

**Empire Servicing and Parts Inc.**  
**Income Statement**  
**For The Month Ended June 30, 2009**

Item	June 2009				6 Months Year to Date				
	\$ Amount		% Sales		\$ Amount		% Sales		
	Current	Prior Year	Current	Prior	Current	Prior Year	Current	Prior	
<b>Income</b>									
310 Sales	75,857	73,042	99.9	100.0	444,141	453,260	100.0	100.0	
390 Refunds/ NSF Cks	100		0.1		100		0.0		
<b>Total Income</b>	<b>75,957</b>	<b>73,042</b>	<b>100.0</b>	<b>100.0</b>	<b>444,241</b>	<b>453,260</b>	<b>100.0</b>	<b>100.0</b>	
<b>Cost</b>									
410 Parts	46,041	43,581	60.6	59.7	239,036	223,050	53.8	49.2	
420 Service Labor	4,074	3,991	5.4	5.5	21,070	19,010	4.7	4.2	
<b>Total Cost</b>	<b>50,115</b>	<b>47,572</b>	<b>66.0</b>	<b>65.1</b>	<b>260,106</b>	<b>242,061</b>	<b>58.6</b>	<b>53.4</b>	
<b>Gross Profit</b>	<b>25,842</b>	<b>25,470</b>	<b>34.0</b>	<b>34.9</b>	<b>184,135</b>	<b>211,199</b>	<b>41.4</b>	<b>46.6</b>	
<b>Expense</b>									
510 Small Tools	816	576	1.1	0.8	1,824	2,368	0.4	0.5	
512 Freight		53		0.1	494	772	0.1	0.2	
513 Postage		44		0.1	239	178	0.1	0.0	
515 Gross Wages	13,569	12,667	17.9	17.3	78,269	90,859	17.6	20.0	
519 Pension	199	439	0.3	0.6	1,144	1,296	0.3	0.3	
520 Rent	3,600	3,600	4.7	4.9	21,600	21,600	4.9	4.8	
526 Utilities	190	193	0.3	0.3	1,667	1,776	0.4	0.4	
529 Telephone	252	484	0.3	0.7	2,368	2,846	0.5	0.6	
530 Repairs/Maint	20	46	0.0	0.1	56	412	0.0	0.1	
531 Web Expenses					1,595	1,145	0.4	0.3	
534 Advertising	1,692	399	2.2	0.5	10,323	6,355	2.3	1.4	
535 Liab/Auto Ins					355	2,909	0.1	0.6	
536 Health Ins	1,161	1,625	1.5	2.2	8,126	14,714	1.8	3.2	
538 Meals/Entertain	101	101	0.1	0.1	607	607	0.1	0.1	
539 Travel	220	852	0.3	1.2	995	2,786	0.2	0.6	
542 Payroll Taxes	904	964	1.2	1.3	5,854	6,841	1.3	1.5	
543 Unemployment Tax					1,188	1,607	0.3	0.4	
550 Interest	25	21	0.0	0.0	168	162	0.0	0.0	
552 Vehicle Expense	1,922	2,146	2.5	2.9	2,649	10,189	0.6	2.2	
564 Legal/Accounting	365	330	0.5	0.5	2,278	1,997	0.5	0.4	
566 Office Expense	160	115	0.2	0.2	1,520	1,039	0.3	0.2	
567 Bank Charges					104	30	0.0	0.0	
574 Amortization	62	62	0.1	0.1	372	372	0.1	0.1	
575 Depreciation	4	4	0.0	0.0	24	24	0.0	0.0	
580 Dues/Subs						19		0.0	
<b>Total Expense</b>	<b>25,263</b>	<b>24,721</b>	<b>33.3</b>	<b>33.8</b>	<b>143,819</b>	<b>172,902</b>	<b>32.4</b>	<b>38.1</b>	
<b>Operating Income</b>	<b>579</b>	<b>749</b>	<b>0.8</b>	<b>1.0</b>	<b>40,316</b>	<b>38,297</b>	<b>9.1</b>	<b>8.4</b>	
<b>Other Income</b>									
901 Interest	18	12	0.0	0.0	36	152	0.0	0.0	
<b>Total Other Income</b>	<b>18</b>	<b>12</b>	<b>0.0</b>	<b>0.0</b>	<b>36</b>	<b>152</b>	<b>0.0</b>	<b>0.0</b>	
<b>Other Expense</b>									
952 State IncomeTax	332	372	0.4	0.5	493	713	0.1	0.2	
<b>Total Other Expense</b>	<b>332</b>	<b>372</b>	<b>0.4</b>	<b>0.5</b>	<b>493</b>	<b>713</b>	<b>0.1</b>	<b>0.2</b>	
<b>Net Income</b>	<b>265</b>	<b>389</b>	<b>0.3</b>	<b>0.5</b>	<b>39,859</b>	<b>37,736</b>	<b>9.0</b>	<b>8.3</b>	



**Empire Servicing and Parts Inc.**  
**Financial Ratio Analysis (YTD)**  
**For The Month Ended June 30, 2099**

Year to Date Gross Profit % = ( YTD Sales - YTD Cost of Sales ) / ( YTD Sales ). For every dollar of sales, this represents how much of that dollar is left after paying for the principal direct costs of the product or service.

$$( 444,241 - 260,106 ) / 444,241 = 41.5\% \text{ Gross Profit}$$

Breakeven Monthly Sales = ( Average Monthly YTD Expenses + Monthly Profit Demand ) / ( Year to Date Gross Profit % ). This represents the amount of sales needed to break even.

Consideration should be made for a desired profit level in this analysis.

$$( ( \$144,312 / 6 ) + \$0 ) / 41.5\% = \$58,027 \text{ of Average Monthly Sales}$$

Current Ratio = ( Current Assets ) / ( Current Liabilities ). This is a basic test of short term liquidity. Current assets can be converted to cash to pay current obligations. A current ratio of 1.2 is considered good, and the higher the better.

$$282,178 / 70,986 = 4.0 \text{ Current Ratio}$$

Return on Assets Ratio = ( Net Income ) / ( Average Total Assets ). This is a measure of how productively company assets are being deployed. Businesses want a return on assets higher than alternative investments like bank deposits.

$$39,859 / 324,921 = 12.3\% \text{ Return on Assets}$$

Debt to Total Assets Ratio = ( Total Liabilities ) / ( Total Assets ) . This measures your solvency. Lenders will typically not make loans when this ratio is greater than 100%.

$$96,648 / 349,907 = 27.6\% \text{ Debt to Total Assets}$$

Collection Period = ( Ending Receivables ) / ( Annualized Sales / 365 days). This is an indicator of how many days sales are in your Accounts Receivable. Shorter collection periods indicate effective collection management.

$$108,449 / ( 888,482 / 365 \text{ Days} ) = 44.6 \text{ Days Sales in Accounts Receivable}$$

Days in Inventory = ( Average Inventory ) / ( Annualized Cost of sales / 365 days ). This is a measure of the average time it takes to sell inventory. Fewer days in inventory means less money tied up in inventory costs.

$$68,259 / ( 520,212 / 365 \text{ Days} ) = 47.9 \text{ Days to Sell Inventory on Hand}$$



**Empire Servicing and Parts Inc.**  
**Twelve Month Statement of Income and Expenses**  
**For The Twelve Months Ended June 30, 2009**

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Average
<b>Income</b>													
310 Sales	74,223	78,745	70,599	82,537	72,093	47,066	75,711	65,434	71,490	74,177	81,471	75,857	72,450
390 Refunds/ NSF Cks												100	8
<b>Total Income</b>	<u>74,223</u>	<u>78,745</u>	<u>70,599</u>	<u>82,537</u>	<u>72,093</u>	<u>47,066</u>	<u>75,711</u>	<u>65,434</u>	<u>71,490</u>	<u>74,177</u>	<u>81,471</u>	<u>75,957</u>	<u>72,459</u>
<b>Cost</b>													
410 Parts	38,739	35,839	36,315	38,663	38,011	43,623	33,058	34,345	49,388	44,519	31,685	46,041	39,186
420 Service Labor	3,652	3,728	3,937	3,540	4,127	3,618	2,680	3,786	3,255	3,575	3,700	4,074	3,639
<b>Total Cost</b>	<u>42,391</u>	<u>39,567</u>	<u>40,252</u>	<u>42,203</u>	<u>42,138</u>	<u>47,241</u>	<u>35,738</u>	<u>38,131</u>	<u>52,643</u>	<u>48,094</u>	<u>35,385</u>	<u>50,115</u>	<u>42,825</u>
<b>Gross Profit</b>	31,833	39,178	30,346	40,333	29,955	(175)	39,973	27,303	18,847	26,083	46,086	25,842	29,634
<b>Expense</b>													
510 Small Tools	(471)	49	2,049	315		64				380	628	816	319
512 Freight	71	132	296	60	334	253	38	235	121	11	90		137
513 Postage	43	16	43	66	43	75		17	48	90	85		44
515 Gross Wages	14,624	11,622	11,976	14,899	13,072	15,260	11,184	12,919	11,944	15,601	13,053	13,569	13,310
519 Pension		458	203	223	203	232	163	197	171	229	186	199	205
520 Rent	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600	3,600
526 Utilities	222	250	209	206	212	658		522	425	315	215	190	285
529 Telephone	264	660	260	471	475	1,008	260	30	749	613	464	252	459
530 Repairs/Maint		1	13	129		220					36	20	35
531 Web Expenses	648			648		680	947			648			298
534 Advertising	365	397	407	354	1,219	504	390	394	335	852	6,660	1,692	1,131
535 Liab/Auto Ins		1,757	592	1,169	3,762			355					636
536 Health Ins	1,255	1,583	(6,249)	1,571	1,583	(61)	2,322	1,161	1,161	1,161	1,161	1,161	651
537 Shareholder Hlth Ins			7,832										653
538 Meals/Entertain	101	101	101	101	101	101	101	101	101	101	101	101	101
539 Travel		1,114	470					510		264		220	215
542 Payroll Taxes	1,114	885	912	1,135	996	1,163	856	988	914	1,193	999	904	1,005
543 Unemployment Tax	208			52			89			1,099			121
548 Permits/Licenses						100							8
550 Interest	18	16	14	11	9	36	33	30	28	27	26	25	23
552 Vehicle Expense	2,230	2,539	2,001	2,051	2,556	1,007	737	1,291	1,306	1,309	(3,916)	1,922	1,253
560 Bad Debt		2,397				2,477							406
564 Legal/Accounting	330	330	365	810	658	1,825	453	365	365	365	365	365	550
566 Office Expense	297	85	161	99	139	237	221	114	462	301	261	160	211
567 Bank Charges		10	10		15		15	15	29	45			12
574 Amortization	62	62	62	62	62	72	62	62	62	62	62	62	63
575 Depreciation	4	4	4	4	4	12,004	4	4	4	4	4	4	1,004
580 Dues/Subs				64		252							26
582 Training						195							16
585 Contributions	250												21
<b>Total Expense</b>	<u>25,236</u>	<u>28,069</u>	<u>25,330</u>	<u>28,101</u>	<u>29,043</u>	<u>41,963</u>	<u>21,472</u>	<u>22,910</u>	<u>21,825</u>	<u>28,269</u>	<u>24,081</u>	<u>25,263</u>	<u>26,797</u>
<b>Operating Income</b>	6,597	11,109	5,016	12,233	912	(42,138)	18,501	4,393	(2,978)	(2,186)	22,006	579	2,837

