

DEWEY, CHEATUM, AND KOCH
CERTIFIED PUBLIC ACCOUNTANTS

D.L. Hass
 Attorney for M.C. Davola
 983 Senator Way
 Jamner, Major 98606

August 12, 20XX

Dear Mr. Hass:

In order to comply with your request for an analysis of the financial position and results of operations of The Garage Billiard Hall for the eight years ending July 31, 20XX, it was necessary for me to prepare compiled financial statements.

A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. I have neither audited nor reviewed the compiled financial statements. Accordingly, I do not express an opinion or any form of assurance on them.

The following is a pro forma synopsis of the compiled financial statements of The Garage Billiard Hall for the eight years ending July 31, 20XX.

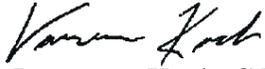
GARAGE BILLIARD HALL
PRO FORMA STATEMENT OF PROFIT AND LOSS
FOR THE EIGHT YEARS ENDING JULY 31, 20XX
 (in thousands)

	20XX-8	20XX-7	20XX-6	20XX-5	20XX-4	20XX-3	20XX-2	20XX-1
Sales	346	333	336	345	330	333	324	294
Cost of Sales	245	236	235	242	234	240	233	212
20% GP	101	97	101	103	96	93	91	82
Operating Expense	47	50	53	55	53	57	51	46
General and Admin.	12	11	11	13	10	10	11	10
Profit	42	36	37	35	33	30	29	26
% of Sales	12	11	11	10	10	9	9	9

Sales show a declining trend over the eight years ending July 31, 20XX. As a result, profit as a percentage of sales has declined slightly but averaged 10.13% over the eight year period.

It has been our pleasure to provide this information for you. If we can be of any further assistance, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Koch". The signature is written in a cursive style with a large initial "L".

Lawrence Koch, C.P.A.
DEWEY, CHEATUM AND KOCH

LK/rt

DEWEY, CHEATUM, AND KOCH
CERTIFIED PUBLIC ACCOUNTANTS

August 13, 20XX

GARAGE BILLIARD HALL
PRO FORMA STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD OF AUGUST 1, 20XX TO
OCTOBER 15, 20XX
(in thousands)

	August, 20XX	September, 20XX	October, 20XX
Sales	24	20	9
Cost of Sales	17.5	15	7
20% GP	6.8	5.5	2.4
Operating Expense	3.7	3.0	1.3
General and Admin.	.83	.75	.35
Profit	2.1	1.8	.8
% of Sales	8.5	7.8	3.7

LK/rt

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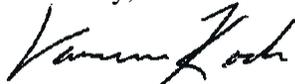
August 13, 20XX

GARAGE BILLIARD HALL
PRO FORMA BALANCE SHEET
ENDING JULY 31, 20XX
(in thousands)

ASSETS	
Current Assets	\$ 28
Property and Equipment	215
Non-Current Assets	4
TOTAL ASSETS	<u>\$ 247</u>
LIABILITIES	
Current Liabilities	\$ 21
Long Term Liabilities	64
TOTAL LIABILITIES	<u>\$ 85</u>
OWNER'S EQUITY	
Capital Stock	\$ 25
Retained Earnings	137
TOTAL OWNER'S EQUITY	<u>\$ 162</u>
TOTAL LIABILITIES AND OWNER'S EQUITY	<u>\$ 247</u>

The current ratio for The Garage Billiard Hall at July 31, 20XX, is 1.33 showing the ability to service current debt. The debt to equity ratio is .52, which we believe to show little indebtedness compared to the industry.

Sincerely,



Lawrence Koch, C.P.A.

DEWEY, CHEATUM, AND KOCH

LK/rt