

# A Strategic Business Plan For ABC Hearing Centers

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Prepared for Phonak Hearing Systems

Ronald Gleitman, Ph.D.

President

Mark Goffinet

CFO & Secretary

## Summary

Business Description:	The ABC Hearing Centers are currently a hearing care provider in the northern suburbs of Chicago providing professional hearing care services. Current offices are in Skokie and Park Ridge, However, ABC is looking to expand its current services to include pediatric and vestibular services in a freestanding office in Naperville.
Company:	ABC Hearing Center is a S-Corporation in the State of Illinois.
Owners:	Ronald Gleitman, Ph.D. & Mark Goffinet
Staff:	Dr. Gleitman and Mr. Goffinet are both audiologists. In addition, our audiology staff is currently working towards their AuDs. Other staff members include an office manager and two receptionists.
Current Offices:	1234 Dempster St Skokie, IL 123 Main Street, Park Ridge, IL
Proposed Expansion:	Open an Office in Naperville. We are looking at a Medical Arts Building at 100 Main Street, Naperville
Sales:	Current sales are \$980,000. Please see accompanying analysis for a two-year projection with our expanded office in Naperville. Projected growth is 20% per year for the next two years
Objectives:	<ol style="list-style-type: none"><li>1. To increase diagnostic income by 20% each of the next two years and hearing aid revenues by 12% per year in current office</li><li>2. Open a new office in Naperville.</li><li>3. Obtain financing for professional equipment and furniture for the new office.</li></ol>
Time Table:	Open the Naperville office within the next 6 months

## Company Summary:

ABC Hearing Centers are currently located at 1234 Dempster Street, Skokie, IL and 123 Main Street, Park Ridge, IL. ABC Hearing Centers is an S Corporation in the registered in the State of Illinois. Currently, we are looking to expand into the Western Suburbs of Chicago in the City of Naperville.

The services currently offered by ABC Hearing Centers include comprehensive hearing tests, hearing aid dispensing, custom protection, hearing aid repairs, batteries and audiological rehabilitation.

ABC Hearing Centers is part of an IPA providing diagnostic services for a multi-site, multi-practitioner internal medicine group. In addition, ABC Hearing Centers are Medicare providers Part B, and on several panels for third party reimbursement. Finally, Dr Gleitman is on two hospital staffs.

Ronald Gleitman, Ph.D. and Mark Goffinet, own ABC Hearing Centers. They are equal partners. Dr. Gleitman is in charge of patient care and Mr. Goffinet is in charge of the operations of the offices.

ABC is interested in securing financing from Phonak Inc. to expand into a new market. A loan of \$75,000 will be needed to purchase professional and office equipment.

## Products and Services

ABC Hearing Centers offers comprehensive hearing services for all ages. We are seeing mostly adults over the age of 55 years in our current office. We offer comprehensive hearing evaluations, hearing aid evaluations and fittings, hearing aid repairs and assistive listening devices information.

Currently, we are not serving the infant, school age and younger adult population in Skokie and Park Ridge. The demographics in these communities have a significant number of older adults. However, in our new Naperville location there is a significant child (34%) and younger adult population (59%). This market is not being served fully.

Situation: Due to a very large child and younger adult population, ABC Hearing Centers is going to expand its services into pediatric testing and hearing aid fitting. Pediatric testing will include follow-up diagnostic testing from universal newborn hearing screening and hearing aid fitting. As for the younger adult population we are going to expand our services to include vestibular testing and rehabilitation. These two populations are under served currently and represent a significant opportunity to expand our diagnostic services. In addition, the staff is eager to have a better mix of populations other than older adults whom we currently serve. In our current offices we are looking to expand our referral network by 25% over the next year.

In all cases, patients will be treated with respect and given the highest quality of service.



## Market Analysis: •

An estimated 28% of the population is hearing impaired in the US population. The majority of hearing impaired over the age of 65+. The US population is getting older and living longer. Older adults (65+) represent 12% of the US population and 30% of this population is hearing impaired. Figure 1 shows the US population and its age distribution from the 2000 Census.

AGE	US (2000)*	US(1988)*	Pop (mil)	HI**
0-17	26%	26%	73	6%
18-44	40%	43%	113	24%
45-64	22%	19%	62	30%
65+	12%	12%	34	40%
	<u>100%</u>	<u>100%</u>		<u>100%</u>

\*US Census Bureau  
 \*\*NCHS, 1988

Rate of significant hearing impairment by age group (NCHS, 1988)

AGE	HI(%)	
0-17	2.1	
18-44	5.1	
45-64	14.9	
65-74	26.1	{65+ - 30%}
75+	38.1	

Figure 1.

Also included is the incidence of hearing impairment for the various age groups. Specifically, the 65+ age group represents 12.4% of the population in the year 2000; however, the 65+ age group is expected to grow to 20% of the population by 2020. There is strong evidence to suggest that retiring baby boomers will seek and demand a better quality of life.

Demographic analysis of the communities show that Skokie and Park Ridge are similar in their age distribution (see attached). The adult population over the age of 65 represents about 20% of the population and about 25% of adults are between the ages of 45 to 64 years of age. The community of Park Ridge has a higher socio-economic class and is predominately white middle class; whereas, Skokie is slightly more diverse in population.

The Naperville area is in the western suburbs of Chicago and is a relatively newer suburban community. It has become the third largest city in Illinois. There is a very young population residing in Naperville (see attached). Children represent 34% of the population

of Naperville in comparison to 29% national. In addition, there is a relatively large population between the ages of 19 and 45 years of age and a relatively smaller older adult population. Based on the patient's populations in Naperville, ABC Hearing Centers in Naperville will focus diagnostic testing of young children and adults and gradually build its hearing aid dispensing program. Whereas, the population of Skokie and Park Ridge are significantly older and established referral patterns from internal medicine have been established.

There is some competition for services in all of these communities. The Skokie office is close to offices of Mr. XXs and two Beltone Dealers. Dr. XX is about five miles away in Park Ridge. In Naperville there are two practices that are open part-time. All communities have ENTs practicing with Audiology present. Finally, many hearing impaired individuals seek services in Skokie and Evanston, which are about three miles north. One of the audiologist advertises on cable television and has generated some print articles about her practice. None of the competition is on the hospital staff at the local hospital.

## Demographics – SKOKIE

	US	%	Illinois	% of US	Counties	% of IL	Skokie*	% of IL/SK
A. Total Population	281,421,906	100.00	12,419,293	5.10	5,376,741	43.30	63,348	0.01
C. Actual Total	1,930,005		64,735	3.40	28,030	43.30	647	
Number of hearing impaired (8.7%)	24,483,706		1,080,478		467,776		5,511	
D. Size of Market	6,120,926		270,120		116,944		1,378	
E. Unmet Need in %	68		76		76		76	
Population Aids Sold/Needed								
F. Under 19 yrs of age	80,486,665	28.60	3,241,435	26.10	1,403,329	26.00	16,027	25.3
B. Aids Sold	241,460		9,724		4,210		48	
D. Aids Needed	422,555		17,018		7,387		84	
G. 45to 64 yrs of age	81,912,819	22.00	2,670,148	21.50	1,155,999		16,154	25.5
B. Aids Sold	185,736		8,010		3,458		48	
D. Aids Needed	2,306,253		99,463		43,061		602	
H. 65+ yrs of age	34,896,316	12.40	1,502,734	12.10	629,079	11.70	12,670	20
B. Aids Sold	104,689		4,508		1,887		38	
D. Aids Needed	2,617,224		112,705		47,181		950	
I. Nursing Home Population	16,885,314	0.06	745,158		322,604	0.06	3,801	0.06
B. Aids Sold	50,656		2,235		968		11	
D. Aids Needed	2,110,664		93,145		40,326		475	

\*extrapolated

### Explanations

- B. Base on National Averages of 3 per 1000
- C. HIA Sales data for US=1,930,005. NON-VA=1,728,523. State of Illinois=64,745 for 2000
- D. Total Number needed based on prevalence of 8.7% and Aid Life of 4.0 (aids/yr)
- E. Aids sold divided by Total aids needed
- F., G., H., I. Population is from national age distribution (US Census, 2000)

F=28.6, G=22%, H=12.4, I=7%

Prevalence estimates are F=2.1%, G= 14.9%, H=30%, I=50%

Aids Sold/Need calculated same B and D above. (NCHS, 1998)

\*\* 20 to 64 yrs = 59.8%

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## Demographics -Park Ridge

	US	Illinois	% of US	Cook	% of IL	PKR*	% of IL/SK
A. Total Population	281,421,906	12,419,293	5.10	5,376,741	43.30	37,775	0.003
C. Actual Total	1,930,005	54,735	3.40	28,030	43.30	197	
Number of hearing impaired (8.7%)	24,483,706	1,080,478		467,776		3,286	
D. Size of Market	6,120,926	270,120		116,944		822	
E. Unmet Need in %	68	76		76		76	
<u>Population Aids Sold/Needed</u>							
F. Under 19 yrs of age	80,486,665	3,241,435	26.10	1,403,329	26.00	9,935	26.3
B. Aids Sold	241,460	9,724		4,210		30	
D. Aids Needed	422,555	17,018		7,367		52	
G. 45to 64 yrs of age	61,912,819	2,670,148	21.50	1,155,999		9,066	24
B. Aids Sold	185,738	8,010		3,468		27	
D. Aids Needed	2,306,253	99,463		43,061		338	
H. 65+ yrs of age	34,896,316	1,502,734	12.40	629,079	11.70	7,404	19.6
B. Aids Sold	104,689	4,508		1,887		22	
D. Aids Needed	2,617,224	112,705		47,181		555	
I. Nursing Home Population	16,865,314	745,158	0.06	322,604	0.06	2,267	0.06
B. Aids Sold	50,656	2,235		968		7	
D. Aids Needed	2,110,664	93,145		40,326		283	

\*extrapolated

### Explanations

- B. Base on National Averages of 3 per 1000
- C. HIA Sales data for US=1,930,005, NON-VA=1,728,523, State of Illinois=64,745 for 2000
- D. Total Number needed based on prevalence of 8.7% and Aid Life of 4.0 (aids/yrs)
- E. Aids sold divided by Total aids needed
- F. G., H., I., Population is from national age distribution (US Census, 2000)  
 F=26.6, G=22%, H=12.4, I=7%  
 Prevalence estimates are F=2.1%, G= 14.9%, H=30%, I=50%  
 Aids Sold/Need calculated same B and D above. (NCHS, 1998)  
 \*\* 20 to 64 yrs = 59.8%

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## Demographics Naperville

	US	%	Illinois	% of US	Counties	% of IL	Dupage	% of IL:	Naperville	% of Nap.
A. Total Population	281,421,906	100.00	12,419,293	5.10	5,376,741	43.30	904,161	7.28	128,358	1.02
C. Actual Total	1,930,005		64,735	3.40	28,030	43.30	4,661	7.28	670	
Number of hearing impaired (8.7%)	24,483,706		1,080,478		467,775		78,662		11,167	
D. Size of Market	6,120,926		270,120		116,944		19,666		2,792	
E. Unmet Need in %	68		76		76		76		76	
Population Aids Sold/Needed										
F. Undr 19 yrs of age	80,486,665	28.60	3,241,435	26.10	1,403,329	26.00	241,411	26.70	43,642	34
B. Aids Sold	241,450		9,724		4,210		724		131	
D. Aids Needed	422,555		17,018		7,367		1,267		229	
G. 45to 64 yrs of age	61,912,819	22.00	2,670,148	21.50	1,155,999		194,395		24,388	30.0**
B. Aids Sold	185,738		8,010		3,468		583		73	
D. Aids Needed	2,306,253		99,463		43,061		7,241		908	
H. 65+ yrs of age	34,896,316	12.40	1,502,734	12.10	629,079	11.70	88,608	9.80	7,958	6.2
B. Aids Sold	104,689		4,508		1,887		266		24	
D. Aids Needed	2,617,224		112,705		47,181		6,646		597	
I. Nursing Home Population	16,985,314	0.06	745,158		322,604	0.06	54,250		153	
B. Aids Sold	50,656		2,235		968		153			
D. Aids Needed	2,110,664		93,145		40,326		6,781			

### Explanations

- B. Base on National Averages of 3 per 1000
- C. HIA Sales data for US=1,930,005, NON-VA=1,728,523, State of Illinois=64,745 for 2000
- D. Total Number needed based on prevalence of 8.7% and Aid Life of 4.0 (aids/yr)
- E. Aids sold divided by Total aids needed
- F, G, H, I, Population is from national age distribution(US Census, 2000)

F=28.6, G=22%, H=12.4, I=7%

Prevalence estimates are F=2.1%, G= 14.9%, H=30%, I=50%

Aids Sold/Need calculated same B and D above. (NCHS, 1998)

\*\* 20 to 64 yrs = 59.8%

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## Strategy and Implementation

The current offices have been profitable and well managed. ABC Hearing Centers is part of many insurance panels and part of an IPA with a significant number of referrals from The Medical Group . The Medical Group is opening an office in Naperville for pediatrics and allergy and has approached ABC Hearing Centers to be a provider in this new location. They are the owners of the building and are willing to rent us 1200 sq ft. space at \$21.00 sq ft for a rent of \$2100 per month including electric and water.

One goal is to hire a full time audiologist interested in pediatrics for the new office in Naperville . After six months, an audiologist from the Park Ridge office would work two days a week in Naperville. The new audiologist would be hired at a base annual salary of \$40,000 for the first six months, then a base salary of \$35,000 with profit sharing. This profit sharing is based on the principle that after each staff member reaches a certain level of revenue per month then she or he receives a portion of the gross income generated. The profit sharing is graduated up to 7% of the net revenue.

Less than \$18,000	-no bonus
Between \$18,000 and \$25,000	-5% bonus
Between \$25,001 and 35,0000	-6% bonus
Between \$35,001 and up	-7% bonus

In order to open this new office we will need to build out the space and buy office furniture & equipment and professional equipment. The cost for the build out is \$25,000 and the total equipment is \$107,625. We are seeking a loan from Phonak for \$75,000 and ABC Hearing Centers will cover the rest of the expenses. The goal is to complete the project in six months from May 1, 2002 if funding can be secured.

In all the offices we will have a campaign designed to increase primary care physician referrals. In Naperville, we will get on staff at Edwards Hospital and develop relationships with both pediatricians and primary care physicians. All offices will send reports on all diagnostics and, after each quarter, an analysis of the physicians will be used to determine whom we will target for personal contact. The contact will begin with the receptionist and office manager. After a couple of months, treats and practice brochure will be dropped-off, then an appointment will be scheduled with the physicians. We will target only group practices.

Finally, we are going to implement a patient satisfaction survey to reduce our return rates. The goal is to reduce our return rate by 50% over the next two years. In addition, to the survey, all staff members will be required to go to Phonak for their factory tour to upgrade their skills in fitting their new products.

## Equipment List

Cost

## Office equipment

Waiting room		\$ 2,500.00
Pt. Rooms (3)		\$ 3,000.00
Computers (4)		\$ 4,000.00
Server/network		\$ 3,000.00
Telephone system		\$ 4,000.00
Printers		\$ 2,000.00
Front Desk area		\$ 5,000.00
Subtotal		\$ 23,500.00
Professional equipment		
Booth		\$ 11,500.00
Impedance		\$ 7,560.00
ENG		\$ 25,000.00
ABR/OAE		\$ 19,000.00
Audiometer		\$ 6,800.00
Real ear/HA test box		\$ 9,995.00
Cerumen Equip		\$ 2,500.00
Work bench		\$ 1,770.00
Subtotal		\$ 84,125.00
	Total	\$ 107,625.00



## Marketing Strategy:

The marketing strategy in our current offices has been very successful. Understanding that physician referral is an important channel of distribution of potential patients, this will continue to be a major marketing component at ABC Hearing Centers. The focus of our physician referral program will be with primary care physicians and pediatricians.

Externally, ABC Hearing Centers will advertise in local newspaper and on local cable television. Co-OP advertising with Phonak will be pursued to reduce the cost. Our patient intake forms and our receptionist will track these data to analyze the effectiveness. A bonus system for the receptionists will be instituted to reinforce the task and compliance with gathering the information. In addition, the bonus system will promote effectiveness of our recall system and front desk battery sales.

There will be a three-month advertising campaign with the opening of the new office. Direct mail, newspaper print and cable television will be included. In addition, the staff will sponsor "lunch and learn" for local physicians about pediatric hearing care and how Audiology and Pediatricians can work together to diagnosis and treat their patients. In addition, we will be conducting educational seminars every quarter to position our practice as leaders in the community. Finally, all diagnostics procedures will result in a report to the patient's physician.

All forms of advertising will be tracked at the front desk to understand where our patients are coming from and what forms of marketing are most effective. This will be reviewed quarterly.

Price positioning: It is ABC Hearing Centers' philosophy that the patients will purchase better hearing aid technology if explained the benefits of the technology; signal processing, directional microphones, multi-memory and if a longer warranty and follow-up are included with high performance hearing aids. Therefore, ABC Hearing Centers will offer 3-year warranties for all digital hearing aids, 2-year warranties for programmable hearing aid technology and 1-year warranty for conventional technology. This strategy has worked effectively for the past three years and patients comprehend and appreciate longer manufacturer warranties for higher performance priced hearing aids.







## Projected Financial

This Balance sheet is based on the projected loan of \$75,000 in the beginning of the first year.

### Expenses for Year 1

Salaries.....	\$325,228.86
Equipment & Supplies...	\$120,721.99
Rent.....	\$93,218.00
Advertising.....	\$50,000.
Loan.....	\$27,379.80
Other .....	\$30,000
Total.....	\$616,548.65

### Expenses for Year 2

Salaries.....	\$325,228.86
Rent.....	\$96,145.54
Advertising.....	\$50,000.
Loan.....	\$27,379.80
Other .....	\$35,000
Total.....	\$629,768.74



## ABC HEARING CENTERS

Compound Period .....: Monthly

Nominal Annual Rate ...: 6.000 %  
 Effective Annual Rate ..: 6.168 %  
 Periodic Rate .....: 0.5000 %  
 Daily Rate .....: 0.01644%

## CASH FLOW DATA

Event	Start Date	Amount	Number Period	End Date
1 Loan	05/01/2002	75,000.00	1	
2 Payment	06/01/2002	2,281.65	36 Monthly	05/01/2005

## AMORTIZATION SCHEDULE - Normal Amortization

Date	Payment	Interest	Principal	Balance
Loan 05/01/2002				75,000.00
1 06/01/2002	2,281.65	375.00	1,906.65	73,093.35
2 07/01/2002	2,281.65	365.47	1,916.18	71,177.17
3 08/01/2002	2,281.65	355.89	1,925.76	69,251.41
4 09/01/2002	2,281.65	346.26	1,935.39	67,316.02
5 10/01/2002	2,281.65	336.58	1,945.07	65,370.95
6 11/01/2002	2,281.65	326.85	1,954.80	63,416.15
7 12/01/2002	2,281.65	317.08	1,964.57	61,451.58
2002 Totals	15,971.55	2,423.13	13,548.42	
8 01/01/2003	2,281.65	307.26	1,974.39	59,477.19
9 02/01/2003	2,281.65	297.39	1,984.26	57,492.93
10 03/01/2003	2,281.65	287.46	1,994.19	55,498.74
11 04/01/2003	2,281.65	277.49	2,004.16	53,494.58
12 05/01/2003	2,281.65	267.47	2,014.18	51,480.40
13 06/01/2003	2,281.65	257.40	2,024.25	49,456.15
14 07/01/2003	2,281.65	247.28	2,034.37	47,421.78
15 08/01/2003	2,281.65	237.11	2,044.54	45,377.24
16 09/01/2003	2,281.65	226.89	2,054.76	43,322.48
17 10/01/2003	2,281.65	216.61	2,065.04	41,257.44
18 11/01/2003	2,281.65	206.29	2,075.36	39,182.08
19 12/01/2003	2,281.65	195.91	2,085.74	37,096.34
2003 Totals	27,379.80	3,024.56	24,355.24	
20 01/01/2004	2,281.65	185.48	2,096.17	35,000.17
21 02/01/2004	2,281.65	175.00	2,106.65	32,893.52
22 03/01/2004	2,281.65	164.47	2,117.18	30,776.34
23 04/01/2004	2,281.65	153.88	2,127.77	28,648.57
24 05/01/2004	2,281.65	143.24	2,138.41	26,510.16
25 06/01/2004	2,281.65	132.55	2,149.10	24,361.06
26 07/01/2004	2,281.65	121.81	2,159.84	22,201.22



## ABC HEARING CENTERS

Date	Payment	Interest	Principal	Balance
27 08/01/2004	2,281.65	111.01	2,170.64	20,030.58
28 09/01/2004	2,281.65	100.15	2,181.50	17,849.08
29 10/01/2004	2,281.65	89.25	2,192.40	15,656.68
30 11/01/2004	2,281.65	78.28	2,203.37	13,453.31
31 12/01/2004	2,281.65	67.27	2,214.38	11,238.93
2004 Totals	27,379.80	1,522.39	25,857.41	
32 01/01/2005	2,281.65	56.19	2,225.46	9,013.47
33 02/01/2005	2,281.65	45.07	2,236.58	6,776.89
34 03/01/2005	2,281.65	33.88	2,247.77	4,529.12
35 04/01/2005	2,281.65	22.65	2,259.00	2,270.12
36 05/01/2005	2,281.65	11.53	2,270.12	0.00
2005 Totals	11,408.25	169.32	11,238.93	
Grand Totals	82,139.40	7,139.40	75,000.00	

## ABC SALES ANALYSIS

### Sales Analysis

	Rev 2000	2000	Rev 99	1999	2000 - 1999	%
Staff						
RG	\$ 443,939	44%	\$ 410,199	41%	\$ 33,740	8%
MG	\$ 320,896	32%	\$ 355,250	36%	\$ (34,354)	-10%
AUD1	\$ 188,060	19%	\$ 175,000	18%	\$ 13,060	7%
Staff/other	\$ 63,595	6%	\$ 57,765	6%	\$ 5,830	10%
Total	\$ 1,016,490	100%	\$ 998,214	100%	\$ 18,276	2%
Procedure						
Prof sev.	\$ 75,453	7%	\$ 25,978	3%	\$ 49,475	190%
HAs	\$ 842,911	83%	\$ 874,993	88%	\$ (32,082)	-4%
Repairs	\$ 46,912	5%	\$ 38,531	4%	\$ 8,381	22%
Batteries	\$ 26,926	3%	\$ 28,749	3%	\$ (1,823)	-6%
Earmolds	\$ 10,290	1%	\$ 10,347	1%	\$ (57)	-1%
trail period	\$ 3,845	0.4%	\$ 3,335	0.3%	\$ 510	15%
other	\$ 10,153	1%	\$ 16,281	2%	\$ (6,128)	-38%
Total	\$ 1,016,490	100%	\$ 998,214	100%	\$ 18,276	2%

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ABC SALES ANALYSIS

Sales Forecast

	Rev 2001	2001	Rev 2002	2002	YTD change	%
Staff						
RG	\$ 418,503	37%	\$ 450,000	30%	\$ 31,497	7%
MG	\$ 338,896	30%	\$ 400,000	27%	\$ 61,104	15%
AUD1	\$ 188,060	17%	\$ 325,000	22%	\$ 136,940	42%
Aud2	\$ 116,643	10%	\$ 250,000	17%	\$ 133,357	
Staff/other	\$ 63,595	6%	\$ 57,765	4%	\$ (5,830)	-10%
Total	\$ 1,125,697	100%	\$ 1,482,765	100%	\$ 357,068	24%
Procedure						
Prof sev.	\$ 83,000	7%	\$ 175,000	12%	\$ 92,000	53%
HAs	\$ 940,000	84%	\$ 1,188,434	80%	\$ 246,434	21%
Repairs	\$ 46,912	4%	\$ 56,300	4%	\$ 9,388	17%
Batteries	\$ 30,000	3%	\$ 33,000	2%	\$ 3,000	9%
Earmolds	\$ 12,000	1%	\$ 13,500	1%	\$ 1,500	11%
trail period	\$ 1,785	0.2%	\$ 2,250	0.2%	\$ 465	21%
other	\$ 12,000	1%	\$ 16,281	1%	\$ 4,281	26%
Total	\$ 1,125,697	100%	\$ 1,482,765	100%	\$ 357,068	24%

**ABC HEARING CENTERS**  
**Profit & Loss**  
 January through December 1999

Jan - Dec 99

<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Sales Tax Payable	16,803.92
11501 - CLEARING (11501 - Clearing)	10.48
4999 - Uncategorized Income	-12,053.30
11800 - OTHER RECEIVALBES (11600 - OTHER RECEIVALBES)	0.00
40000 - HEARING AID SALES (40000 - HEARING AID SALES)	874,993.07
40100 - EARMOLD SALES (40100 - EARMOLD SALES)	10,347.28
40200 - ACC SALES (40200 - ACC SALES)	2,884.88
40205 - PROF SERVICES (40205 - PROF SERVICES)	25,977.62
40300 - BATTERY SALES (40300 - BATTERY SALES)	28,749.08
40400 - ALD's (Assistive Listening Devices)	210.75
40600 - REPAIRS OUTSIDE (40600 - REPAIRS OUTSIDE)	38,531.00
40600 - SHIPPING CHARGE (40600 - SHIPPING CHARGE)	822.00
40700 - INTEREST INCOME (MISCELLANEOUS REVENUE)	818.01
41500 - TRIAL PERIOD FEE (41500 - TRIAL PERIOD FEE)	3,335.00
41700 - CONTRACTS (SERVICE CONTRACTS)	3,881.55
Sales Default (Sales)	2,902.95
<b>Total Income</b>	<b>998,214.29</b>
<b>Cost of Goods Sold</b>	
50900 - POLICY ADJUSTMENT (NO CHARGE TO CUSTOMER EXPENSE)	2,010.95
85000 - Clearing (85000 - Clearing)	840.08
50500 - REPAIRS - COGS (REPAIRS - COGS)	16,909.36
50100 - EARMOLD COGS (50100 - EARMOLD COGS)	7,330.20
50200 - ACC COGS (50200 - ACC COGS)	-132.36
60400 - ALD's COGS	-1,245.27
50300 - BATTERY COGS (50300 - BATTERY COGS)	10,569.67
50000 - HEARING AID COGS (50000 - HEARING AID COGS)	367,847.78
Cost of Goods Sold	682.50
<b>Total COGS</b>	<b>404,812.93</b>
<b>Gross Profit</b>	<b>593,401.36</b>
<b>Expense</b>	
11600 - MISC. (11600)	0.00
50501 - CONTRACTS - CGS (SERVICE CONTRACT - CGS)	347.70
50600 - Purchase Discounts (PURCHASE DISCOUNTS - COGS)	58.46
51000 - Salaries	267,176.29
51100 - Lab/DispensingSupplies (Lab/Dispensing Supplies)	4,994.04
51400 - Bank Card Charges	9,328.86
51600 - Shipping Cost (51600)	789.58
52100 - PAYROLL TAX (PAYROLL TAXES)	3,835.11
53200 - Prof. Development	3,602.29
53500 - Prof. Dues	3,374.50
53700 - Bus. Tax & Lic.	1,405.00
53800 - Prof. O/S Services (Professional Outside Services)	21,853.85
54000 - Bus. Insurance	5,758.26
55000 - Office Supplies/Expense	4,986.86
55100 - Equip. Services (Equipment Maintenance)	2,058.49
55200 - Rentals of Equipment (RENTALS AS NEEDED)	54.38
55400 - Equip. Purchases (Equipment Purchases)	4,298.01
55410 - Computers	6,910.72
55700 - Buss. Travel/Conference	8,512.89
55701 - Meals / Entertainment	1,289.20
56702 - Meeting Expenses (BUSSINESS MEETING EXPENSES)	254.13
55810 - Office Furniture	75.97
56200 - Telephone Exp. (Phone Charges)	6,632.77
56500 - Utilities	5,005.50
56800 - Rents Paid	63,088.30
56805 - Office Maintance/Repair	587.77
57000 - Bad Debts / NSF	-5,256.71
57400 - Postage (POSTAGE)	2,517.11



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Accrual Basis

**ABC HEARING CENTERS**  
**Profit & Loss**  
January through December 1999

	<u>Jan - Dec 99</u>
58900 - MISCELLANEOUS EXPENSES	763.65
59300 - Automobile Exp.	7,733.04
60000 - Advertising	7,163.62
60010 - Promotions	2,045.72
60020 - Marketing / Newsletter	1,721.06
66000 - Gifts & Contributions	5,629.08
Inventory Assets	-187.64
<b>Total Expense</b>	<u>448,207.86</u>
<b>Net Ordinary Income</b>	145,193.50
<b>Other Income/Expense</b>	
<b>Other Income</b>	
70103 - CD INTEREST (ACCT'S 1110405176126)	617.94
70001 - Auto Sale Income (Sale of Volvo)	3,000.00
42100 - PROCEEDS FROM SALE (ck's not credited to acct's)	579.00
81500 - Other Income (Misc)	12,194.08
42000 - CA LOWE DEPOSIT	28,542.04
<b>Total Other Income</b>	<u>44,933.06</u>
<b>Other Expense</b>	
52110 - PLAN ADMINISTRATION	4,175.00
85100 - Downtown A/P Due	840.50
52104 - Health Insurance (Medical Health Insurance)	10,682.92
52105 - Dental Insurance (Dental Insurance)	1,926.96
85000 - CLEARING	-0.05
52102 - 401(K) EMPLOYE.CONTRIB.	18,103.32
57000 - Writeoff (Write-Off)	14,806.87
<b>Total Other Expense</b>	<u>50,535.52</u>
<b>Net Other Income</b>	<u>-5,602.46</u>
<b>Net Income</b>	<u><u>139,591.04</u></u>

**ABC HEARING CENTERS**  
**Balance Sheet**  
As of December 31, 1999

	Dec 31, 99
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10104 - Money Market (Harris Money Market Account)	55,980.07
11500 - "Refunds" OMS (Refund)	0.32
10100 - BANK - CHECKING	46,848.09
10101 - PETTY CASH	200.00
10102 - SAVINGS ACCOUNT (MONEY IN SAVING)	3,014.46
<b>Total Checking/Savings</b>	<u>106,042.94</u>
<b>Accounts Receivable</b>	
11000 - Accounts Receivable (Accounts Receivable)	15,904.91
<b>Total Accounts Receivable</b>	<u>15,904.91</u>
<b>Other Current Assets</b>	
<b>Prepaid Expenses</b>	2,185.00
14901- INVENTORY / NON- INV	-61,645.50
14000 - HEARING AID INVENTORY (14000 OPENING 1/1/98)	23,903.38
14200 - ACC INVENTORY (14200 - ACC INVENTORY)	1,323.12
14300 - BATTERY INVENTORY (14300 - BATTERY INVENTORY)	8,823.58
14400 - ALD's Inventory (Inventory ALD's)	1,440.20
14900 - INVENTORY ADJUSTMENT (14900)	-18.37
<b>Total Other Current Assets</b>	<u>-25,988.59</u>
<b>Total Current Assets</b>	<u>95,959.26</u>
<b>Fixed Assets</b>	
16000 - FURNITURE & FIXTURES	69,990.72
15100 - MEDICAL EQUIPMENT	50,207.92
15200 - COMPUTER EQUIPMENT	14,225.84
15300 - VEHICLE	14,900.00
15500 - ACCUM. DEPR. - FURN. & FIXT.	-39,470.26
15600 - ACCUM. DEPR. - MED. EQUIP.	-49,193.07
15700 - ACCUM. DEPR. - COMP. EQUIP	-12,230.93
15800 - ACCUM. DEPR. - VEHICLE	-13,026.00
<b>Total Fixed Assets</b>	<u>35,404.02</u>
<b>Other Assets</b>	
16100 - SECURITY DEPOSITS	6,395.00
17100 - ORGANIZATION EXPENSE	5,741.00
17200 - GOODWILL	90,000.00
17300 - NON-COMPETE AGREEMENT	5,000.00
17400 - ACCUM. AMORT. - ORG. EXPENSE	-5,741.00
17500 - ACCUM. AMORT. - GOODWILL	-30,500.00
17600 - ACCUM. AMORT. - NON-COMPETE	-1,694.65
<b>Total Other Assets</b>	<u>69,200.35</u>
<b>TOTAL ASSETS</b>	<u><b>200,563.63</b></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20100 - Accounts Payable	58,494.71
<b>Total Accounts Payable</b>	<u>58,494.71</u>
<b>Credit Cards</b>	
UNITED Mileage Plus VISA (11/2002)	925.83
CITIBANK ADVANTAGE VISA (3 31 02)	-506.09
<b>Total Credit Cards</b>	<u>419.54</u>
<b>Other Current Liabilities</b>	
20000 - Payroll Liabilities all (total payroll expense)	-91,720.62

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Accrual Basis

**ABC HEARING CENTERS**  
**Balance Sheet**  
**As of December 31, 1999**

	<u>Dec 31, 99</u>
21000 - Sales Tax Payable (SalesTax)	-16,126.41
23200 - INCOME TAXES PAYABLE	2,558.00
<b>Total Other Current Liabilities</b>	<u>-110,405.03</u>
<b>Total Current Liabilities</b>	-51,480.78
<b>Long Term Liabilities</b>	
22800 - Notes Payable	12,265.59
<b>Total Long Term Liabilities</b>	<u>12,265.59</u>
<b>Total Liabilities</b>	-39,225.19
<b>Equity</b>	
3000 - Opening Bal Equity	-61,040.95
31000 - CAPITAL STOCK	1,000.00
32000 - SHAREHOLDER DISTRIBUTION	-63,473.52
39000 - Retained Earnings	95,986.66
Net Income	267,316.63
<b>Total Equity</b>	<u>239,788.82</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>200,563.63</b></u>



**ABC HEARING CENTERS**  
**Profit & Loss**  
January through December 2000

Jan - Dec 00

<b>Ordinary Income/Expense</b>	
Income	
41730 - REPLACEMENT CONTR (41730 - REPLACEMENT CONTR)	775.00
Sales Tax Payable	1,848.60
11501 - CLEARING (11501 - Clearing)	700.00
4099 - Uncategorized Income	371.03
40000 - HEARING AID SALES (40000 - HEARING AID SALES)	842,911.24
40100 - EARMOLD SALES (40100 - EARMOLD SALES)	10,290.00
40200 - ACC SALES (40200 - ACC SALES)	3,114.46
40205 - PROF SERVICES (40205 - PROF SERVICES)	75,453.38
40300 - BATTERY SALES (40300 - BATTERY SALES)	26,926.20
40500 - REPAIRS OUTSIDE (40500 - REPAIRS OUTSIDE)	46,912.98
40600 - SHIPPING CHARGE (40600 - SHIPPING CHARGE)	1,137.90
40700 - INTEREST INCOME (MISCELLANEOUS REVENUE)	1,359.92
41500 - TRIAL PERIOD FEE (41500 - TRIAL PERIOD FEE)	3,845.00
41700 - CONTRACTS (SERVICE CONTRACTS)	1,115.00
Sales Default (Sales)	-271.26
<b>Total Income</b>	<b>1,016,489.45</b>
Cost of Goods Sold	
50600 - INVENTORY ADJUSTMENTS	-7,405.65
50900 - POLICY ADJUSTMENT (NO CHARGE TO CUSTOMER EXPENSE)	1,386.80
50500 - REPAIRS - COGS (REPAIRS - CGS)	18,382.19
50100 - EARMOLD COGS (50100 - EARMOLD COGS)	6,743.35
50200 - ACC COGS (50200 - ACC COGS)	1,902.99
50300 - BATTERY COGS (50300 - BATTERY COGS)	17,351.87
50000 - HEARING AID COGS (50000 - HEARING AID COGS)	353,038.90
<b>Total COGS</b>	<b>391,380.45</b>
<b>Gross Profit</b>	<b>625,109.00</b>
Expense	
90001 - AMORTIZATION EXPENSE (ADDED 3/31)	4,990.00
90000 - DEPRECIATION EXPENSE (ADDED 3/31)	5,225.00
11600 - MISC. (11600)	409.82
50501 - CONTRACTS - CGS (SERVICE CONTRACT - CGS)	591.65
51000 - Salaries	325,228.86
51100 - Lab/DispensingSupplies (Lab/Dispensing Supplies)	6,108.82
51400 - Bank Card Charges	12,520.79
51500 - Shipping Cost (51500)	525.10
53200 - Prof. Development	3,589.42
53500 - Prof. Dues	1,726.00
53700 - Bus.Tax & Lic.	108.00
53800 - Prof. O/S Services (Professional Outside Services)	7,671.50
54000 - Bus. Insurance	3,640.35
55000 - Office Supples/Expense	7,460.84
55100 - Equip. Services (Equipment Maintinace)	1,289.89
55400 - Equip. Purchases (Equipment Purchases)	1,407.47
55700 - Buss. Travel/Conference	4,348.63
55701 - Meals / Entrtainment	708.76
55702 - Meeting Expenses (BUSSINESS MEETING EXPENSES)	340.33
55810 - Office Furniture	462.00
56200 - Telephone Exp. (Phone Charges)	6,473.04
56500 - Utilities	4,373.71
56800 - Rents Paid	68,018.27
56806 - Office Maintance/Repair	24.59
57400 - Postage (POSTAGE)	2,649.29
58900 - MISCELLANEOUS EXPENSES	85.00
59300 - Automobile Exp.	9,866.16
80000 - Advertising	17,042.24
60020 - Marketing / Newsletter	24,276.73
88000 - Gifts & Contributions	2,100.12
<b>Total Expense</b>	<b>523,262.38</b>
<b>Net Ordinary Income</b>	<b>101,846.62</b>

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Accrual Basis

**ABC HEARING CENTERS**  
**Profit & Loss**  
January through December 2000

	<u>Jan - Dec 00</u>
<b>Other Income/Expense</b>	
<b>Other Income</b>	
81500 - Other Income (Misc)	25,435.64
<b>Total Other Income</b>	<u>25,435.64</u>
<b>Other Expense</b>	
81600 - 81600 - INTEREST EXP	421.40
52110 - PLAN ADMINISTRATION	2,712.50
52104 - Health Insurance (Medical Health Insurance)	13,653.52
52105 - Dental Insurance (Dental Insurance)	2,058.63
52101 - RETIREMENT PLAN	0.00
57000 - Writeoff (Write-Off)	5,332.24
<b>Total Other Expense</b>	<u>24,178.29</u>
<b>Net Other Income</b>	<u>1,257.35</u>
<b>Net Income</b>	<u><u>103,103.97</u></u>

**ABC HEARING CENTERS**  
**Balance Sheet**  
 As of December 31, 2000

	<u>Dec 31, 00</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
11500 - *Refunds* OMS (Refund)	0.32
10100 - BANK - CHECKING	74,385.11
10101 - PETTY CASH	559.13
10102 - SAVINGS ACCOUNT (MONEY IN SAVING)	26,590.64
<b>Total Checking/Savings</b>	<u>101,535.20</u>
<b>Accounts Receivable</b>	
11000 - Accounts Receivable (Accounts Receivable)	49,728.18
<b>Total Accounts Receivable</b>	<u>49,728.18</u>
<b>Other Current Assets</b>	
<b>Prepaid Expenses</b>	2,185.00
14000 - HEARING AID INVENTORY (14000 OPENING 1/1/98)	21,068.64
14200 - ACC INVENTORY (14200 - ACC INVENTORY)	984.69
14300 - BATTERY INVENTORY (14300 - BATTERY INVENTORY)	3,878.56
14400 - ALD's Inventory (Inventory ALD's)	1,506.77
<b>Total Other Current Assets</b>	<u>29,623.66</u>
<b>Total Current Assets</b>	<u>180,887.04</u>
<b>Fixed Assets</b>	
15000 - FURNITURE & FIXTURES	69,990.72
15100 - MEDICAL EQUIPMENT	50,207.92
15200 - COMPUTER EQUIPMENT	14,225.64
15500 - ACCUM. DEPR. - FURN. & FIXT.	-46,288.26
15600 - ACCUM. DEPR. - MED. EQUIP.	-50,132.07
15700 - ACCUM. DEPR. - COMP. EQUIP	-18,062.93
<b>Total Fixed Assets</b>	<u>19,941.02</u>
<b>Other Assets</b>	
16100 - SECURITY DEPOSITS	8,395.00
17100 - ORGANIZATION EXPENSE	5,741.00
17200 - GOODWILL	90,000.00
17300 - NON-COMPETE AGREEMENT	5,000.00
17400 - ACCUM. AMORT. - ORG. EXPENSE	-5,741.00
17500 - ACCUM. AMORT. - GOODWILL	-41,000.00
17600 - ACCUM. AMORT. - NON-COMPETE	-2,282.65
<b>Total Other Assets</b>	<u>58,112.35</u>
<b>TOTAL ASSETS</b>	<u><u>268,940.41</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
20100 - Accounts Payable	60,760.48
<b>Total Accounts Payable</b>	<u>60,760.48</u>
<b>Credit Cards</b>	
Discover Card	670.92
UNITED Mileage Plus VISA (11/2002)	11,088.50
CITIBANK ADVANTAGE VISA (3 31 02)	479.00
<b>Total Credit Cards</b>	<u>12,238.42</u>
<b>Other Current Liabilities</b>	
20000 - Payroll Liabilities all (total payroll expense)	29.99
23200 - INCOME TAXES PAYABLE	-2,487.00
<b>Total Other Current Liabilities</b>	<u>-2,457.01</u>
<b>Total Current Liabilities</b>	<u>70,541.89</u>

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Accrual Basis

# ABC HEARING CENTERS

## Balance Sheet

As of December 31, 2000

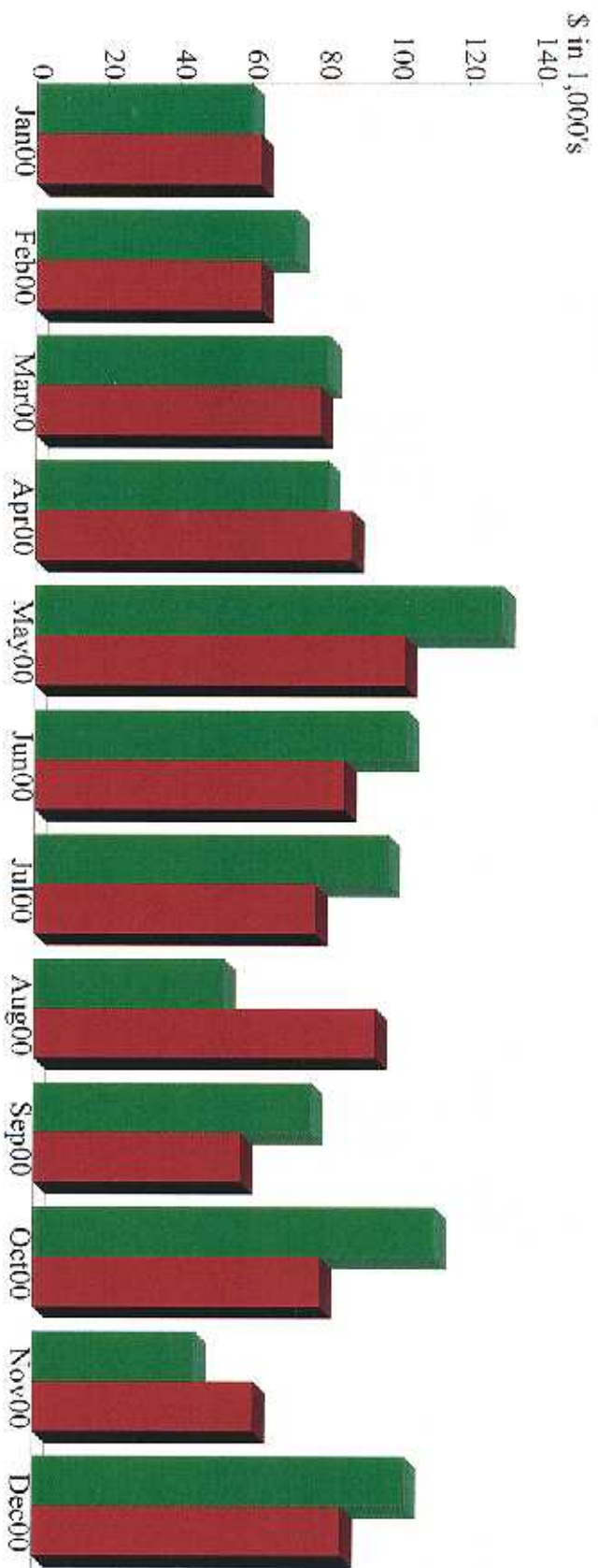
	Dec 31, 00
<b>Long Term Liabilities</b>	
24000 - DUE OFFICER/SHAREHOLDER	12,386.88
22600 - Notes Payable	425.87
<b>Total Long Term Liabilities</b>	<u>12,812.75</u>
<b>Total Liabilities</b>	83,354.64
<b>Equity</b>	
3000 - Opening Bal Equity	-764.97
31000 - CAPITAL STOCK	1,000.00
32000 - SHAREHOLDER DISTRIBUTION	-53,625.00
39000 - Retained Earnings	125,871.77
Net Income	<u>103,103.97</u>
<b>Total Equity</b>	175,585.77
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>258,940.41</u></u>



**ABC HEARING CENTERS**  
**Cash Flow Forecast**  
 January through December 2000

	Accnts Receivable	Accnts Payable	Bank Acchts	Net Inflows	Proj Balance
Beginning Balance	401.54	0.00	106,042.94		106,444.58
Jan - Mar 00	76.32	0.00	7,223.46	7,299.78	113,744.36
Apr - Jun 00	255.59	0.00	-1,558.98	-1,303.39	112,440.97
Jul - Sep 00	24,226.32	0.00	-44,254.15	-20,027.83	92,413.14
Oct - Dec 00	34,254.47	220.00	4,157.36	38,191.83	130,604.97
Jan - Dec 00	58,812.70	220.00	-34,432.31	24,160.38	
Ending Balance	<u>58,214.34</u>	<u>220.00</u>	<u>71,610.63</u>		<u>130,504.97</u>

### Income and Expense by Month January through December 2000



Income  
Expense

### Income Summary January through December 2000

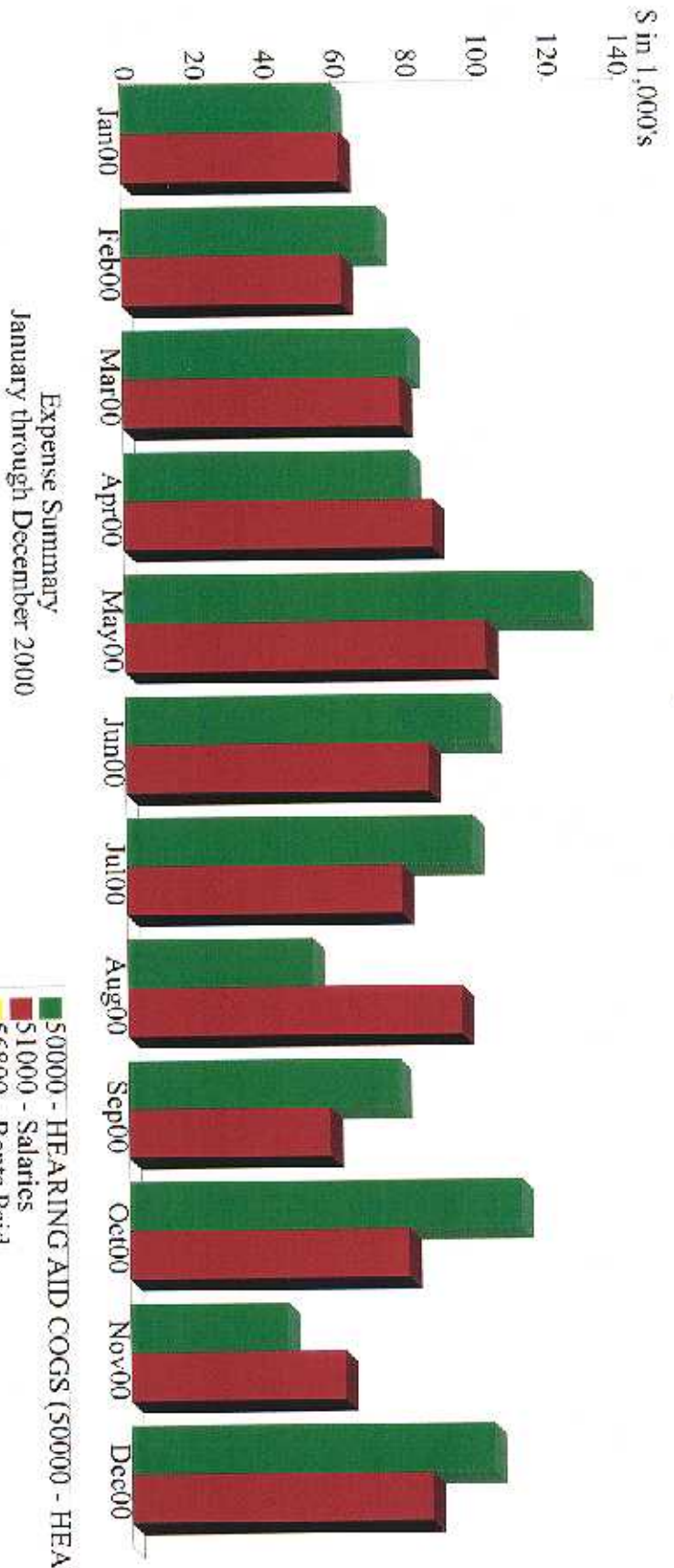


Account	%
40000 - HEARING AID SALES (40000 - HEAR	81.96
40205 - PROF SERVICES (40205 - PROF SERV	5.85
40500 - REPAIRS OUTSIDE (40500 - REPAIRS	4.62
40300 - BATTERY SALES (40300 - BATTERY	2.65
81500 - Other Inc. (Bus.Dev) (Man. Busin	2.50
40100 - EARMOLD SALES (40100 - EARMOLDS	1.01
41500 - TRIAL PERIOD FEE (41500 - TRIAL	0.38
40200 - ACC SALES (40200 - ACC SALES)	0.31
Sales Tax Payable	0.18
41700 - CONTRACTS (SERVICE CONTRACTS)	0.14
Other	0.40
<b>Total</b>	<b>\$1,016,489.45</b>

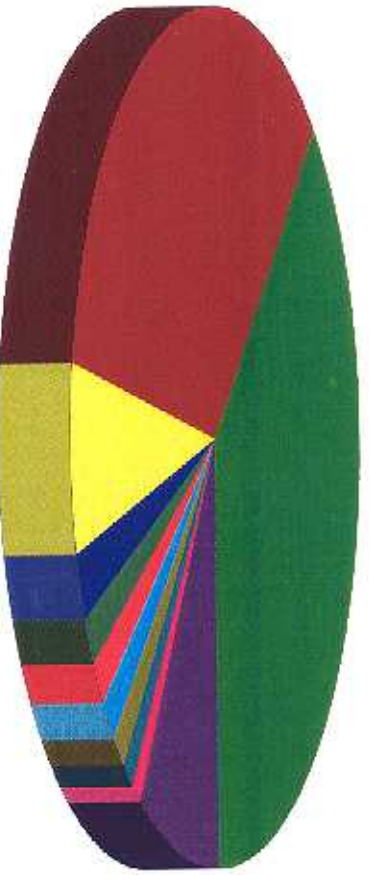
By Account

Income and Expense by Month  
January through December 2000

Income  
Expense



Expense Summary  
January through December 2000



50000 - HEARING AID COGS (50000 - HEARIN	%37.60
51000 - Salaries	34.64
56800 - Rents Paid	7.25
60020 - Marketing / Newsletter	2.59
50500 - REPAIRS - COGS (REPAIRS - CGS)	1.96
50300 - BATTERY COGS (50300 - BATTERY	1.85
60000 - Advertising	1.82
52104 - Health Insurance (Medical Health	1.45
51400 - Bank Card Charges	1.33
59300 - Automobile Exp.	1.05
Other	8.46
Total	\$938,821.12

By Account



**ABC HEARING CENTERS**  
**Profit & Loss Prev Year Comparison**  
**January through December 2000**

	Jan - Dec 00	Jan - Dec 99	\$ Change
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
41730 - REPLACEMENT CONTR (41730 - REPLACEMENT CONTR)	775.00	0.00	775.00
Sales Tax Payable	1,848.60	16,803.92	-14,955.32
11601 - CLEARING (11601 - Clearing)	700.00	10.48	689.52
4999 - Uncategorized Income	371.03	-12,053.30	12,424.33
11600 - OTHER RECEIVALBES (11600 - OTHER RECEIVALBES)	0.00	0.00	0.00
40000 - HEARING AID SALES (40000 - HEARING AID SALES)	842,911.24	874,993.07	-32,081.83
40100 - EARMOLD SALES (40100 - EARMOLD SALES)	10,290.00	10,347.28	-57.28
40200 - ACC SALES (40200 - ACC SALES)	3,114.46	2,884.88	229.58
40205 - PROF SERVICES (40205 - PROF SERVICES)	75,453.38	25,977.62	49,475.76
40300 - BATTERY SALES (40300 - BATTERY SALES)	26,926.20	28,749.08	-1,822.88
40400 - ALD's (Assistive Listening Devices)	0.00	210.75	-210.75
40500 - REPAIRS OUTSIDE (40500 - REPAIRS OUTSIDE)	46,912.98	38,531.00	8,381.98
40600 - SHIPPING CHARGE (40600 - SHIPPING CHARGE)	1,137.90	822.00	315.90
40700 - INTEREST INCOME (MISCELLANEOUS REVENUE)	1,359.92	818.01	541.91
41600 - TRIAL PERIOD FEE (41600 - TRIAL PERIOD FEE)	3,845.00	3,335.00	510.00
41700 - CONTRACTS (SERVICE CONTRACTS)	1,115.00	3,881.55	-2,766.55
Sales Default (Sales)	-271.26	2,902.95	-3,174.21
<b>Total Income</b>	<b>1,016,489.45</b>	<b>996,214.29</b>	<b>18,275.16</b>
<b>Cost of Goods Sold</b>			
50600 - INVENTORY ADJUSTMENTS	-7,405.65	0.00	-7,405.65
50900 - POLICY ADJUSTMENT (NO CHARGE TO CUSTOMER EXPENSE)	1,386.80	2,010.95	-624.15
85000 - Clearing (85000 - Clearing)	0.00	840.08	-840.08
60500 - REPAIRS - COGS (REPAIRS - CGS)	18,362.19	16,909.38	1,452.81
50100 - EARMOLD COGS (50100 - EARMOLD COGS)	6,743.35	7,330.20	-586.85
50200 - ACC COGS (50200 - ACC COGS)	1,902.99	-132.36	2,035.35
50400 - ALD's COGS	0.00	-1,245.27	1,245.27
50300 - BATTERY COGS (50300 - BATTERY COGS)	17,351.87	10,569.67	6,782.20
50000 - HEARING AID COGS (50000 - HEARING AID COGS)	353,038.90	367,847.78	-14,808.88
Cost of Goods Sold	0.00	682.50	-682.50
<b>Total COGS</b>	<b>391,380.45</b>	<b>404,812.93</b>	<b>-13,432.48</b>
<b>Gross Profit</b>	<b>625,109.00</b>	<b>593,401.36</b>	<b>31,707.64</b>
<b>Expense</b>			
90001 - AMORTIZATION EXPENSE (ADDED 3/31)	4,990.00	0.00	4,990.00
90000 - DEPRECIATION EXPENSE (ADDED 3/31)	5,225.00	0.00	5,225.00
11600 - MISC. (11600)	409.82	0.00	409.82
50501 - CONTRACTS - CGS (SERVICE CONTRACT - CGS)	591.65	347.70	243.95
50600 - Purchase Discounts (PURCHASE DISCOUNTS - COGS)	0.00	58.46	-58.46
51000 - Salaries	325,228.88	287,176.29	58,052.57
51100 - Lab/DispensingSupplies (Lab/Dispensing Supplies)	6,108.82	4,994.04	1,114.78
51400 - Bank Card Charges	12,520.79	9,328.88	3,191.93
51500 - Shipping Cost (51500)	525.10	789.58	-264.48
52100 - PAYROLL TAX (PAYROLL TAXES)	0.00	3,835.11	-3,835.11
53200 - Prof. Development	3,589.42	3,602.29	-12.87
53500 - Prof. Dues	1,726.00	3,374.50	-1,648.50
53700 - Bus.Tax & Lic.	108.00	1,405.00	-1,297.00
53800 - Prof. O/S Services (Professional Outside Services)	7,871.50	21,853.85	-14,182.35
54000 - Bus. Insurance	3,640.35	5,758.26	-2,117.91
55000 - Office Supplies/Expense	7,460.84	4,986.88	2,473.96
55100 - Equip. Services (Equipment Maintenance)	1,289.89	2,058.49	-768.60
55200 - Rentals of Equipment (RENTALS AS NEEDED)	0.00	54.38	-54.38
55400 - Equip. Purchases (Equipment Purchases)	1,407.47	4,298.01	-2,890.54
55410 - Computers	0.00	6,910.72	-6,910.72
55700 - Buss. Travel/Conference	4,348.63	8,512.89	-4,164.26
55701 - Meals / Entertainment	708.76	1,289.20	-580.44
55702 - Meeting Expenses (BUSSINESS MEETING EXPENSES)	340.33	254.13	86.20
55810 - Office Furniture	462.00	75.97	386.03
56200 - Telephone Exp. (Phone Charges)	6,473.04	6,632.77	-159.73
58500 - Utilities	4,373.71	5,005.50	-631.79
58800 - Rents Paid	68,018.27	63,088.30	4,929.97
68805 - Office Maintance/Repair	24.59	587.77	-563.18
57000 - Bad Debts / NSF	0.00	-5,256.71	5,256.71
57400 - Postage (POSTAGE)	2,649.29	2,517.11	132.18



**ABC HEARING CENTERS**  
**Profit & Loss Prev Year Comparison**  
**January through December 2000**

	Jan - Dec 00	Jan - Dec 99	\$ Change
68900 - MISCELLANEOUS EXPENSES	85.00	763.65	-678.65
59300 - Automobile Exp.	9,866.16	7,733.04	2,133.12
60000 - Advertising	17,042.24	7,163.62	9,878.62
60010 - Promotions	0.00	2,045.72	-2,045.72
60020 - Marketing / Newsletter	24,276.73	1,721.06	22,555.67
66000 - Gifts & Contributions	2,100.12	5,629.08	-3,528.96
Inventory Assets	0.00	-187.64	187.64
<b>Total Expense</b>	<b>523,282.38</b>	<b>448,207.86</b>	<b>75,054.52</b>
<b>Net Ordinary Income</b>	<b>101,846.62</b>	<b>145,193.50</b>	<b>-43,346.88</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
70103 - CD INTEREST (ACCT'S 1110405176126)	0.00	617.94	-617.94
70001 - Auto Sale Income (Sale of Volvo)	0.00	3,000.00	-3,000.00
42100 - PROCEEDS FROM SALE (ck's not credited to acct's)	0.00	579.00	-579.00
81500 - Other Income (Misc)	25,435.64	12,194.08	13,241.56
42000 - CA LOWE DEPOSIT	0.00	28,542.04	-28,542.04
<b>Total Other Income</b>	<b>25,435.64</b>	<b>44,933.06</b>	<b>-19,497.42</b>
<b>Other Expense</b>			
81600 - 81600 - INTEREST EXP	421.40	0.00	421.40
52110 - PLAN ADMINISTRATION	2,712.50	4,175.00	-1,462.50
85100 - Downtown A/P Due	0.00	840.50	-840.50
52104 - Health Insurance (Medical Health Insurance)	13,653.52	10,682.92	2,970.60
52105 - Dental Insurance (Dental Insurance)	2,058.63	1,926.96	131.67
85000 - CLEARING	0.00	-0.05	0.05
52101 - RETIREMENT PLAN	0.00	0.00	0.00
52102 - 401(K) EMPLOYE.CONTRIB.	0.00	18,103.32	-18,103.32
57000 - Writeoff (Write-Off)	5,332.24	14,806.87	-9,474.63
<b>Total Other Expense</b>	<b>24,178.29</b>	<b>50,535.52</b>	<b>-26,357.23</b>
<b>Net Other Income</b>	<b>1,257.35</b>	<b>-5,602.46</b>	<b>6,859.81</b>
<b>Net Income</b>	<b>103,103.97</b>	<b>139,681.04</b>	<b>-36,487.07</b>

### Summary Statement:

ABC Hearing Centers (AHC) is a freestanding Audiology clinic in Skokie and Park Ridge, Illinois. AHC offers hearing care services including diagnostic hearing test, hearing aid fittings and services for hearing impaired children and adults in Chicago northern suburbs. We are looking to expand into a new market.

Our strengths are threefold: (1) We know the hearing impaired population in this market has an unmet need. (2) Audiological services will be in demand as the demographics change. (3) We have several qualities that will enhance the practice: I am the only person in the area with a Ph.D. practicing Audiology, outside the academic setting for the last 10 years. Our Staff have participated in educational and clinical experiences specifically designed to increase their expertise in diagnosis and rehabilitation within the private practice setting. The entire staff is obtaining their AuDs. We have the personality and ambition to succeed in our own practice. Finally, given the opportunity to raise capital for this new office, the long-term outlook is very favorable for success.

Over the next year ABC Hearing Centers expects to open a new office in Naperville and have a positive cash flow in the new office by the end of the second quarter.