

12/10/10

ABC Hearing, Inc. - Standard Version
Balance Sheets
December 31, 2010 and 2009

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>
ASSETS		
Current Assets		
Checking/Savings		
1010 · Checking	67,015.58	86,828.83
Total Checking/Savings	67,015.58	86,828.83
Other Current Assets		
1100 · Inventory	13,992.93	14,878.72
1180 · Prepaid Expenses	958.50	0.00
1300 · Accounts Receivable	36,875.00	14,997.15
Total Other Current Assets	51,826.43	29,875.87
Total Current Assets	118,842.01	116,704.70
Fixed Assets		
1420 · Leasehold Improvements	7,832.10	7,832.10
1430 · Software	8,449.99	8,449.99
1460 · Equipment	90,723.20	90,723.20
1470 · Furniture and Equipment	7,072.84	4,251.83
1590 · Accumulated Depreciation	(48,847.97)	(35,884.16)
Total Fixed Assets	65,230.16	75,372.96
Other Assets		
1820 · Goodwill	320,000.00	320,000.00
1830 · Covenant not to Compete	30,000.00	30,000.00
1890 · Accumulated Amortization	(29,788.88)	(15,555.55)
Total Other Assets	320,211.12	334,444.45
TOTAL ASSETS	<u>504,283.29</u>	<u>526,522.11</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
2050 · Accounts Payable	39,191.18	56,229.40
2060 · Credit Card Payable	22,182.39	18.86
2480 · Due to Shareholder	9,883.47	27,490.54
2490 · Current Portion of LT Debt	34,000.00	34,000.00
Total Other Current Liabilities	105,257.04	117,738.80
Total Current Liabilities	105,257.04	117,738.80
Long Term Liabilities		
2500 · Note Payable -	410,376.30	442,971.25
2790 · Less Current Portion	(34,000.00)	(34,000.00)
Total Long Term Liabilities	376,376.30	408,971.25
Total Liabilities	481,633.34	526,710.05
Equity		
3000 · Common Stock	1.00	1.00
3100 · Additional Paid in Capital	5,000.00	5,000.00
3200 · Shareholder Distributions	(10,000.00)	0.00
3900 · Retained Earnings	(5,188.94)	0.00
Net Income	32,837.89	(5,188.94)
Total Equity	22,649.95	(187.94)
TOTAL LIABILITIES & EQUITY	<u>504,283.29</u>	<u>526,522.11</u>

12/10/10

ABC Hearing, Inc. - Standard Version
Profit & Loss - Combined
 Twelve Months Ended December 31, 2010 and 2009

	Jan - Dec 10	Jan - Dec 09	% of Income
Ordinary Income/Expense			
Income			
4010 · Hearing Aids	873,789.84	745,578.13	104.6%
4020 · Accessories	2,181.61	1,500.23	0.3%
4030 · Repairs	15,188.97	7,000.35	1.8%
4040 · Service	7,681.77	3,123.63	0.9%
4042 · Diagnostic & Testing Services	125,161.20	107,975.45	15.0%
4050 · Earmolds	395.68	258.96	0.0%
4060 · Warranty	3,913.00	1,896.58	0.5%
4100 · Discounts	(72,108.70)	(49,820.00)	(8.6)%
4700 · Cancelled Sales & Returns	(101,321.11)	(85,933.39)	(12.1)%
4900 · Insurance Contract Adjustments	(19,470.00)	(4,320.00)	(2.3)%
Total Income	835,412.26	727,259.94	100.0%
Cost of Goods Sold			
5010 · COGS - Hearing Aids	230,983.93	203,316.81	27.6%
5020 · COGS - Accessories	4,383.80	2,194.78	0.5%
5030 · COGS - Repairs	6,911.83	2,616.94	0.8%
5050 · COGS - Earmolds	1,560.14	723.36	0.2%
5060 · COGS - Warranty	2,869.67	1,300.48	0.3%
Total COGS	246,709.37	210,152.37	29.5%
Gross Profit	588,702.89	517,107.57	70.5%
Expense			
6000 · Selling Costs			
6100 · Consultant Salaries	125,000.00	108,975.45	15.0%
6105 · Commissions - Consultants	9,305.50	7,991.53	1.1%
6125 · Payroll Taxes - Selling	12,144.44	11,696.69	1.5%
6140-06 · Advertising - Local Newspaper	79,183.82	69,017.50	9.5%
6140-09 · Advertising - Radio	10,354.32	8,718.00	1.2%
6140-12 · Advertising - Yellow Pages	8,354.25	7,265.00	1.0%
6140-14 · Advertising - Local Other	14,147.24	12,350.50	1.7%
6160 · Credit Card Fees	13,196.97	11,624.00	1.6%
6165 · Clinical Supplies	2,045.26	1,453.23	0.2%
Total 6000 · Selling Costs	273,731.80	239,091.90	32.8%
6700 · Officer's Salary	36,000.00	31,000.00	4.3%
6510 · Administrative Wages	60,000.00	55,000.00	7.2%
6730 · Payroll Taxes - G&A	8,700.00	7,740.23	1.0%
6540 · Bank Charges	354.50	166.60	0.0%
6550 · Charitable Contributions	1,101.00	511.18	0.1%
6570 · Depreciation Expense	12,963.81	15,884.16	1.6%
6520 · Amortization Expense	14,233.33	15,555.55	1.7%
6580 · Dues and Subscriptions	4,389.95	4,601.08	0.5%
6600 · Equipment Lease and Rental	1,718.80	2,276.43	0.2%
6610 · General Licenses and Permits	1,380.00	1,477.87	0.2%
6620 · Insurance - Office Liability	2,254.49	899.00	0.3%
6630 · Insurance - Health & Disability	14,879.58	13,901.52	1.8%
6650 · Accounting Fees	8,405.58	3,638.75	1.0%
6670 · Meals and Entertainment	1,862.25	1,752.63	0.2%
6690 · Office Expense	10,319.12	11,408.89	1.2%
6740 · Postage and Delivery	3,422.67	2,679.83	0.4%
6770 · Rent	54,000.00	54,000.00	6.5%
6780 · Repairs and Maintenance	867.41	7,701.12	0.1%
6790 · Telecommunications	5,468.41	6,950.39	0.7%
6810 · Travel	3,067.69	3,921.58	0.4%
6820 · Utilities	8,053.95	8,580.63	1.0%
6830 · Vehicle Expense	7,021.95	6,895.84	0.8%
8550 · Interest Expense	21,668.71	26,661.33	2.6%
9000 · Allocated Expenses	0.00	0.00	0.0%
Total Expense	555,865.00	522,296.51	66.5%
Net Ordinary Income	32,837.89	(5,188.94)	3.9%
Net Income	32,837.89	(5,188.94)	3.9%

ABC Hearing, Inc. - Standard Version
Profit & Loss by Location
Twelve Months Ended December 31, 2010

	Admin	Edina	Minnetonka	Plymouth	TOTAL
Ordinary Income/Expense					
Income					
4010 · Hearing Aids	870.97	154,448.90	435,346.23	283,123.74	873,789.84
4020 · Accessories	0.00	165.96	465.23	1,550.42	2,181.61
4030 · Repairs	0.00	825.55	10,163.00	4,200.42	15,188.97
4040 · Service	0.00	98.99	1,022.85	6,559.93	7,681.77
4042 · Diagnostic & Testing Services	0.00	21,439.95	63,406.47	40,314.78	125,161.20
4050 · Earmolds	0.00	0.00	142.00	253.68	395.68
4060 · Warranty	0.00	913.00	1,515.00	1,485.00	3,913.00
4100 · Discounts	0.00	(13,456.85)	(30,425.55)	(28,226.30)	(72,108.70)
4700 · Cancelled Sales & Returns	0.00	(17,384.19)	(50,225.46)	(33,711.46)	(101,321.11)
4900 · Insurance Contract Adjustments	0.00	(3,985.00)	(8,700.00)	(6,785.00)	(19,470.00)
Total Income	870.97	143,066.31	422,709.77	268,765.21	835,412.26
Cost of Goods Sold					
5010 · COGS - Hearing Aids	0.00	39,410.94	117,864.60	73,708.39	230,983.93
5020 · COGS - Accessories	0.00	122.21	906.88	3,354.71	4,383.80
5030 · COGS - Repairs	0.00	312.23	3,744.58	2,855.02	6,911.83
5050 · COGS - Earmolds	0.00	0.00	166.10	1,394.04	1,560.14
5060 · COGS - Warranty	0.00	866.37	1,844.98	158.32	2,869.67
Total COGS	0.00	40,711.75	124,527.14	81,470.48	246,709.37
Gross Profit	870.97	102,354.56	298,182.63	187,294.73	588,702.89
Expense					
6000 · Selling Costs					
6100 · Consultant Salaries	0.00	55,000.00	35,000.00	35,000.00	125,000.00
6105 · Commissions - Consultants	0.00	2,345.00	3,456.25	3,504.25	9,305.50
6125 · Payroll Taxes - Selling	0.00	5,480.85	3,428.90	3,234.69	12,144.44
6140-06 · Advertising - Local Newspaper	0.00	17,901.87	34,857.73	26,424.22	79,183.82
6140-09 · Advertising - Radio	0.00	1,899.00	5,289.00	3,166.32	10,354.32
6140-12 · Advertising - Yellow Pages	0.00	1,002.25	4,352.00	3,000.00	8,354.25
6140-14 · Advertising - Local Other	0.00	3,151.53	6,440.27	4,555.44	14,147.24
6160 · Credit Card Fees	0.00	1,479.25	7,328.37	4,389.35	13,196.97
6165 · Clinical Supplies	0.00	145.78	822.79	1,076.69	2,045.26
Total 6000 · Selling Costs	0.00	88,405.53	100,975.31	84,350.96	273,731.80
6700 · Officer's Salary	36,000.00	0.00	0.00	0.00	36,000.00
6510 · Administrative Wages	0.00	20,000.00	20,000.00	20,000.00	60,000.00
6730 · Payroll Taxes - G&A	3,440.00	1,800.00	1,660.00	1,800.00	8,700.00
6540 · Bank Charges	354.50	0.00	0.00	0.00	354.50
6550 · Charitable Contributions	1,101.00	0.00	0.00	0.00	1,101.00
6570 · Depreciation Expense	0.00	3,000.00	8,250.00	1,713.81	12,963.81
6520 · Amortization Expense	0.00	4,744.44	4,744.44	4,744.45	14,233.33
6580 · Dues and Subscriptions	0.00	840.00	2,084.96	1,464.99	4,389.95
6600 · Equipment Lease and Rental	0.00	0.00	0.00	1,718.80	1,718.80
6610 · General Licenses and Permits	0.00	395.00	495.00	490.00	1,380.00
6620 · Insurance - Office Liability	2,254.49	0.00	0.00	0.00	2,254.49
6630 · Insurance - Health & Disability	0.00	5,846.65	4,711.12	4,321.81	14,879.58
6650 · Accounting Fees	8,405.58	0.00	0.00	0.00	8,405.58
6670 · Meals and Entertainment	0.00	20.00	1,097.85	744.40	1,862.25
6690 · Office Expense	0.00	3,619.34	5,659.48	1,040.30	10,319.12
6740 · Postage and Delivery	0.00	422.22	1,767.96	1,232.49	3,422.67
6770 · Rent	0.00	18,000.00	18,000.00	18,000.00	54,000.00
6780 · Repairs and Maintenance	0.00	0.00	667.41	200.00	867.41
6790 · Telecommunications	0.00	468.41	2,455.85	2,544.15	5,468.41
6810 · Travel	0.00	367.89	2,067.45	632.35	3,067.69
6820 · Utilities	0.00	253.85	4,254.64	3,545.46	8,053.95
6830 · Vehicle Expense	0.00	1,022.55	1,785.96	4,213.44	7,021.95
8550 · Interest Expense	21,668.71	0.00	0.00	0.00	21,668.71
9000 · Allocated Expenses	(72,353.31)	24,117.77	24,117.77	24,117.77	0.00
Total Expense	870.97	173,323.65	204,795.20	176,875.18	555,865.00
Net Ordinary Income	0.00	(70,969.09)	93,387.43	10,419.55	32,837.89
Net Income	0.00	(70,969.09)	93,387.43	10,419.55	32,837.89