME TAXES	157,818	4.4 %
PROVISION FOR INCOME TAXES (NOTE 1)	<u>3,998</u>	<u>0.1 %</u>
NET INCOME	153,820	<u>4.3 %</u>
RETAINED EARNINGS, DECEMBER 31, 1990	<u>352,794</u>	
RETAINED EARNINGS, DECEMBER 31, 1991	<u>\$ 506,614</u>	

See Accompanying Notes and Accountants' Review Report

SAMPLE CORPORATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 1991

(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	\$ 153,820
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:	
Depreciation	266,973
Gain on Disposition of Property and Equipment	(55,662)
Changes in Operating Assets and Liabilities:	
Increase in Accounts Receivable - Trade	(62,138)
Increase in Unbilled Work In Progress	(38,928)
Increase in Inventory	(52,937)
Decrease in Prepaid Insurance	2,841
Decrease in Employee Advances	500
Decrease in Accounts Payable - Trade	(21,752)
Decrease in Project Receivables Billed in Advances	(1,147)
Increase in Accrued Wages and Payroll Taxes	6,585
Increase in Accrued Rent	8,250
Increase in Deferred Income Taxes	3,198
Net Cash Provided by Operating Activities	<u>209,603</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from Sale of Property and Equipment	96,250
Purchase of Property and Equipment	(166,323)
Net Cash Used for Investing Activities	<u>(70,073)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Notes Payable - Bank (Net)	74,255
Proceeds of Loan from Shareholder (Net)	75,581
Repayments of Contracts Payable (Net)	(86,078)
Net Cash Provided by Financing Activities	<u>63,758</u>

NET INCREASE IN CASH	203,288
CASH, DECEMBER 31, 1990	108,033
CASH, DECEMBER 31, 1991	<u>\$ 311,321</u>

SUPPLEMENTAL INFORMATION:

Cash paid for interest	\$ 18,469
Cash paid for income taxes	<u>\$ 800</u>

See Accompanying Notes and Accountants' Review Report

SAMPLE CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 1991
(UNAUDITED)

NOTE 1. Organization and Summary of Significant Accounting Policies

Organization:

The Company was incorporated under the laws of the State of California on July 26, 1985, and is principally engaged as a subcontractor in the sewer and pipeline industry.

Method of Accounting for Contracts:

The accompanying financial statements have been prepared using the percentage-of-completion method of accounting and, therefore, take into account the costs, estimated earnings and revenue to date on contracts not yet completed. The amount of revenue recognized is not related to the progress billings to customers.

On projects where the amount of progress is subject to measurement, the amount earned is that percentage of the contract that a measurement of work put in place bears to the total work required. On projects or elements of projects where a reliable physical measurement of progress is not available, the amount of earnings recognized at the statement date is that portion of the total contract price that the cost expended bears to the anticipated final total cost, based on current estimates of cost to complete the project.

All contracts-in-progress are reviewed for cost over-runs and, if total anticipated costs are expected to exceed the contract amount, the over-run is treated as a current expense. Changes in estimated gross profits on contracts are reflected during the period in which the facts that require the revision become known.

Indirect job costs and a portion of general and administrative expenses are allocated to contract costs as overhead as such costs are incurred.

Accounts Receivable - Trade:

Accounts receivable - trade consist of billed receivables and earned amounts retained by customers pending satisfactory completion of the applicable contracts. Unbilled receivables consist of unbilled amounts due on completed contracts as well as the excess of costs and estimated earnings to date over billings on contracts in progress.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 1991
(UNAUDITED)

NOTE 1 Organization and Summary of Significant Accounting Policies (Continued)

Allowance for Doubtful Accounts:

Accounts receivable are written off when deemed uncollectible.

Inventory:

Inventory represents standing inventory and is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Property and Equipment:

Property and equipment is stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for acquisitions, renewals and betterments which increase the property's useful life are capitalized.

Depreciation and Amortization:

For both financial statement and income tax purposes, depreciation on assets acquired prior to January 1, 1987, is provided on a straight-line basis over the estimated useful lives of the assets, principally 3 to 5 years. Assets acquired after December 31, 1986, are depreciated using the Modified Accelerated Cost Recovery System over their estimated useful lives, principally 5 to 7 years.

Income Taxes:

The Company has elected to be treated as a S Corporation for Federal and California tax purposes effective January 1, 1988. As such, the Company generally pays no federal income tax and pays California income tax at the rate of 2.5%, and the Company's taxable income is passed through to the shareholder where it is reported and taxed on the shareholder's individual federal and state income tax returns. The company reports its income under the cash method for income tax reporting purposes and the percentage-of completion method for financial reporting purposes. Provision is made for deferred income taxes applicable to timing differences between financial and tax reporting. Deferred taxes are shown as a current liability even though management does not expect to have to pay such taxes within one year.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1991
 (UNAUDITED)

NOTE 2 Cash

Cash consists of the following:

ABC Bank	
111 Elm Street, Santa Ana, CA 92705	
(714) 955-9999	
General Checking A/C #99999	\$ 2,323
Certificate of Deposit A/C #111111 (Note 5)	100,000
XYZ Bank	
100 19th St., Newport Beach, CA 92660	
(714) 640-9999	
General Checking A/C #333-444-55555	2,804
National Bank	
222 Polk Street, Suite 10, Santa Ana, CA 92705	
(714) 955-8888	
General Checking A/C #002-111111	3,543
Certificate of Deposit A/C #003-22222	101,230
Certificate of Deposit A/C #002-33333	<u>101,421</u>
Total Cash	<u>\$ 311,321</u>

NOTE 3 Accounts Receivable - Trade

Accounts receivable - trade are as follows:

	<u>Amount</u>	<u>Percentages</u>
Regular:		
Current	\$ 300,412	58.6%
30 to 59 Days	38,236	7.5%
60 to 89 Days	<u>6,799</u>	<u>1.3%</u>
	345,447	67.4%
Retentions	<u>167,223</u>	<u>32.6%</u>
	<u>\$ 512,670</u>	<u>100.0%</u>

(See attached Accounts Receivable schedule)

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1991
 (UNAUDITED)

NOTE 4 Contract Costs

Contract costs are summarized as follows:

Expenditures on uncompleted contracts	\$ 1,870,282
Estimated earnings thereon	<u>161,772</u>
	2,032,054
Less: Billings	<u>(1,988,353)</u>
	<u>\$ 43,701</u>

The above are reflected in the accompanying unaudited balance sheet as follows:

Costs and estimated earnings in excess of billings on uncompleted contracts (unbilled work in progress)	\$ 54,774
Billings in excess of costs and estimated earnings on uncompleted contracts (billed work in progress)	<u>(11,073)</u>
	<u>\$ 43,701</u>

(See attached Contracts in Progress schedule)

NOTE 5 Notes Payable

Notes payable consist of:

- a. \$94,096 balance due on a \$100,000 revolving line of credit note secured by a \$100,000 certificate of deposit in the name of Joe Owner which was assigned to the Company and to ABC Bank, 111 Elm St., Santa Ana, CA. 92705, (714) 955-9999; loan 1139702721: interest rate 9.75% fixed; due on June 10, 1992.
- b. \$61,000 balance due on a \$200,000 revolving line of credit note secured by UCC-1 filing on all company assets; National Bank, 222 Polk St., Suite 10, Santa Ana, CA, 92705; loan 10187: interest rate 12.00% A.P.R.; due on October 6, 1992.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1991

(UNAUDITED)

NOTE 6 Contracts Payable

Contracts payable consist of loans obtained to purchase equipment which are summarized as follows:

Current Portion	\$ 130,545
Non-Current Portion	<u>74,464</u>
	<u>\$ 205,009</u>

(See attached Contracts Payable schedule)

NOTE 7 Accounts Payable - Trade

Accounts payable - trade are aged as follows:

	<u>Amount</u>	<u>Percentages</u>
Regular:		
Current	\$ 46,756	17.0%
30 to 59 Days	128,181	46.6%
60 to 89 Days	<u>98,083</u>	<u>35.6%</u>
Subtotal	273,020	99.2%
Retentions	<u>2,185</u>	<u>.8%</u>
	<u>\$ 275,205</u>	<u>100.0%</u>

(See attached Accounts Payable schedule)

NOTE 8 Note Payable to Shareholder

Notes payable shareholder consists of an unsecured \$100,000 promissory note payable to Joe Owner, interest at 12.5% A.P.R., monthly interest only payments of \$1,042 beginning January 1, 1991; due January 1, 1993 (Note 11).

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

NOTES TO FINANCIAL STATEMENTS
December 31, 1991

(UNAUDITED)

NOTE 9 Common Stock

Common stock consists of 100,000 shares authorized with no par value, 100 shares issued to Joe Owner, President and sole shareholder.

NOTE 10 Commitments and Contingencies

The Company is party to various legal actions which arise in the normal course of business.

NOTE 11 Related Party Transactions

The Company leases its current facility from Joe Owner, President and sole shareholder, for \$3,000 per month, \$36,000 annually. Joe Owner has made unsecured loans to the Company of \$105,966 and has an unsecured note payable of \$100,000 (See Note 8).

See Accompanying Accountants' Review Report

CERTIFIED PUBLIC ACCOUNTANT

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

The accompanying supplementary information has been presented only for supplementary analysis purposes and has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements. We did not become aware of any material modifications that should be made to such data.

SAMPLE CORPORATION
 ACCOUNTS RECEIVABLE - TRADE AGING
 (COMPLETED CONTRACTS AND CONTRACTS IN PROGRESS)
 December 31, 1991
 (UNAUDITED)

	Total	Current	Regular			Retentions
			30 to 59 Days	60 to 89 Days	90 Days & Over	
Completed Contracts:						
Tiger Properties 123 La Jolla Village San Diego, CA 92122 (619) 546-1111	\$ 12,483	\$ 12,483 (1)	\$	\$	\$	\$ 17,455 (1)
Remington Development 456 Jefferson Ave. Santa Ana, CA 92705 (714) 955-2222	13,824	13,824 (1)				19,583
Others, Under \$25,000	7,227	7,227				8,724
Subtotal	33,534	33,534				45,762
Contracts In Progress:						
ABC Construction 999 E. Fourth St. Santa Ana, CA 92705 (714) 543-9999	17,422	10,623		6,799 (1)		51,597
Stone & Son, Inc. 333 W. Bernardo San Diego, CA 92127 (619) 487-3333	104,886	104,886 (1)				4,837
Anteater Communities 555 Murphy Canyon San Diego, CA 92123 (619) 278-5555	133,846	133,846 (1)				38,875
Windmill Development 1111 Adams St. Riverside, CA 92504 (714) 354-1111	55,759	17,523	38,236 (1)			26,152
Subtotal	311,913	266,878	38,236	6,799		121,461
Totals	\$ 345,447	\$ 300,412	\$ 38,236	\$ 6,799	\$	\$ 167,223
Percentages	100.0%	87.0%	11.1%	1.9%		

(1) Received payment in full as of February 15, 1992.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
 ACCOUNTS PAYABLE - TRADE AGING
 December 31, 1991
 (UNAUDITED)

	Regular					Retentions
	Total	Current	30 to 59 Days	60 to 89 Days	90 Days & Over	
Bird Construction 1111 Lindenberger Sun City, CA 92355 (714) 926-1111	\$ 19,665	\$	\$ 10,395 (2)	\$ 9,270 (2)	\$	\$ 2,185
Bork Products 2221 San Bernardino Ave. Fontana, CA 92335 (714) 350-2222	39,969	11,019 (2)	28,950 (2)			
Corporate Pipe 333 S. 20th Street Birmingham, AL 35255 (714) 676-3333	15,464			15,464 (1)		
Kick Pipe P. O. Box 444 Los Angeles, CA 90074 (213) 831-4444	15,862			15,862 (2)		
Sacramento Utility Sales 555 E. Normandy Place Santa Ana, CA 92705 (714) 835-5555	81,669	5,192	70,772 (2)	5,705 (2)		
Zephyr Concrete Products P. O. Box 666 Santa Ana, CA 92705 (714) 835-6666	24,163	10,259	8,128 (2)	5,776 (2)		
Others, Under \$15,000	76,228	20,286	9,936 (2)	46,006 (2)		
Totals	\$ 273,020	\$ 46,756	\$ 128,181	\$ 98,083	\$	\$ 2,185
Percentages	100.0%	17.1%	46.9%	36.0%		

- (1) Material was returned, awaiting credit from Corporate Pipe.
 (2) Paid in full as of February 15, 1992.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION
CONTRACTS PAYABLE

December 31, 1991

Asset #	Lender/Security	Beg. Pmt. Date	Due Date	No. of Payments	Contract		Principal Amount	Monthly Payment (J)	Remaining Principal (I)			Equipment Net Book Value	Fair Market Value
					Interest Rate	Rate			Total	Current	Non-Current		
1008	Komatsu Dozer S/N 06666	01/21/89	12/21/91	36	12.75	\$ 28,300	\$ 913	\$ 913	\$ 913	\$ 913	\$ 11,719	\$ 30,000	
1032	Millipede Fin. Serv. Cat. Model 436 Backhoes	01/01/90	12/01/92	36	8.10	73,620	2,310	26,546	26,546	26,546	25,000	65,000	
1033	S/N 5K444444, 5KF44555	09/02/90	02/02/92	18	10.50	30,496	1,867	3,142	3,142	3,142	11,520	30,000	
1054	Big Commercial Corp. Mit. MS230 Excavator S/N 1999	09/15/90	08/15/92	24	12.50	29,775	1,416	10,784	10,784	10,784	13,920	37,500	
1077	Big Commercial Corp. Ford LT800 Truck VIN T888888	12/23/90	11/23/93	36	12.50	62,825	2,102	42,788	21,051	21,737	30,000	40,000	
1079	Big Commercial Corp. CAT 235 Excavator S/N 333333	07/25/90	06/25/93	24	12.50	75,350	3,618	20,843	20,843	20,843	39,100	87,500	
1005	Komatsu Excavator S/N 99999	09/20/90	08/20/93	36	12.50	66,975	2,260	40,325	23,230	17,095	34,416	52,000	
1081	Big Commercial Corp. CAT 950B Wheel Loader S/N 65555	06/02/90	05/02/92	24	10.50	16,194	751	3,659	3,659	3,659	9,707	12,500	
1044	Motor Credit Co. Ford F-250 Pick Up	09/09/91	09/09/93	24	10.50	16,100	747	13,659	7,904	5,755	17,823	17,000	
1045	Motor Credit Co. Ford F-250 Pick Up	01/20/92	12/20/95	36	12.00	42,350	1,407	42,350	12,473	29,877	26,400	42,500	
1092	Big Commercial Corp. Power Screen Mark II												
1093	S/N G7777												
						\$ 441,985	\$ 17,391	\$ 205,009	\$ 130,545	\$ 74,464	\$ 219,605	\$ 414,000	

(1) Monthly payments include principal and interest. See Note 6 for classification of remaining principal.

(2) Appraised as of January 2, 1992 by Appraisers, Inc. See separate appraisal report.

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

SCHEDULE OF EARNED CONTRACT REVENUES
Year Ended December 31, 1991

(UNAUDITED)

Contract Description	Percent Complete	Contract Price	Amount Earned To Date	Costs Incurred To Date	Gross Profit (Loss) To Date	Gross Profit (Loss) Percentage
Completed Contracts:						
Park Ranch	100.0%	\$ 1,166,805	\$ 1,166,805	\$ 922,634	\$ 244,171	20.9 %
Remington	100.0%	270,762	270,762	216,053	54,709	20.2 %
Duck Hill	100.0%	264,102	264,102	224,350	39,752	15.1 %
Windmill	100.0%	131,632	131,632	98,501	33,131	25.2 %
Anteater	100.0%	234,508	234,508	214,846	19,662	8.4 %
Moody Ridge	100.0%	1,133,241	1,133,241	993,894	139,347	12.3 %
Tiger	100.0%	173,163	173,163	151,862	21,301	12.3 %
Others, Under \$100,000	100.0%	66,756	66,756	68,973	(2,217)	(3.3) %
		<u>\$ 3,440,969</u>	3,440,969	2,891,113	549,856	16.0 %
Contracts in Progress:						
December 31, 1990			(1,863,162)	(1,615,626)	(247,536)	(13.3) %
December 31, 1991			2,032,054	1,870,282	161,772	8.0 %
			<u>\$ 3,609,861</u>	<u>\$ 3,145,769</u>	<u>\$ 464,092</u>	<u>12.9 %</u>

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

SCHEDULE OF COST OF EARNED CONTRACT REVENUES
(SCHEDULE 1)

Year Ended December 31, 1991

(UNAUDITED)

	<u>Amount</u>	<u>Percent of Revenues</u>
Depreciation	\$ 266,973	7.4%
Equipment Rental	166,785	4.6%
Labor	638,357	17.7%
Materials and Supplies	1,262,121	35.0%
Overhead Allocation	539,236	14.9%
Subcontract	272,297	7.5%
	<u>\$ 3,145,769</u>	<u>87.1%</u>

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
(SCHEDULE 2)

Year Ended December 31, 1991

(UNAUDITED)

	Amount	Percent of Revenues
Accounting and Legal	\$ 27,180	0.8%
Advertising	1,543	
Bank Charges	1,262	
Dues and Subscriptions	1,338	
Insurance	28,950	0.8%
Meals	9,121	0.3%
Miscellaneous	5,705	0.2%
Penalties	2,422	0.1%
Postage and Delivery	1,549	
Rent - Office	36,000	1.0%
Salaries and Related Benefits	184,829	5.0%
Supplies	13,641	0.4%
Taxes and Licenses	21,165	0.6%
Telephone	16,432	0.5%
Travel and Entertainment	3,815	0.1%
Utilities	3,388	0.1%
	\$ 358,340	9.9%

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

CONTRACTS IN PROGRESS SCHEDULE

December 31, 1991

(UNAUDITED)

Contract Job # Description	1 Revised Contract Price Incl. Change Orders	2 Latest Estimate of Total Costs at Completion	3 Estimated Gross Profit (Loss)	4 Costs Incurred To Date	5 % Complete (cost to cost ratio)	6 Profit to Date. (If Loss enter Col 3 amt.)	7 Amount Earned To Date	8 Amount Billed To Date Including Retainage	9 Billings in Excess of Costs and Profit to Date	10 Costs and Profit to Date in Excess of Billings	11 Estimated Cost to Complete	12 Contract Balance
			(1 - 2)		(4 / 2)	(3 x 5)	(4 + 6)		(7 - 8)	(2 - 4)	(1 - 8)	
637 Windmill	\$ 278,132	\$ 257,639	\$ 20,493	\$ 245,639	95.34%	\$ 19,538	\$ 265,177	\$ 262,207	\$ 2,970	\$ 12,000	\$ 15,925	
641 Booker	128,370	115,755	12,615	112,255	96.98%	12,234	124,489	121,273	3,216	3,500	7,097	
642 ABC Development	399,967	345,791	54,176	327,791	94.79%	51,353	379,144	390,217	11,073	18,000	9,750	
644 Jackson Homes	214,720	193,248	21,472	173,923	90.00%	19,325	193,248	145,091	48,157	19,325	69,629	
651 Farnsworth	1,072,115	1,012,674	59,441	1,010,674	99.80%	59,322	1,069,996	1,069,565	431	2,000	2,550	
Totals	\$ 2,093,304	\$ 1,925,107	\$ 168,197	\$ 1,870,282		\$ 161,772	\$ 2,032,054	\$ 1,988,353	\$ 54,774	\$ 54,825	\$ 104,951	

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

INCOME TAX COMPUTATION

December 31, 1991

(UNAUDITED)

	Per Books	Per Tax Returns
STATE INCOME TAX:		
Income Before Income Taxes	\$ 157,818	\$ 157,818
Conversion from Percentage of Completion to Cash Basis		(195,596)
1990 Net Operating Loss Carry Forward, \$46,902 Suspended Until 1993.		0
Penalties	798	798
Entertainment - 20% Disallowed x \$6,620	1,324	1,324
	159,940	(35,656)
State Taxable Income		
State Income Tax Rate	2.5%	2.5%
	\$ 3,998	\$ 800
State Income Tax (Minimum \$800)		

FEDERAL INCOME TAX:

None

RECAP OF INCOME TAX LIABILITY:

	Income Tax Expense	Income Tax Payable	Deferred Income Taxes
Current Period Accrual	\$ 3,998	\$	\$ 3,998
Current Liability		800	(800)
Payment Applied		(800)	
Balances, December 31, 1991	\$ 3,998	\$ 0	\$ 3,198

See Accompanying Accountants' Review Report

SAMPLE CORPORATION

SCHEDULE OF RATIOS

December 31, 1991

(UNAUDITED)

Current Ratio: (Current Assets / Current Liabilities)	1.41
Acid Test Ratio Without Retentions: (Cash + Accounts Receivable Less Retentions / Current Liabilities)	0.94
Current Assets to Total Assets: (Current Assets / Total Assets)	0.69
Days Earned Contract Revenues Are Outstanding: (Accounts Receivable Less Retentions / Contract Revenues x 365 Days)	34.93 Days
Degree of Fixed Assets Newness: (Net Property and Equipment / Total Cost of Property and Equipment)	0.38
Underbillings to Net Worth: (Underbilled Work In Progress / Shareholder's Equity)	0.10
Total Liabilities to Net Worth: (Total Liabilities / Shareholder's Equity)	1.57
Earned Contract Revenues to Net Worth: (Earned Contract Revenues / Shareholder's Equity)	6.49

See Accompanying Accountants' Review Report