

# Management Narrative

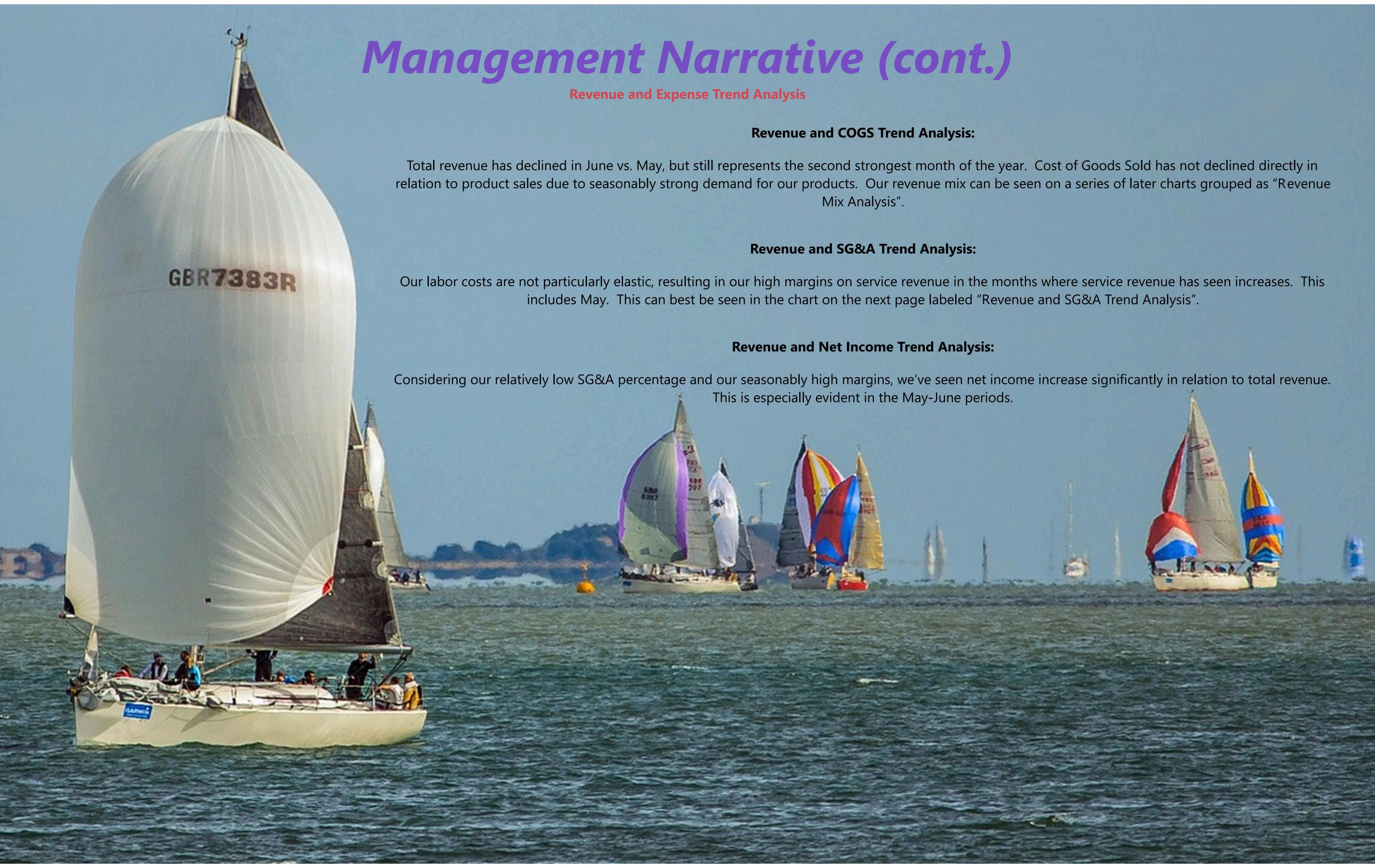
The first six months of this year have shown a steady increase in revenue as the weather has improved. Revenues from sails, sailing accessories and outboard motors have improved significantly over this period. Boat-rigging services and mechanical services have also improved as the weather has grown warmer.

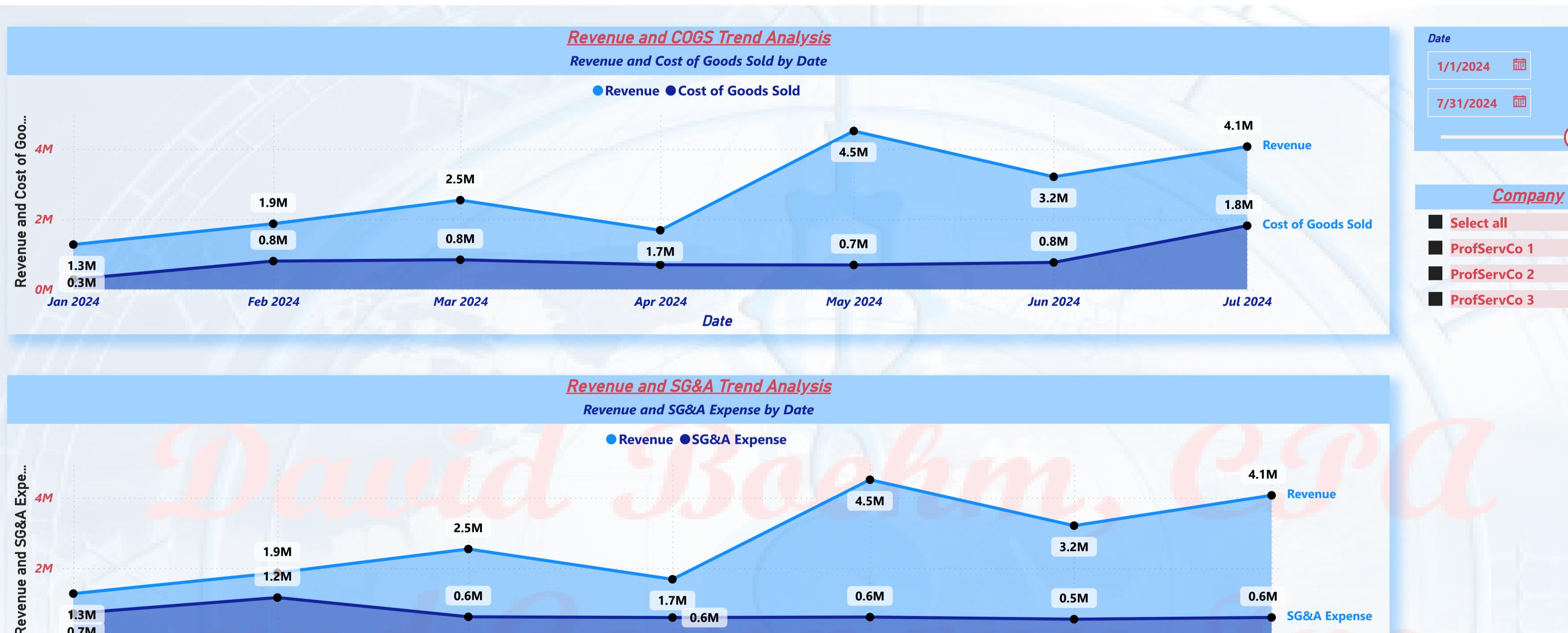
While our balance sheet has remained healthy, our cash flow has not kept up with our revenue performance. This is due primarily to increased investment in property, plant and equipment. We expect this trend to continue as we finish construction on our new marina and boatyard. By the middle of next year, we expect our cash flow to improve based on our continued strong revenue and healthy margins.

Our "return on equity" and "return on capital employed" are at historic highs. The coming winter months should see a dip in each, but not to the degree we've seen in prior years. Continued ingress of population to the areas of our three locations, coupled with strong boat slip demand should mitigate the effects of our traditionally slow winter season.

In order to finance our construction, we have been issuing promissory notes at the rate of \$100,000 per month. We don't currently foresee any issues that would impugn upon our ability to cover the carrying cost of this additional debt.



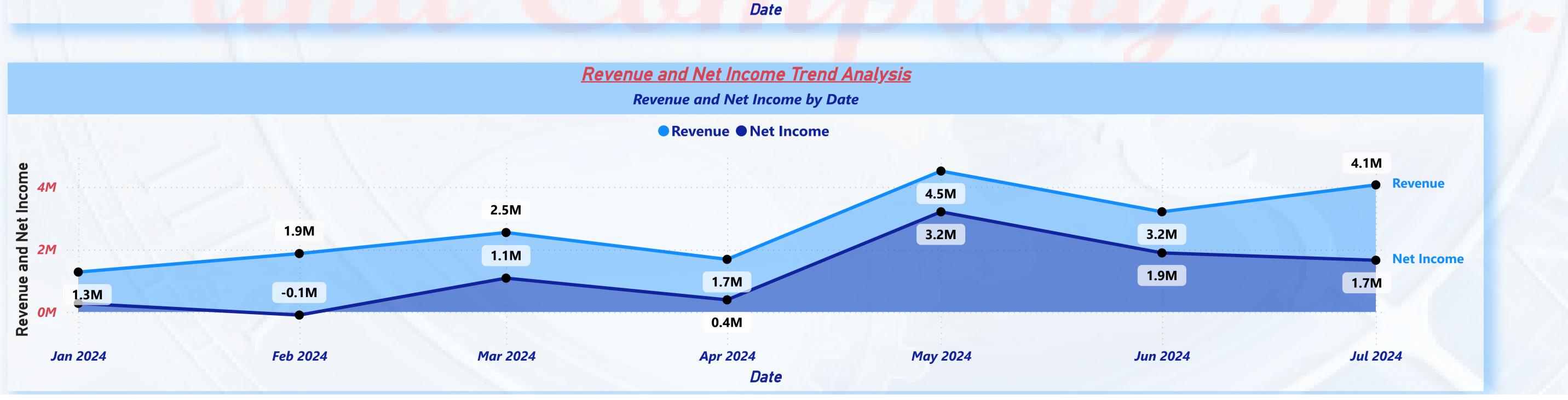




May 2024

Jun 2024

Jul 2024



Apr 2024

*Mar 202*4

Feb 2024

Jan 2024

**Profitability Trend Analysis** 

#### **Profitability Trend Analysis:**

In February of the current year, we experienced a net loss. However, our EBITDA in this period remained positive. This loss was primarily due to our anemic revenue figures in this period coupled with our relatively high depreciation and amortization expense. The situation corrected itself in March, as sales improved.

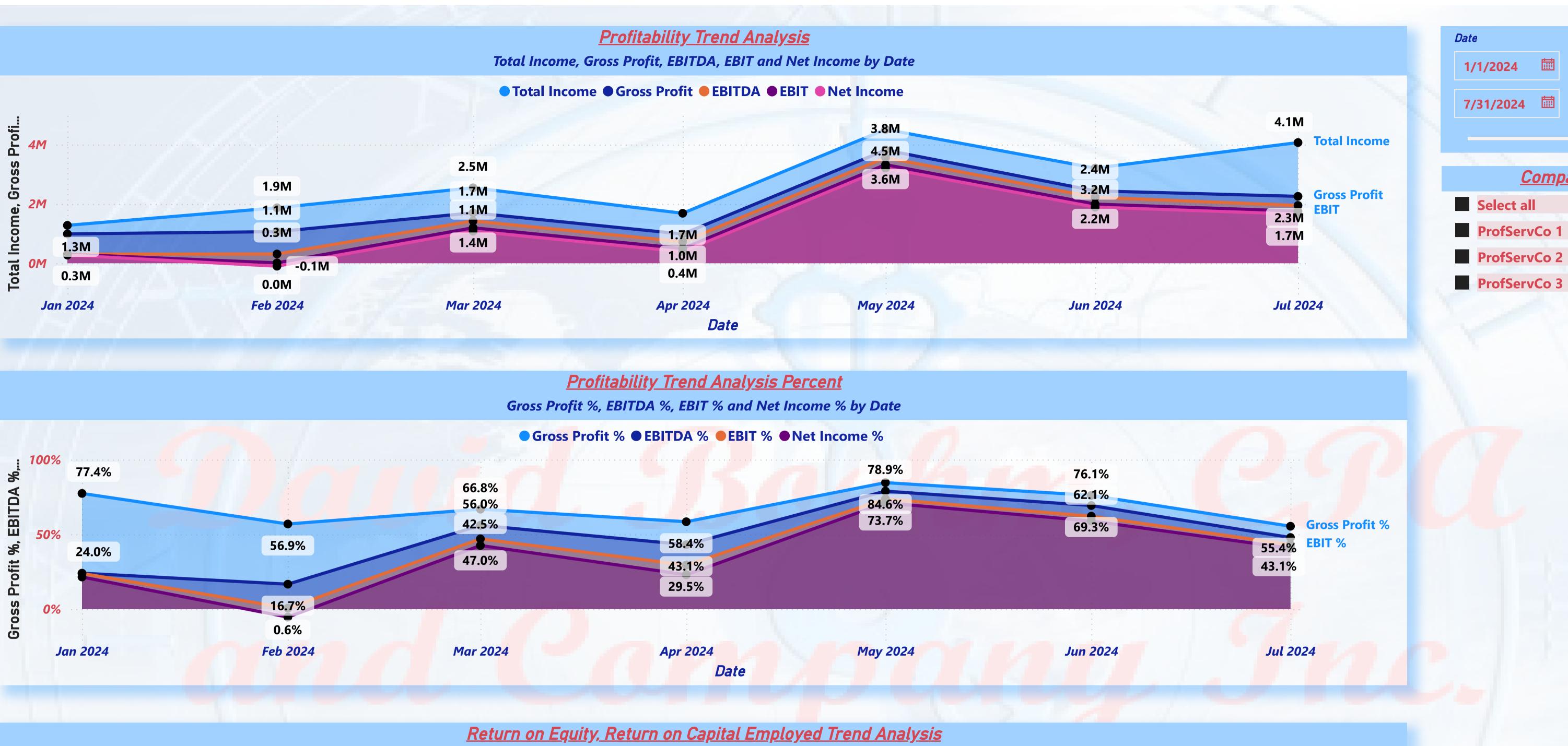
#### **Profitability Trend Analysis Percent:**

As the saying goes, "an incoming tide raises all boats". The increases shown in revenue from March through June have essentially raised all profitability measures to historically high levels.

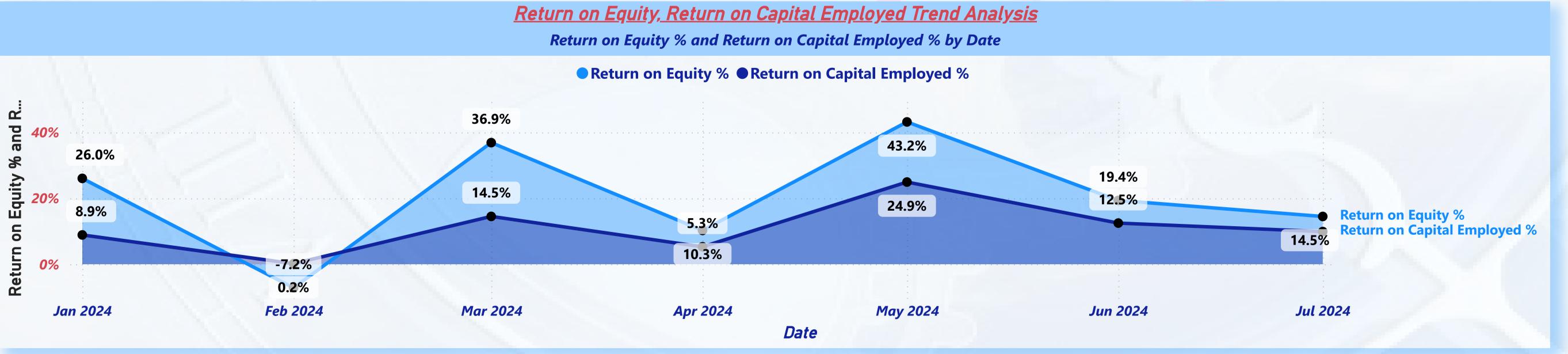
#### Return on Equity, Return on Capital Employed Trend Analysis:

Our return on equity and return on capital employed have been heavily influenced by our increases in revenue. Our degree of leverage is primarily responsible for the disparity between these two measures. This is increasingly evident in the May-June periods. This disparity will continue to widen until the end of this year as we continue to issue new debt. Our healthy profitability ratios, interest coverage and relatively strong cash position cause us to not be overly concerned about the increase in debt. Our marina and boatyard development project is currently on track and within budgeted amounts.





<u>Company</u>



**Solvency Analysis** 

#### **Fixed Cost Coverage Analysis:**

Our three currently-operational marinas have been in existence for many years. In many cases, our property, plant and equipment in each marina has been fully depreciated. Consequently, each marina carries a relatively low net book value in relation to the amount of revenue being generated. We continue to anticipate no major issues involved in covering our fixed costs.

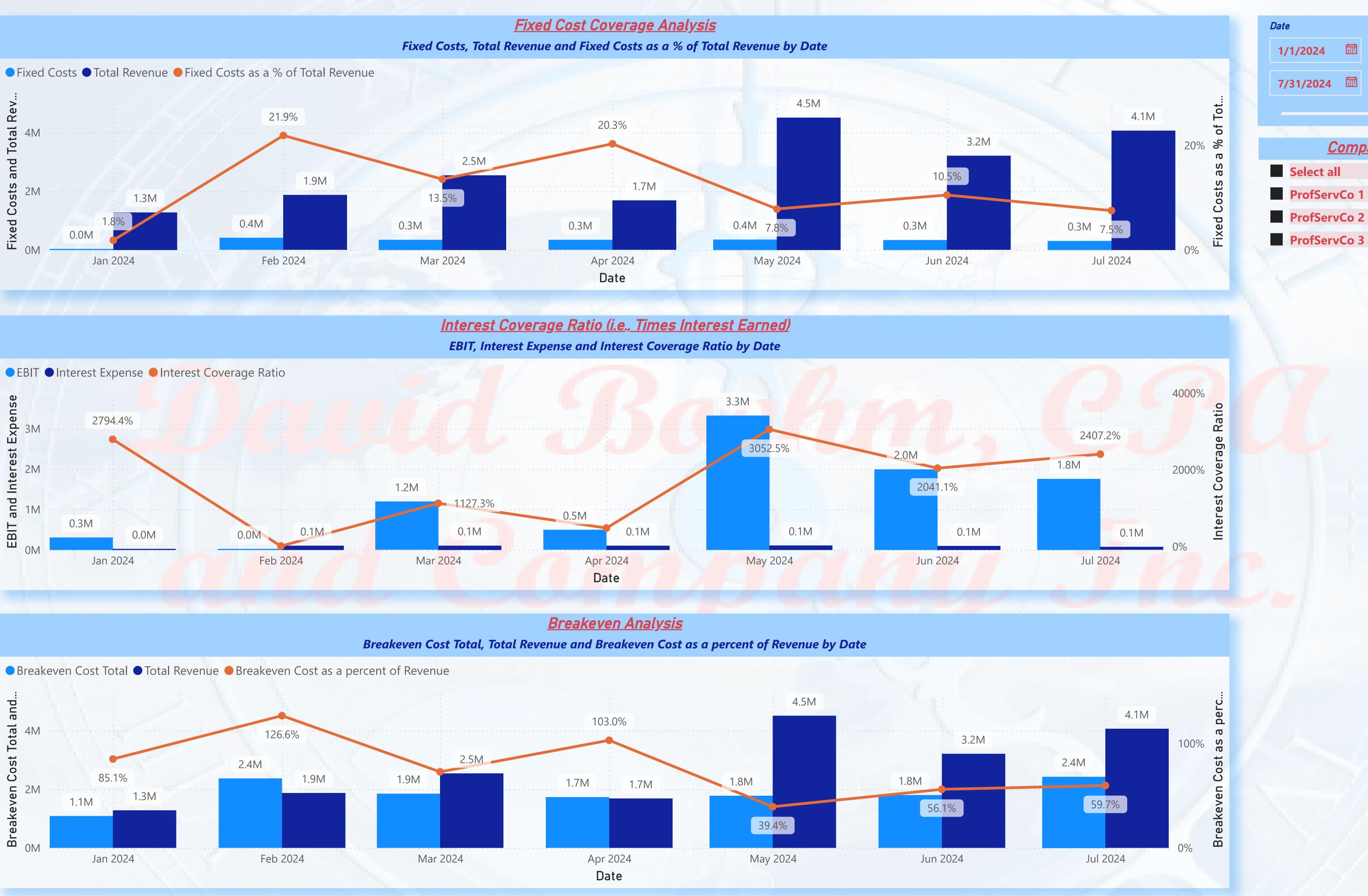
#### **Interest Coverage Ratio (i.e., Times Interest Earned):**

Due to our relatively high revenue and low debt, we are experiencing no difficulties in meeting our interest expense obligations.

#### **Break-even Analysis:**

Revenues and expenses vary from month to month, but the primary goal of our company is long-term profitability. The Break-even analysis compares our monthly revenues to our expense base. This expense base is comprised of our fixed costs combined with those portions of our variable costs that are indispensable in producing our revenue stream. Our winter months are traditionally our slowest period. In these few months, our performance traditionally drops slightly below the break-even point. This tendency is more than offset during our busy season. This year's busy season has been superior to most. We currently see nothing on the horizon that might upset this trend.







**Revenue Mix Analysis** 

#### **Revenue Mix:**

In the first three months of this year, our sales of boating products were considerably lower, however our EBITDA in this period remained positive. In May our product mix veered sharply toward sales of boating products. This was fueled specifically by sales of Mercury and Yamaha outboard motors.

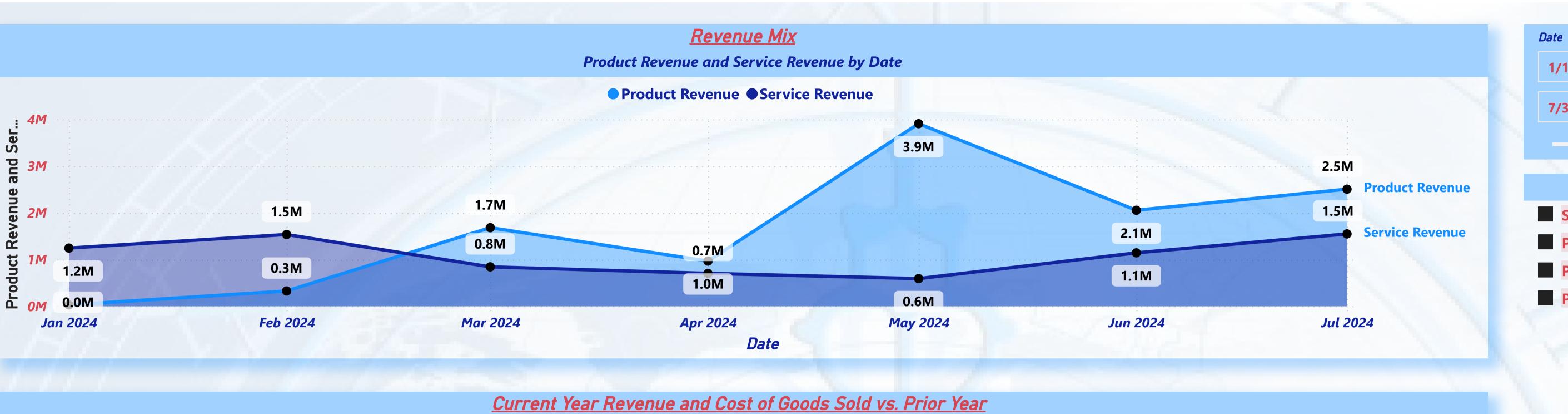
#### **Current Year Revenue and Cost of Goods Sold vs. Prior Year:**

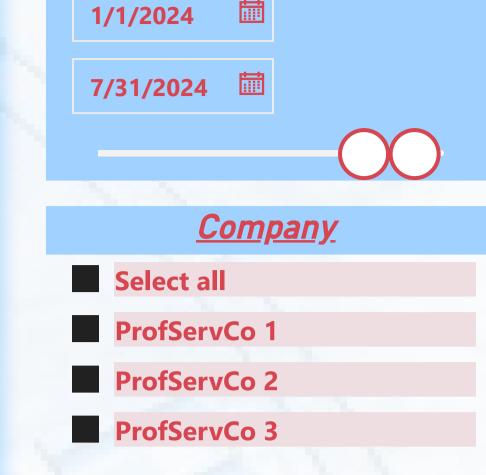
Considering that "ProfServCo 1", "ProfServCo 2" and "ProfServCo 3" were set up in MS-Dynamics 365 Business Central in December 2023, we do not yet have prior year numbers to compare against. However, our COGS have remained relatively stable while our revenues have increased due to service income and increased seasonal retail pricing for sails and motors.

#### **Current Year vs. Prior Year Revenue Mix:**

Service revenues currently predominate over product sales in "ProfServCo 1" and "ProfServCo 3". Product sales predominate in "ProfServCo 2". We don't yet have prior year numbers for comparison. We expect this trend to continue throughout the year.







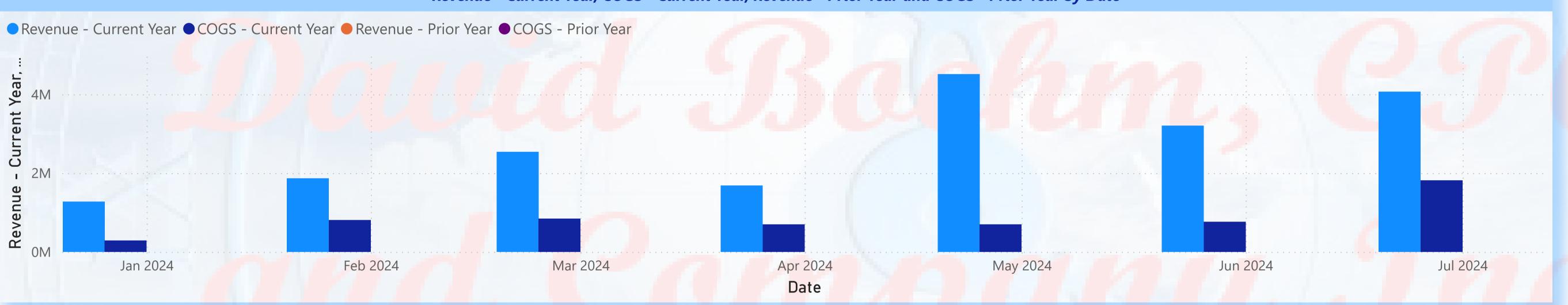
LY Product Revenue

LY Service Revenue

•LY Interest Income

LY Jobs Income









**Human Resource Utilization Trends** 

#### Wages vs. Revenue:

In February we experienced a 70% increase in wage expense due to contracting for temporary labor. This was necessary to support our off-season marketing efforts. Throughout the rest of the January-June period our "Total Wage Expense" has varied between \$600k-\$800k, while revenues have increased significantly. "ProfServCo 2" and "ProfServCo 3" have significantly outperformed "ProfServCo 1". This is due primarily to "ProfServCo 1's" employee turnover and lack of success in hiring experienced replacements. "ProfServCo 1" is currently offering a below-market wage scale in the geographic area within which it operates.

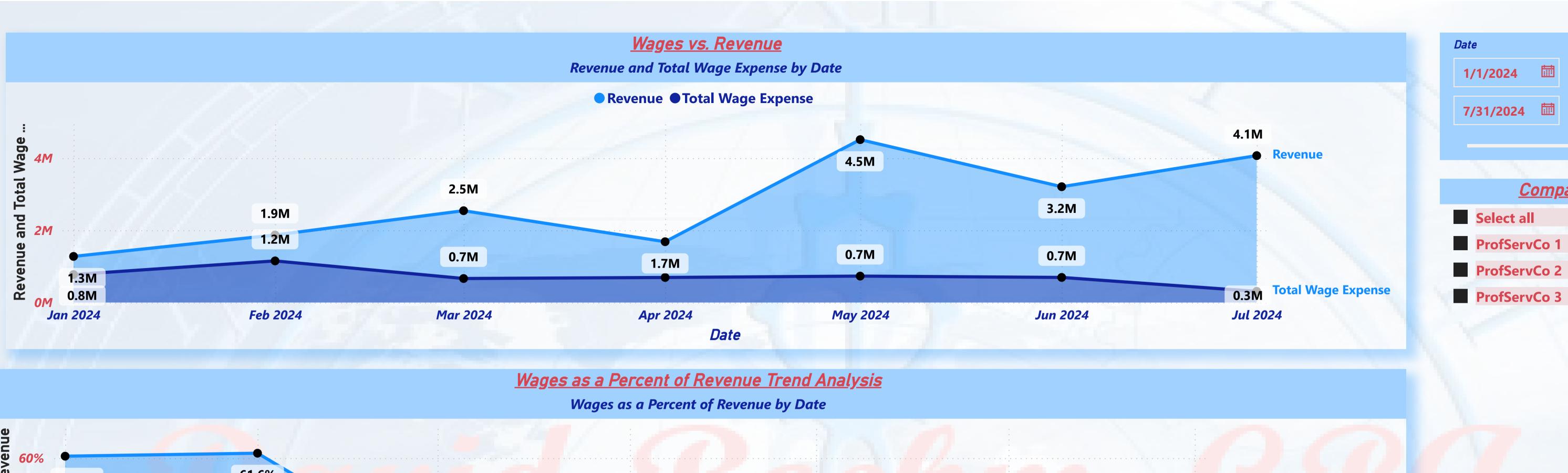
#### Wages as a Percent of Revenue Trend Analysis:

Due to our seasonal increase in sales, wages have fallen significantly as a percent of revenue. For reasons previously stated, "ProfServCo 2" and "ProfServCo 3" are significantly outperforming "ProfServCo 1".

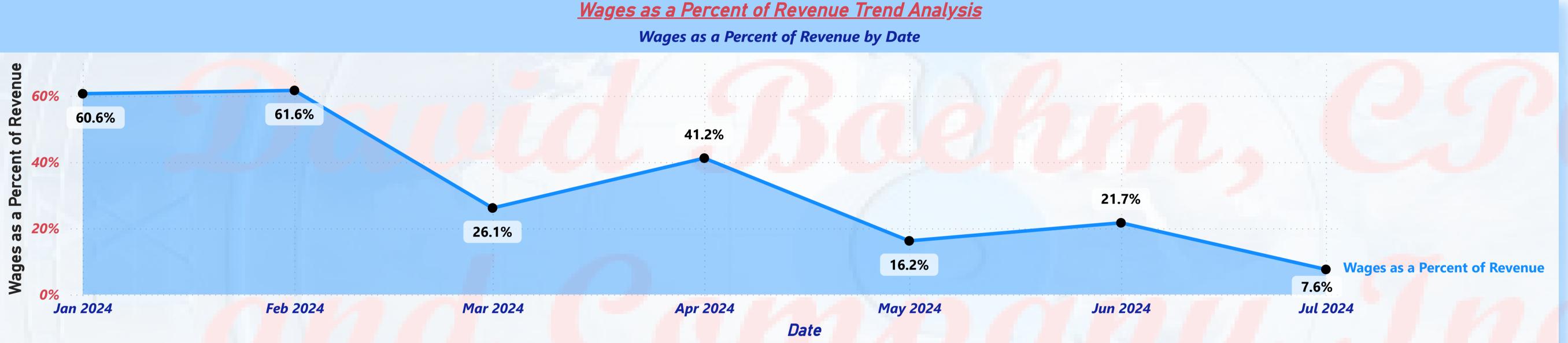
#### Revenue Per Employee Trend Analysis:

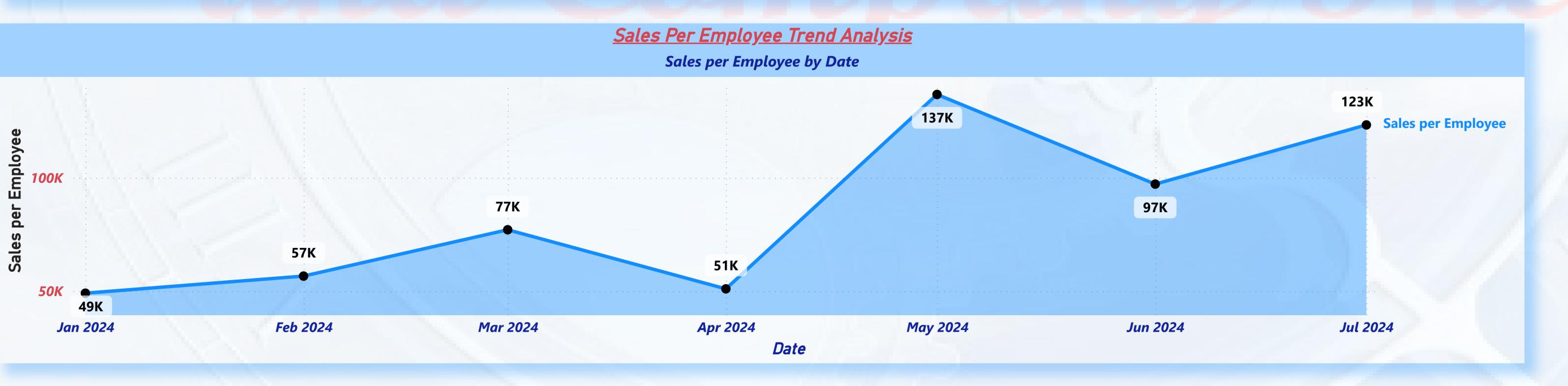
Revenue per employee has increased significantly for "ProfServCo 2" and "ProfServCo 3" as we've entered the busy season in the May-June time period.

For "ProfServCo 1", revenues have decreased to the point where our revenue per employee is less than our cost per employee. "ProfServCo 1's" current performance is cause for concern.

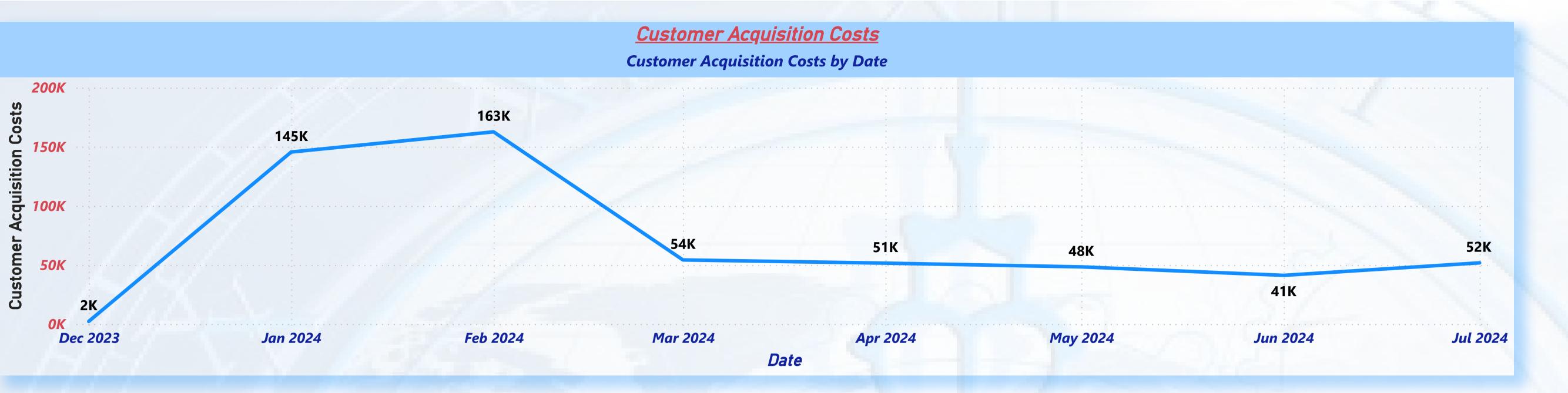


<u>Company</u>









Date (Acquisition Costs)

12/1/2024

<u>Company</u>

Select all

✓ ProfServCo 1

**✓ ProfServCo 2** 

**✓ ProfServCo 3** 

12/27/2023 🛗 7/9/2024 🛗

Date (New Customers)

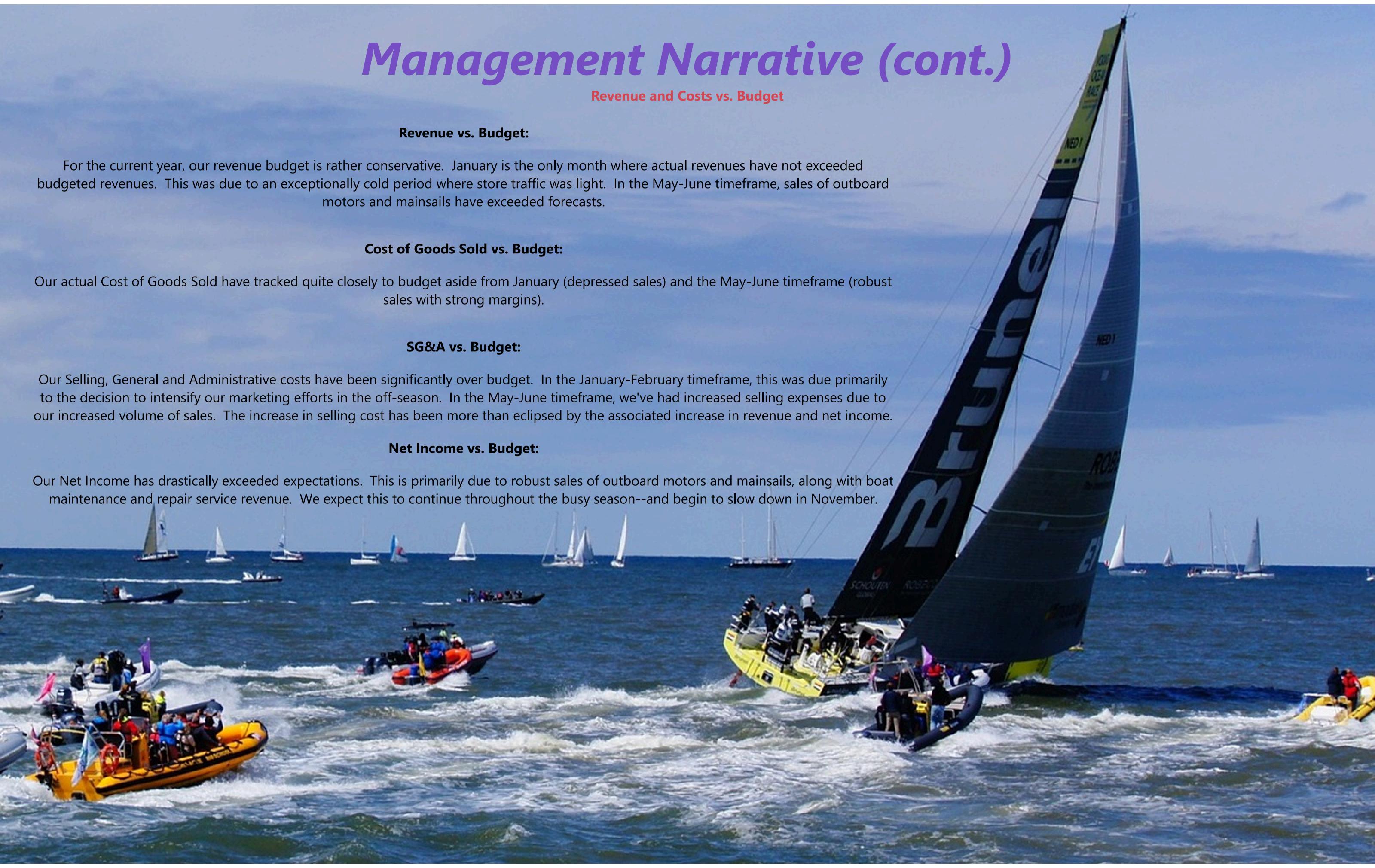


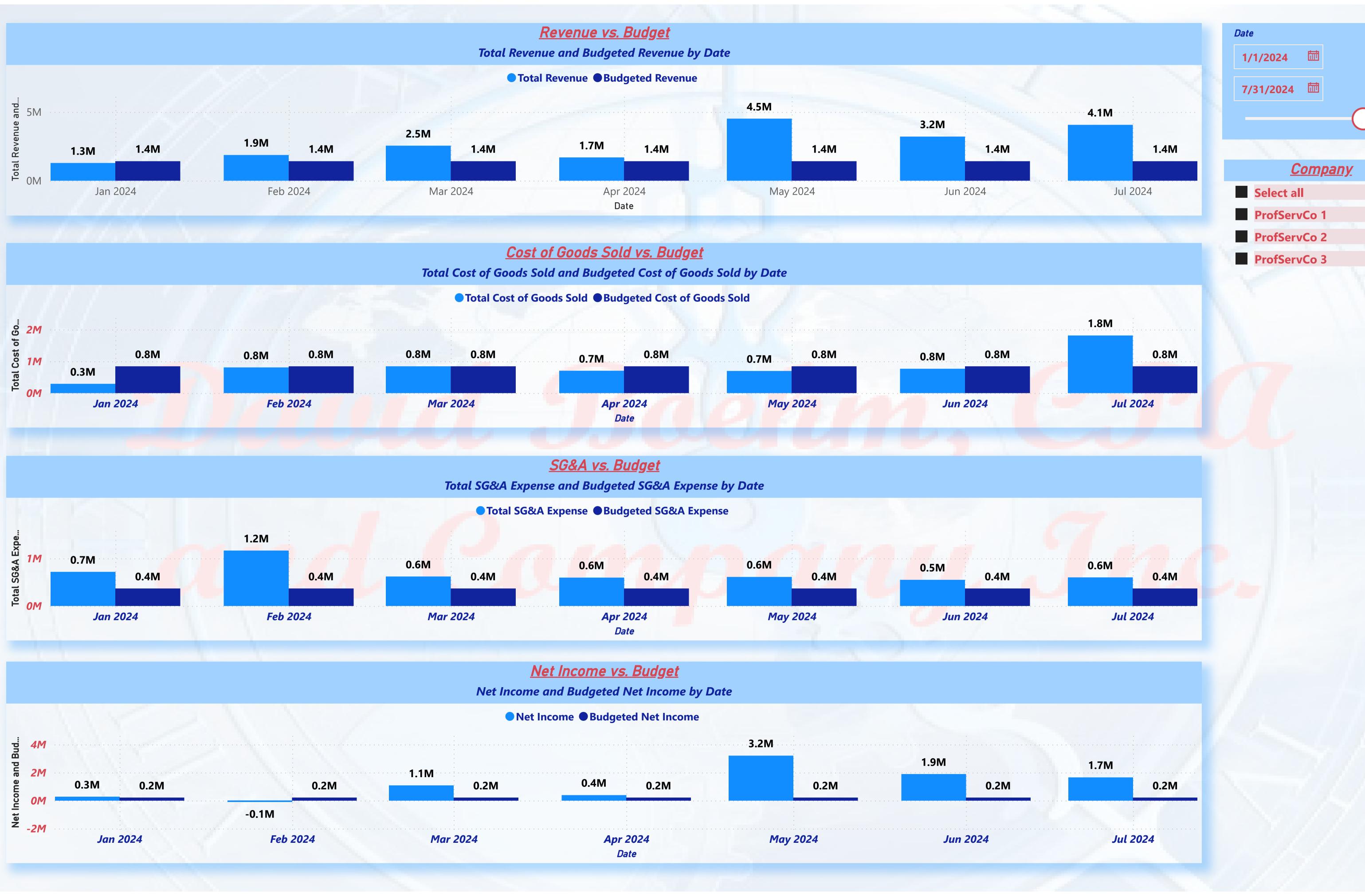
Total Customer Acquisition Costs for the Period(s) and Company(s) Selected

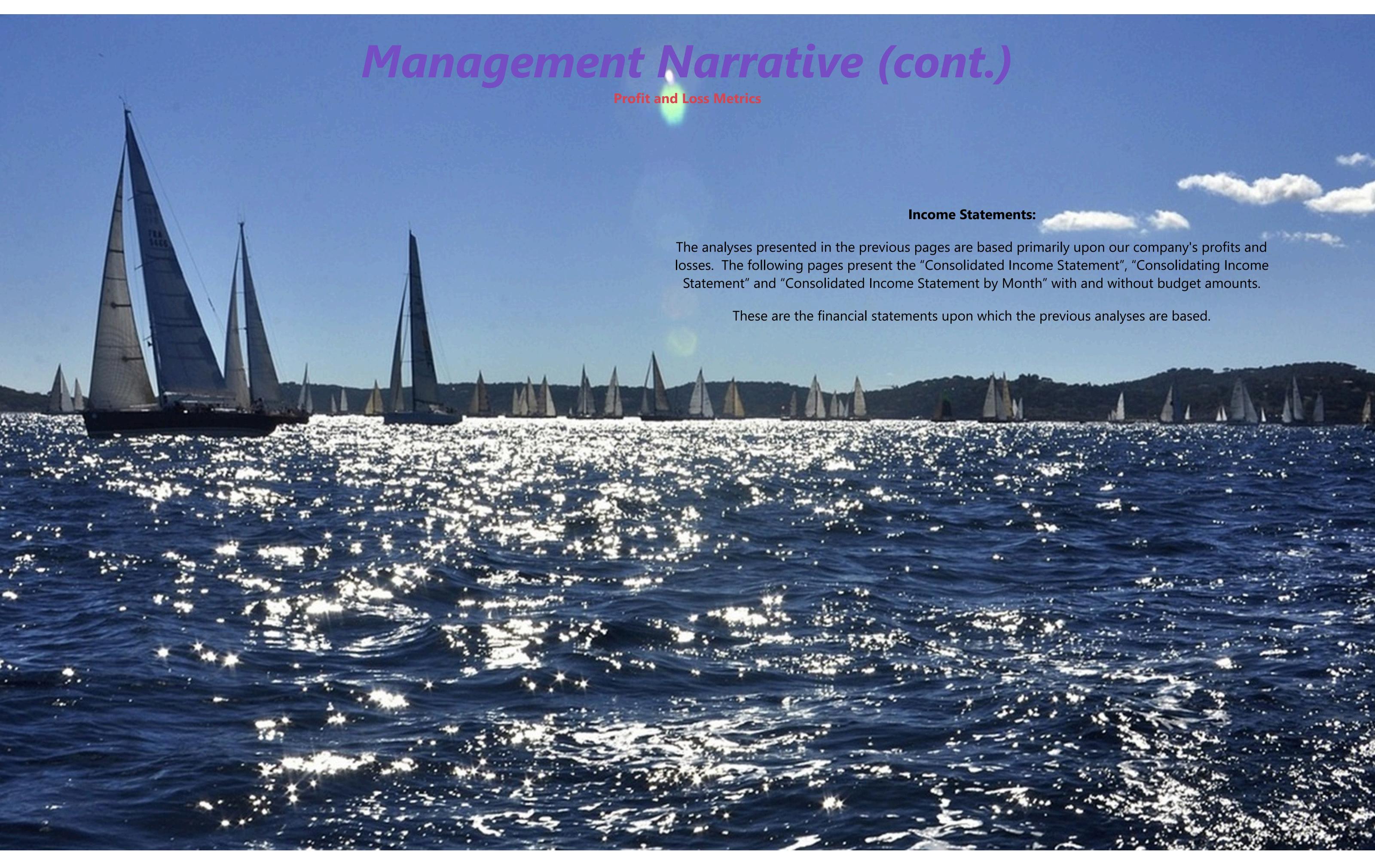
557,244.26

Total New Customers for the Period(s) and Company(s) Selected

▼







Description	Actual
Incomo	
Income Sarvisas	1 5 40 000 0
Income, Services	1,549,880.0
Income, Product Sales	2,507,775.0
Income, Jobs	10,000,0
Income, Interest	10,000.0
Job Sales Contra	
Sales Returns & Allowances	
Sales Discounts	
Total Income	4,067,655.0
Cost of Goods Sold	
Labor	189,500.0
Materials	1,623,750.0
Jobs Cost	
Discounts Granted	
Total Cost of Goods Sold	1,813,250.0
Gross Profit	2,254,405.0
SG&A Expense	
Rent Expense	40,000.0
Advertising Expense	37,048.0
Interest Expense	72,902.0
Fees Expense	26,560.0
Insurance Expense	4 <mark>7,88</mark> 0.0
Payroll Expense	82,745.0
Benefits Expense	7,000.0
Other Compensation Expense	29,374.0
Repairs and Maintenance Expense	4,828.0
Utilities Expense	6,700.0
Travel and Entertainment Expense	9,967.0
Vehicle Expenses	1,875.0
Depreciation and Amortizaton Expense	192,639.0
Tax Expense	27,659.0
Bad Debt Expense	740.0
	12,177.0
Other Income & Expenses  Total SG&A Expense	
Total SG&A Expense	600,094.0

Income Statement YTD	
Description	Actual
Income	
Income, Services	7,622,620.56
Income, Product Sales	11,482,437.00
Income, Jobs	
Income, Interest	65,760.00
Job Sales Contra	
Sales Returns & Allowances	
Sales Discounts	-13,200.00
Total Income	19,157,617.56
Cost of Goods Sold	
Labor	3,242,151.00
Materials	2,670,309.00
Jobs Cost	
Discounts Granted	
Total Cost of Goods Sold	5,912,460.00
Gross Profit	13,245,157.56
SG&A Expense	
Rent Expense	91,327.00
Advertising Expense	112,712.33
Interest Expense	601,377.00
Fees Expense	60,508.30
Insurance Expense	199,391.84
Payroll Expense	1,013,853.31
Benefits Expense	11,868.56
Other Compensation Expense	750,063.12
Repairs and Maintenance Expense	83,164.00
Utilities Expense	60,993.00
Travel and Entertainment Expense	144,002.44
Vehicle Expenses	63,851.20
Depreciation and Amortizaton Expense	1,419,924.00
Tax Expense	84,574.44
Bad Debt Expense	33,400.00
Other Income & Expenses	122,551.75
•	·
Total SG&A Expense	4,853,562.29
Not Income	0 201 505 25
Net Income	8,391,595.27





ncome ncome, Services			
	1,549,880.00	600,000.00	949,880.0
ncome, Product Sales	2,507,775.00	810,000.00	1,697,775.0
ncome, Jobs	· ·		
ncome, Interest	10,000.00	6,500.00	3,500.0
ob Sales Contra			1
Sales Returns & Allowances			
Sales Discounts			
Total Income	4,067,655.00	1,416,500.00	2,651,155.0
Cost of Goods Sold			
abor	189,500.00	355,000.00	-165,500.0
Materials	1,623,750.00	485,000.00	1,138,750.
obs Cost			
Discounts Granted			
Total Cost of Goods Sold	1,813,250.00	840,000.00	973,250.
Gross Profit	2,254,405.00	576,500.00	1,677,905.
G&A Expense			
Rent Expense	40,000.00	7,500.00	32,500.
Advertising Expense	37,048.00	9,000.00	28,048.
nterest Expense	72,902.00	63, <mark>500.</mark> 00	9,4 <mark>02</mark> .
ees Expense	26,560.00	3,250.00	23,310.
nsurance Expense	47,880.00	13,150.00	34,730.
Payroll Expense	82,745.00	75,000.00	7,745.
Benefits Expense	7,000.00	9,500.00	-2,500.
Other Compensation Expense	29,374.00	27,100.00	2,274.
Repairs and Maintenance Expense	4,828.00	4,250.00	578.
Jtilities Expense	6,700.00	5,900.00	800.
Travel and Entertainment Expense	9,967.00	1,150.00	8,817.
/ehicle Expenses	1,875.00	1,500.00	375.
Depreciation and Amortizaton Expense	192,639.00	133,000.00	59,639.
Tax Expense	27,659.00	11,500.00	16,159.
Bad Debt Expense	740.00	350.00	390.
Other Income & Expenses	12,177.00	1,300.00	10,877.
Total SG&A Expense	600,094.00	366,950.00	233,144.

Description	Actual	Budget	Difference
Income			
Income, Services	7,622,620.56	4,200,000.00	3,422,620.56
Income, Product Sales	11,482,437.00		
Income, Jobs	11,102,137.00	3/07/0/000.00	3/01/2/137:00
Income, Interest	65,760.00	45,500.00	20,260.00
Job Sales Contra	03/1 00.00	1.575 5 51.5 5	20,200.0
Sales Returns & Allowances			
Sales Discounts	-13,200.00		-13,200.00
Total Income	19,157,617.56	9 915 500 00	
	13,137,017.30	3,313,300.00	3,2 12,117.3
Cost of Goods Sold			
Labor	3 242 151 00	2,485,000.00	757,151.0
Materials		3,395,000.00	-724,691.0
Jobs Cost	2,010,303.00	3,333,000.00	124,031.0
Discounts Granted			
Total Cost of Goods Sold	5 012 460 00	5,880,000.00	22.460.0
Total Cost of Goods Sold	3,912,400.00	3,880,000.00	32,460.0
Gross Profit	12 245 157 56	4.025.500.00	0.200 657 5
Gross Profit	13,245,157.56	4,033,300.00	9,209,657.5
CC 21 A Evropped			
SG&A Expense	01 227 00	F2 F00 00	20 027 0
Rent Expense	91,327.00	52,500.00	38,827.0
Advertising Expense	112,712.33	63,000.00	49,712.3
Interest Expense	601,377.00	444,500.00	156,877.0
Fees Expense	60,508.30	22,750.00	37,758.3
Insurance Expense	199,391.84	92,050.00	107,341.8
Payroll Expense	1,013,853.31	525,000.00	488,853.3
Benefits Expense	11,868.56	66,500.00	-54,631.4
Other Compensation Expense	750,063.12	189,700.00	560,363.1
Repairs and Maintenance Expense	83,164.00	29,750.00	53,414.0
Utilities Expense	60,993.00	41,300.00	19,693.0
Travel and Entertainment Expense	144,002.44	8,050.00	135,952.4
Vehicle Expenses	63,851.20	10,500.00	53,351.2
<b>Depreciation and Amortizaton Expense</b>	1,419,924.00	931,000.00	488,924.0
Tax Expense	84,574.44	80,500.00	4,074.4
Bad Debt Expense	33,400.00	2,450.00	30,950.0
Other Income & Expenses	122,551.75	9,100.00	113,451.7
Total SG&A Expense	4,853,562.29	2,568,650.00	2,284,912.2
		4 4 6 6 6 -	
Net Income	8,391,595.27	1,466,850.00	6,924,745.2





Income				
Income, Services	503,678.00	522,249.00	523,953.00	1,549,880.00
Income, Product Sales	533,875.00	793,900.00	1,180,000.00	2,507,775.00
Income, Jobs				
Income, Interest	2,500.00	2,500.00	5,000.00	10,000.00
Job Sales Contra				
Sales Returns & Allowances				
Sales Discounts				
Total Income	1,040,053.00	1,318,649.00	1,708,953.00	4,067,655.00
Cost of Goods Sold				
Labor	32,000.00	92,500.00	65,000.00	189,500.00
Materials	317,500.00	523,750.00	782,500.00	1,623,750.00
Jobs Cost				
Discounts Granted				
Total Cost of Goods Sold	349,500.00	616,2 <mark>50.0</mark> 0	84 <mark>7,50</mark> 0.00	1,813 <mark>,25</mark> 0.00
Gross Profit	690,553.00	702,399.00	861,453.00	2,254,405.00
SG&A Expense				
Rent Expense	13,000.00	15,000.00	12,000.00	40,000.00
Advertising Expense	5,000.00	<mark>11</mark> ,525.00	<mark>20,523.0</mark> 0	37,048.00
Interest Expense	24,252.00	12,650.00	36,0 <mark>00.0</mark> 0	72,902.00
Fees Expense	7,764.00	7,877.00	10,919.00	26,560.00
Insurance Expense	7,452.00	3 <mark>0,</mark> 359.00	10,069.00	47,880.00
Payroll Expense	25,088.00	29,957.00	27,700.00	82,745.00
Benefits Expense	2,500.00	2,500.00	2,000.00	7,000.00
Other Compensation Expense	10,547.00	9,660.00	9,167.00	29,374.00
Repairs and Maintenance Expense	1,252.00	3,251.00	325.00	4,828.00
Utilities Expense	2,145.00	2,255.00	2,300.00	6,700.00
Travel and Entertainment Expense	2,233.00	3,957.00	3,777.00	9,967.00
Vehicle Expenses	750.00	625.00	500.00	1,875.00
Depreciation and Amortizaton Expense	48,058.00	77,010.00	67,571.00	192,639.00
Tax Expense	7,655.00	7,754.00	12,250.00	27,659.00
Bad Debt Expense	325.00	215.00	200.00	740.00
Other Income & Expenses	2,094.00	7,683.00	2,400.00	12,177.00
Total SG&A Expense	160,115.00	222,278.00	217,701.00	600,094.00



Consolidating Income Statement xCompanyID	P	ProfServCo	1		ProfServCo 2		F	ProfServCo	3		Total	
Description	Actual	Budget	Difference	Actual	Budget	Difference	Actual	Budget	Difference	Actual	Budget	Difference
Income												
Income, Services	503,678.00	150,000.00	353,678.00	522,249.00	300,000.00	222,249.00	523,953.00	150,000.00	373,953.00	1,549,880.00	600,000.00	949,880.0
Income, Product Sales	533,875.00	30,000.00	503,875.00	793,900.00	750,000.00	43,900.00	1,180,000.00	30,000.00	1,150,000.00	2,507,775.00	810,000.00	1,697,775.0
Income, Jobs												
Income, Interest	2,500.00	2,000.00	500.00	2,500.00	2,500.00	0.00	5,000.00	2,000.00	3,000.00	10,000.00	6,500.00	3,500.0
Job Sales Contra												
Sales Returns & Allowances											/	
Sales Discounts												
Total Income	1,040,053.00	182,000.00	858,053.00	1,318,649.00	1,052,500.00	266,149.00	1,708,953.00	182,000.00	1,526,953.00	4,067,655.00	1,416,500.00	2,651,155.0
Cost of Goods Sold	22 222 22	20.000.00	2 2 2 2 2 2	22.522.22	15000000		<b>65.000.00</b>	475.000.00	110 000 00	400		447 700 0
Labor	32,000.00		2,000.00	92,500.00	150,000.00	-57,500.00	65,000.00	175,000.00	-110,000.00	189,500.00	355,000.00	
Materials	317,500.00	10,000.00	307,500.00	523,750.00	450,000.00	73,750.00	782,500.00	25,000.00	757,500.00	1,623,750.00	485,000.00	1,138,750.0
Jobs Cost	-				-		$\rightarrow$					
Discounts Granted												
Total Cost of Goods Sold	349,500.00	40,000.00	309,500.00	616,250.00	600,000.00	16,250.00	847,500.00	200,000.00	647,500.00	1,813,250.00	840,000.00	973,250.0
Gross Profit	690,553.00	142,000.00	548,553.00	702,399.00	452,500.00	249,899.00	861,453.00	-18,000.00	879,453.00	2,254,405.00	576,500.00	1,677,905.0
SG&A Expense												
Rent Expense	13,000.00	2,500.00	10,500.00	15,000.00	3,000.00	12,000.00	12,000.00	2,000.00	10,000.00	40,000.00	7,500.00	32,500.0
Advertising Expense	5,000.00	3,00 <mark>0.0</mark> 0	2,000.00	1 <mark>1,5</mark> 25.00	2,000.00	9,525.00	20,523.00	4,000.00	16,523.00	37,048.00	9,000.00	28,048.0
Interest Expense	24,252.00		22,7 <mark>52.0</mark> 0	12,650.00	30,000.00	-17,350.00	36,000.00	32,000.00	4,000.00	72,902.00	63,500.00	9,402.0
Fees Expense	7,764.00	1,000.00	6,7 <mark>64.0</mark> 0	7,8 <mark>77.0</mark> 0	1,050.00	6,827.00	10,919.00	1,200.00	9,719.00	26,560.00	3,250.00	23,310.0
Insurance Expense	7,452.00	3,000.00	4,452.00	30,359.00	2,150.00	28,209.00	10,069.00	8,000.00	2,069.00	47,880.00	13,150.00	34,730.0
Payroll Expense	25,088.00	24,000.00	1,088.00	29,957.00	14,000.00	15,957.00	27,700.00	37,000.00	-9,300.00	82,745.00	75,000.00	7,745.0
Benefits Expense	2,500.00	2,000.00	500.00	2,500.00	2,500.00	0.00	2,000.00	5,000.00	-3,000.00	7,000.00	9,500.00	-2,500.0
Other Compensation Expense	10,547.00	11,000.00	-453.00	9,660.00	6,000.00	3,660.00	9,167.00	10,100.00	-933.00	29,374.00	27,100.00	2,274.0
Repairs and Maintenance Expense	1,252.00	1,000.00	252.00	3,251.00	1,050.00	2,201.00	325.00	2,200.00	-1,875.00	4,828.00	4,250.00	578.0
Utilities Expense	2,145.00	2,900.00	-755.00	2,255.00	500.00	1,755.00	2,300.00	2,500.00	-200.00	6,700.00	5,900.00	800.0
Travel and Entertainment Expense	2,233.00		1,883.00	3,957.00	250.00	3,707.00	3,777.00	550.00	3,227.00	9,967.00	1,150.00	
Vehicle Expenses	750.00	300.00	450.00	625.00	200.00	425.00	500.00	1,000.00	-500.00	1,875.00	1,500.00	375.0
Depreciation and Amortizaton Expense	48,058.00	8,000.00	40,058.00	77,010.00	58,000.00	19,010.00	67,571.00	67,000.00		192,639.00	133,000.00	59,639.0
Tax Expense	7,655.00	1,500.00	6,155.00	7,754.00	3,000.00	4,754.00	12,250.00	7,000.00	5,250.00	27,659.00	11,500.00	16,159.0
Bad Debt Expense	325.00	50.00	275.00	215.00	50.00	165.00	200.00	250.00	-50.00	740.00	350.00	390.0
Other Income & Expenses	2,094.00	700.00	1,394.00	7,683.00	100.00	7,583.00	2,400.00	500.00	1,900.00	12,177.00	1,300.00	10,877.0
Total SG&A Expense	160,115.00			222,278.00	123,850.00		217,701.00	180,300.00			366,950.00	

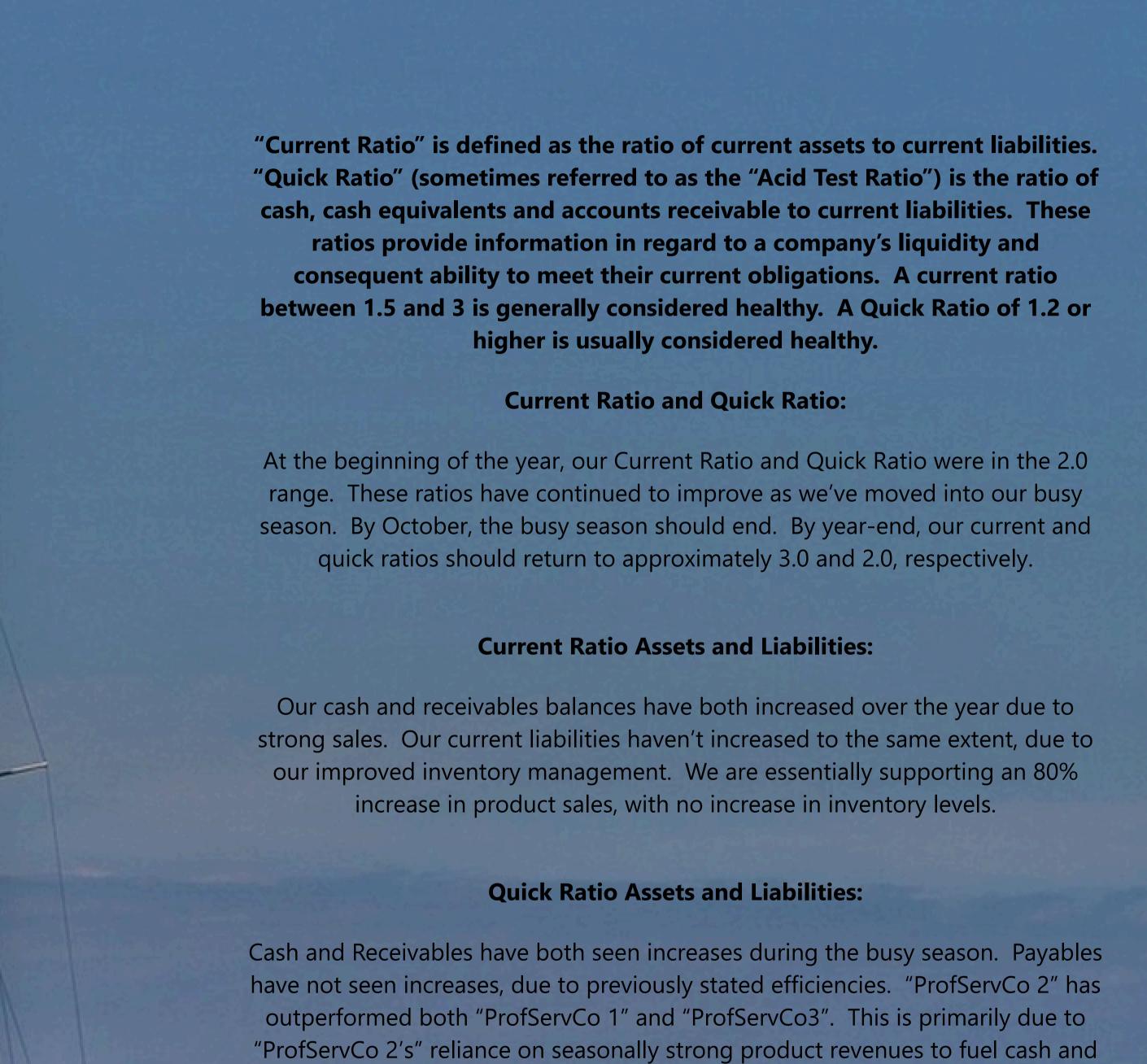


Description	2024-01	2024-02	2024-03	2024-04	2024-05	2024-06	2024-07	Total
Income								
Income, Services	1,246,514.21	1,537,340.35	845,016.00	705,583.00	593,473.00	1,144,814.00	1,549,880.00	7,622,620.56
Income, Product Sales	30,300.00	328,200.00	1,683,330.00	969,000.00	3,908,230.00	2,055,602.00	2,507,775.00	11,482,437.00
Income, Jobs								
Income, Interest		3,770.00	14,286.00	13,971.00	12,231.00	11,502.00	10,000.00	65,760.00
Job Sales Contra								
Sales Returns & Allowances								
Sales Discounts				-5,000.00	-3,200.00	-5,000.00		-13,200.00
Total Income	1,276,814.21	1,869,310.35	2,542,632.00	1,683,554.00	4,510,734.00	3,206,918.00	4,067,655.00	19,157,617.56
Cost of Goods Sold								
Labor	268,676.00	581,838.00	508,349.00	537,820.00	599,484.00	556,484.00	189,500.00	3,242,151.00
Materials	20,150.00	223,325.00	334,825.00	161,902.00	95,580.00	210,777.00	1,623,750.00	2,670,309.00
Jobs Cost								
Discounts Granted	7							
Total Cost of Goods Sold	288,826.00	805,163.00	843,174.00	699,722.00	695,064.00	767,261.00	1,813,250.00	5,912,460.00
Gross Profit	987,988.21	1,064,147.35	1,699,458.00	983,832.00	3,815,670.00	2,439,657.00	2,254,405.00	13,245,157.56
SG&A Expense								
Rent Expense	10,541.00	6,671.00	8,125.00	9,125.00	7,100.00	9,765.00	40,000.00	91,327.00
Advertising Expense	10,564.33	15,2 <mark>62.0</mark> 0	13,796.00	12,429.00	14,616.00	8,997.00	37,048.00	112,712.33
Interest Expense	10,913.00	102, <mark>073</mark> .00	106,0 <mark>00.</mark> 00	<mark>103</mark> ,000.00	108,850.00	97,639.00	72,902.00	601,377.00
Fees Expense	4,509.30	8 <mark>,66</mark> 8.00	3 <mark>,225</mark> .00	3,325.00	3,100.00	11,121.00	26,560.00	60,508.30
Insurance Expense	27,400.00	2 <mark>7,69</mark> 7.84	3 <mark>1,665</mark> .00	24 <mark>,664</mark> .00	32,418.00	7,667.00	47,880.00	199,391.84
Payroll Expense	241,825.99	231,806.32	124,802.00	122,419.00	104,786.00	1 <mark>05,46</mark> 9.0 <mark>0</mark>	82,745.00	1,013,853.31
Benefits Expense	2,492.00	2,376.56					7,000.00	11,868.56
Other Compensation Expense	261,154.00	335,821.12	31,333.00	32,992.00	26,825.00	32,564.00	29,374.00	750,063.12
Repairs and Maintenance Expense	25,679.00	22,090.00	8,375.00	7,200.00	8,830.00	6,162.00	4,828.00	83,164.00
Utilities Expense	9,651.00	10,107.00	9,655.00	8,680.00	9,800.00	6,400.00	6,700.00	60,993.00
Travel and Entertainment Expense	41,009.00	39,562.44	15,252.00	13,477.00	14,725.00	10,010.00	9,967.00	144,002.44
Vehicle Expenses	10,341.00	4,375.20	14,300.00	9,375.00	19,248.00	4,337.00	1,875.00	63,851.20
<b>Depreciation and Amortizaton Expense</b>	2,029.00	300,225.00	229,609.00	229,413.00	236,989.00	229,020.00	192,639.00	1,419,924.00
Tax Expense	20,055.00	9,784.44	7,142.00	5,805.00	8,779.00	5,350.00	27,659.00	84,574.44
Bad Debt Expense	1		7,773.00	8,046.00	8,766.00	8,075.00	740.00	33,400.00
Other Income & Expenses	35,839.30	48,126.45	6,650.00	6,802.00	5,767.00	7,190.00	12,177.00	122,551.75
Total SG&A Expense		1,164,646.37	617,702.00	596,752.00	610,599.00	549,766.00	600,094.00	4,853,562.29
	1,352.52		,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7-2-2-0	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		, , , , , , , , , , , , , , , , , , , ,
Net Income	273,985.29	100 400 02	1,081,756.00	387 080 00	3,205,071.00	1 880 801 00	1 654 211 00	8,391,595.27

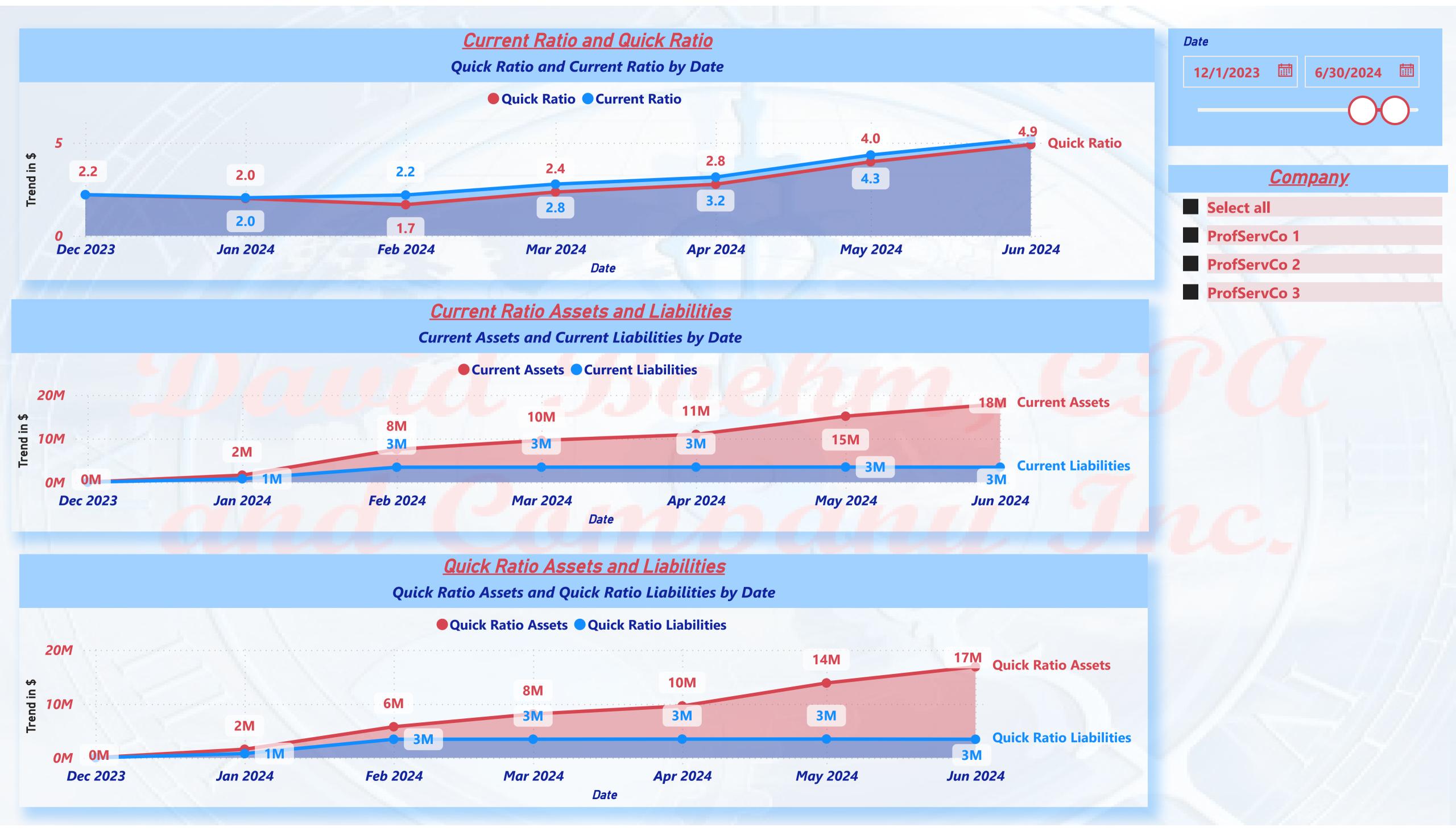


	A 4												
Consolidated Income Statement B	y Month												
Date		2024-01			2024-02			2024-03			2024-04		1
Description	Actual	Budget	Difference	Actual	Budget	Difference	Actual	Budget	Difference	Actual	Budget	Difference	Actua
Income													
Income, Services	1,246,514.21	600,000.00	646,514.21	1,537,340.35	600,000.00	937,340.35	845,016.00	600,000.00	245,016.00	705,583.00	600,000.00	105,583.00	593,473
Income, Product Sales	30,300.00	810,000.00	-779,700.00	328,200.00	810,000.00	-481,800.00	1,683,330.00	810,000.00	873,330.00	969,000.00	810,000.00	159,000.00	3,908,230
Income, Jobs													
Income, Interest		6,500.00	-6,500.00	3,770.00	6,500.00	-2,730.00	14,286.00	6,500.00	7,786.00	13,971.00	6,500.00	7,471.00	12,231
Job Sales Contra												74	1
Sales Returns & Allowances										1757			
Sales Discounts										-5,000.00		-5,000.00	-3,200
Total Income	1,276,814.21	1,416,500.00	-139,685.79	1,869,310.35	1,416,500.00	452,810.35	2,542,632.00	1,416,500.00	1,126,132.00	1,683,554.00	1,416,500.00	267,054.00	4,510,734
Cost of Goods Sold													1
Labor	268,676.00	355,000.00	-86,324.00	581,838.00	355,000.00	226,838.00	508,349.00	355,000.00	153,349.00	537,820.00	355,000.00	182,820.00	599,484
Materials	20,150.00	485,000.00	-464,850.00	223,325.00	485,000.00	-261,675.00	334,825.00	485,000.00	-150,175.00	161,902.00	485,000.00	-323,098.00	95,580
Jobs Cost													
Discounts Granted													
Total Cost of Goods Sold	288,826.00	840,000.00	-551,174.00	805,163.00	840 <mark>,000</mark> .00	-34,837.00	843,174.00	840,000.00	3,174.00	699,722.00	84 <mark>0,00</mark> 0.00	-140,278.00	<mark>69</mark> 5,06 <sup>2</sup>
Gross Profit	987,988.21	576,500.00	411,488.21	1,064,147.35	576,500.00	487,647.35	1,699,458.00	576,500.00	1,122,958.00	983 <mark>,832.</mark> 00	576,500.00	407,332.00	3,815,670
SG&A Expense													
Rent Expense	10,541.00	7,5 <mark>00.0</mark> 0	3,041.00	6,671.00	7,500.00	-829.00	8,125.00	7,500.00	625.00	9,125.00	7,500.00	1,625.00	7,100
Advertising Expense	10,564.33	9, <mark>000</mark> .00	1, <mark>564.</mark> 33	15,262.00	9,000.00	6,262.00	13,796.00	9,000.00	4,796.00	12,429.00	9,000.00	<mark>3</mark> ,429.00	14,616
Interest Expense	10,913.00	6 <mark>3,50</mark> 0.00	-52 <mark>,587</mark> .00	102,073.00	63,500.00	38,573.00	106,000.00	63, <mark>500.</mark> 00	42,500.00	103, <mark>000.</mark> 00	63,500.00	39,500.00	108,850
Fees Expense	4,509.30	3,250.00	1 <mark>,259</mark> .30	8 <mark>,668</mark> .00	3,250.00	5,418.00	3,225.00	3,250.00	-25.00	3,325.00	3, <mark>25</mark> 0.00	75.00	3,100
Insurance Expense	27,400.00	13,150.00	14,250.00	27,697.84	13,150.00	14,547.84	31,665.00	13,150.00	18,515.00	24,664.00	13,150.00	11,51 <mark>4.0</mark> 0	32,418
Payroll Expense	241,825.99	75,000.00	166,825.99	231,806.32	75,000.00	156,806.3 <mark>2</mark>	124,802.00	75,000.00	49,802.00	<mark>122</mark> ,419.00	75,000.00	47,419.00	104,786
Benefits Expense	2,492.00	9,500.00	-7,008.00	2,376.56	9,500.00	-7,123.44		9,500.00	-9,500.00		9,500.00	-9,500.00	
Other Compensation Expense	261,154.00	27,100.00	234,054.00	335,821.12	27,100.00	308,721.12	31,333.00	27,100.00	4,233.00	32,992.00	27,100.00	5,892.00	26,825
Repairs and Maintenance Expense	25,679.00	4,250.00	21,429.00	22,090.00	4,250.00	17,840.00	8,375.00	4,250.00	4,125.00	7,200.00	4,250.00	2,950.00	8,830
Utilities Expense	9,651.00	5,900.00	3,751.00	10,107.00	5,900.00	4,207.00	9,655.00	5,900.00	3,755.00	8,680.00	5,900.00	2,780.00	9,800
Travel and Entertainment Expense	41,009.00	1,150.00	39,859.00	39,562.44	1,150.00	38,412.44	15,252.00	1,150.00	14,102.00	13,477.00	1,150.00	12,327.00	14,725
Vehicle Expenses	10,341.00	1,500.00	8,841.00	4,375.20	1,500.00	2,875.20	14,300.00	1,500.00	12,800.00	9,375.00	1,500.00	7,875.00	19,248
<b>Depreciation and Amortizaton Expense</b>	2,029.00	133,000.00	-130,971.00	300,225.00	133,000.00	167,225.00	229,609.00	133,000.00	96,609.00	229,413.00	133,000.00	96,413.00	236,989
Tax Expense	20,055.00	11,500.00	8,555.00	9,784.44	11,500.00	-1,715.56	7,142.00	11,500.00	-4,358.00	5,805.00	11,500.00	-5,695.00	8,779
Bad Debt Expense		350.00	-350.00		350.00	-350.00	7,773.00	350.00	7,423.00	8,046.00	350.00	7,696.00	8,766
Other Income & Expenses	35,839.30	1,300.00	34,539.30	48,126.45	1,300.00	46,826.45	6,650.00	1,300.00	5,350.00	6,802.00	1,300.00	5,502.00	5,767
Total SG&A Expense	714,002.92	366,950.00	347,052.92	1,164,646.37	366,950.00	797,696.37	617,702.00	366,950.00	250,752.00	596,752.00	366,950.00	229,802.00	610,599
													- 7

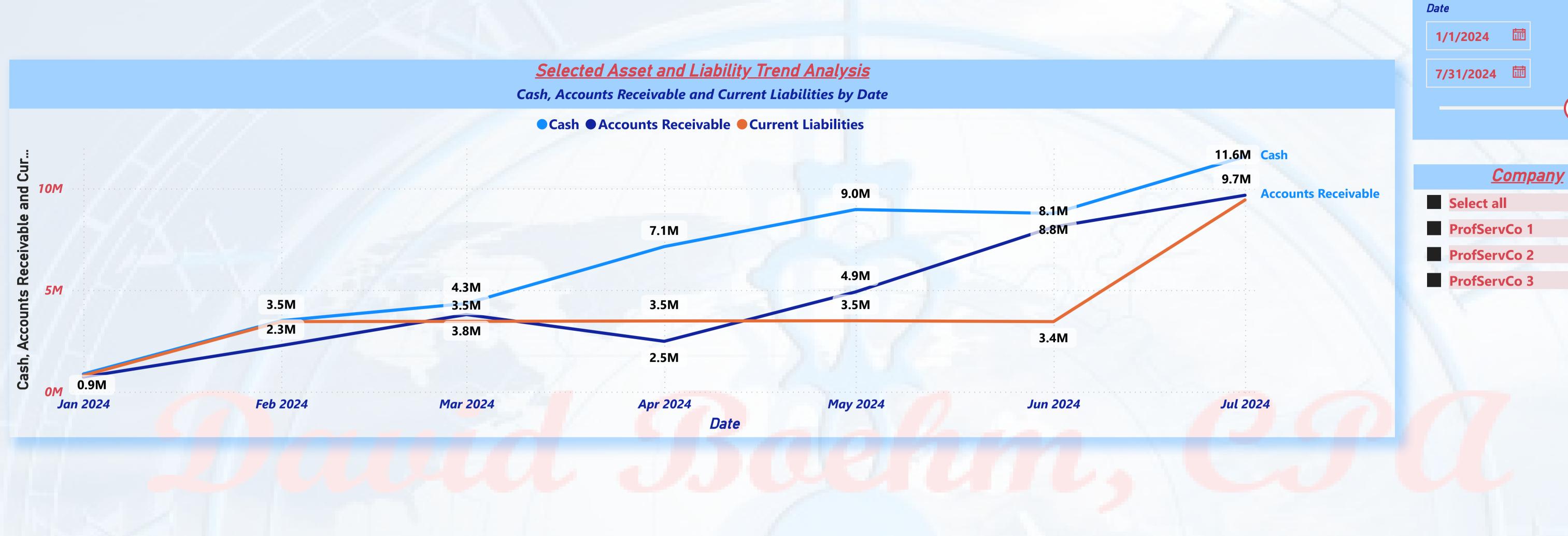
**Balance Sheet Ratio Analysis** 



receivables growth.







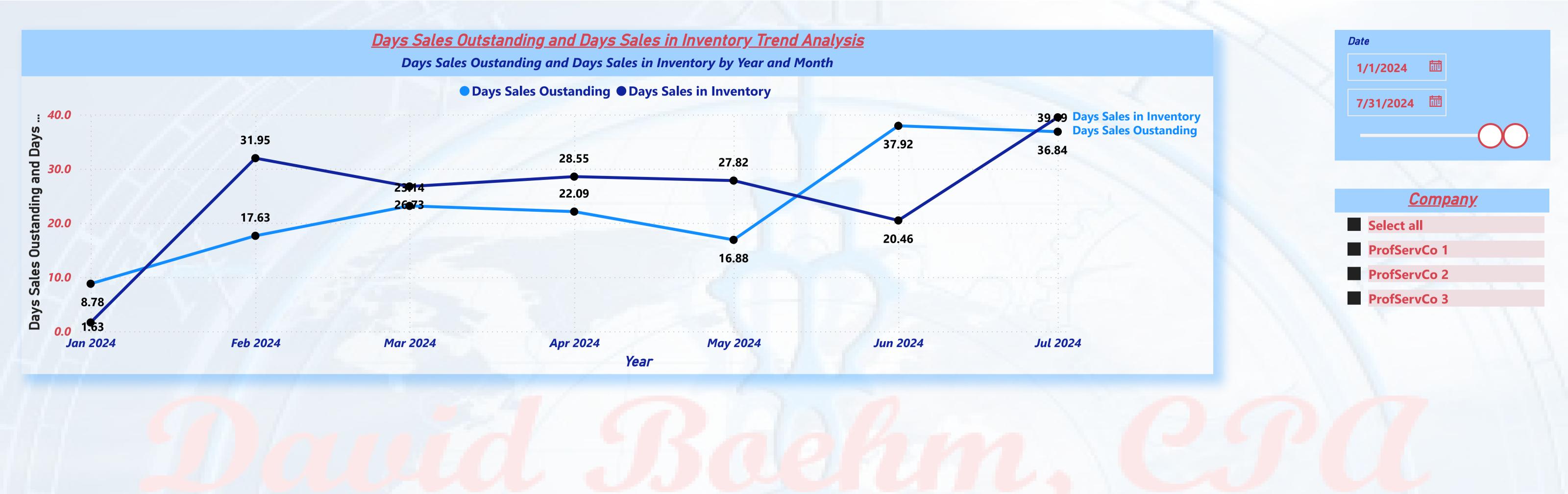
**Receivables and Inventory Management** 

"Days Sales Outstanding" is essentially a measure of how long it takes to collect on accounts receivable (i.e., the "receivables cycle"). This tracks the efficiency of receivables management. "Days Sales in Inventory" measures the average number of days required to convert inventory to sales (i.e., "inventory turnover cycle"). This tracks the efficiency of inventory management. A "Days Sales Outstanding" of less than 45 days is generally considered healthy. Likewise, a "Days Sales in Inventory" (for non-perishable goods) of less than 45 days is also generally considered to be healthy.

#### **Days Sales Outstanding and Days Sales in Inventory Trend Analysis:**

These two averages remained relatively constant over the first half of the year. In June, we've seen an uptick in "Days Sales Outstanding". This is due primarily to a rapid increase in credit sales for May and June. This ratio should return to normal once these receivables have been collected. We've also seen a decrease in "Days Sales in Inventory" in the month of June. This is due to the seasonably rapid increase in product sales, coupled with our improved inventory management. "Days Sales in Inventory will probably creep up a bit after the busy season, but not to the levels seen earlier this year. This will be due to the long-term effect of our improvements in inventory management.

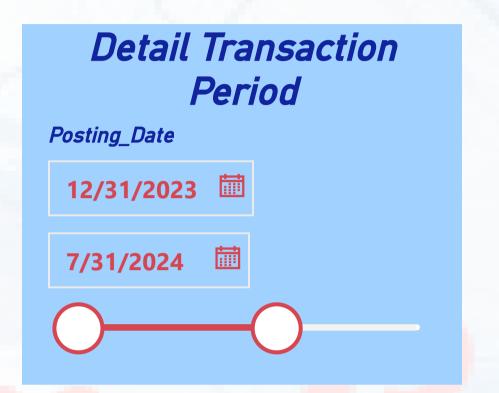




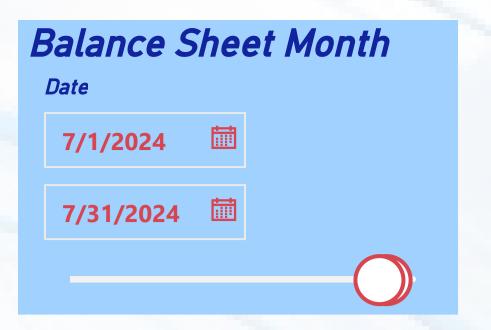


Consolidated Balance She	et
Description	Balance
Assets	
<b>Current Assets</b>	
Cash	11,573,562.56
Accounts Receivable	9,667,074.00
Prepaid Expenses	19,169.00
Inventory	4,619,616.00
<b>Total Current Assets</b>	25,879,421.56
Long Term Assets	
Equipment	1,566,000.00
Furniture and Fixtures	83,554.00
Other Long-term Assets	1,025,000.00
<b>Accumulated Depreciation</b>	-964,611.00
<b>Accumulated Amortization</b>	-430,282.00
Total Long Term Assets	1,279,661.00
Total Assets	2 <mark>7,15</mark> 9,082.56
Liabilities	
<b>Current Liabilities</b>	102,611.00
Accounts Payable	9,582,242.29
Payroll Liabilities	30,500.00
Other Current Liabilities	-281,180.00
<b>Total Current Liabilities</b>	9,434,173.29
Long Term Liabilities	
Long Term Debt	6,305,000.00
Deferred Revenue	
<b>Total Long Term Liabilities</b>	6,305,000.00
<b>Total Liabilities</b>	15,739,173.29
	1
Equity	
Common Stock	3,000,000.00
Retained Earnings	8,419,909.27
Distributions to Shareholders	
Total Equity	11,419,909.27
<b>Total Liabilities &amp; Equity</b>	27,159,082.56



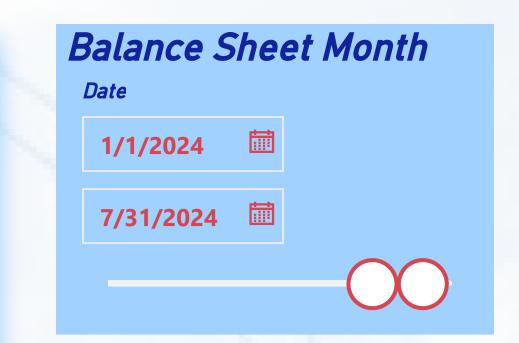


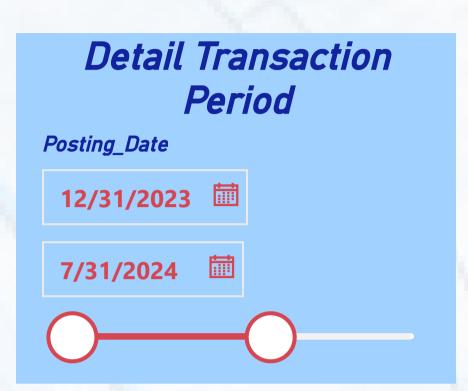
Description	ProfServCo 1	ProfServCo 2	ProfServCo 3	Total
Assets				
Current Assets				
Cash	1,651,713.00	6,284,261.00	3,637,588.56	11,573,562.56
Accounts Receivable	582,168.00	7,166,843.00	1,918,063.00	9,667,074.00
Prepaid Expenses	4,326.00	4,231.00	10,612.00	19,169.00
Inventory	719,375.00	1,522,741.00	2,377,500.00	4,619,616.00
Total Current Assets	2,957,582.00	14,978,076.00	7,943,763.56	25,879,421.56
Long Term Assets				
Equipment	1,536,000.00		30,000.00	1,566,000.00
Furniture and Fixtures	23,505.00	22,370.00	37,679.00	83,554.00
Other Long-term Assets	925,000.00	100,000.00		1,025,000.00
Accumulated Depreciation	-341,125.00	-316,885.00	-306,601.00	-964,611.00
Accumulated Amortization	-157,758.00	-135,958.00	-136,566.00	-430,282.00
Total Long Term Assets	1,985,622.00	-330,473.00	-375,488.00	<mark>1,2</mark> 79,661.00
Total Assets	4,943,204.00	14,647,603.00	7,568,275.56	27,159,082.56
 Liabilities				
Current Liabilities			102,611.00	102,611.00
Accounts Payable	1,904,506.00	2,829,869.33	4,847,866.96	9,582,242.29
Payroll Liabilities	30,500.00		.,,	30,500.00
Other Current Liabilities	-55,957.00	-53,903.00	-171,320.00	-281,180.00
Total Current Liabilities	1,879,049.00	2,775,966.33	4,779,157.96	9,434,173.29
Long Term Liabilities				
Long Term Debt	2,836,000.00	2,924,000.00	545,000.00	6,305,000.00
Deferred Revenue				
Total Long Term Liabilities	2,836,000.00	2,924,000.00	545,000.00	6,305,000.00
Total Liabilities	4,715,049.00	5,699,966.33	5,324,157.96	15,739,173.29
Equity				
Common Stock	1,050,000.00	950,000.00	1,000,000.00	3,000,000.00
Retained Earnings	-821,845.00	7,997,636.67	1,244,117.60	8,419,909.27
Distributions to Shareholders				
Total Equity	228,155.00	8,947,636.67	2,244,117.60	11,419,909.27
Total Liabilities & Equity	4,943,204.00	14,647,603.00	7,568,275,56	27,159,082.56





Description	2024-01	2024-02	2024-03	2024-04	2024-05	2024-06	2024-07
Description	2024-01	2024-02	2024-03	2024-04	2024-05	2024-00	2024-07
Assets							
<b>Current Assets</b>							
Cash	871,893.21	3,495,957.21	4,339,975.21	7,140,240.56	8,964,305.56	8,773,148.56	11,573,562.5
Accounts Receivable	723,300.00	2,272,475.35	3,796,682.35	2,479,471.00	4,911,778.00	8,107,194.00	9,667,074.0
Prepaid Expenses		11,000.00	13,166.00	15,492.00	17,192.00	20,169.00	19,169.0
Inventory	30,350.00	1,774,275.00	1,454,100.00	1,331,723.00	1,247,368.00	1,046,616.00	<b>4</b> ,619,616.0
Total Current Assets	1,625,543.21	7,553,707.56	9,603,923.56	10,966,926.56	15,140,643.56	17,947,127.56	25,879,421.5
Long Term Assets							
Equipment	1,566,000.00	1,566,000.00	1,566,000.00	1,566,000.00	1,566,000.00	1,566,000.00	1,566,000.0
Furniture and Fixtures	15,000.00	15,000.00	32,505.00	50,385.00	67,177.00	83,554.00	83,554.0
Other Long-term Assets	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.00	1,025,000.0
<b>Accumulated Depreciation</b>	-1,196.00	-201,321.00	-351,321.00	-501,321.00	-651,321.00	-801,321.00	-964,611.0
<b>Accumulated Amortization</b>	-833.00	-100,933.00	-175,933.00	-250,933.00	-325,933.00	-400,933.00	-430,282.0
Total Long Term Assets	2,603,971.00	2,303,746.00	2,096,251.00	1,889,1 <mark>31.0</mark> 0	1,680,923.00	1,472,300.00	1,279,661.0
Total Assets	4,2 <mark>29,5</mark> 14.21	9,857,453.56	11,700,174.56	12,856, <mark>057</mark> .56	16,821, <mark>566</mark> .56	<mark>19</mark> ,41 <mark>9,42</mark> 7.56	27,159,082.5
Liabilities							
<b>Current Liabilities</b>			34,765.00	52,493.00	86,284.00	102,611.00	102,611.0
Accounts Payable	777,769.92	3,521,473.29	3,536,123.29	3,575,648.29	3,586,873.29	3,596,898.29	9,582,242.2
Payroll Liabilities	16,000.00	30,500.00	30,500.00	30,500.00	30,500.00	30,500.00	30,500.0
Other Current Liabilities	2,445.00	-101,320.00	-139,770.00	-178,220.00	-212,798.00	-281,180.00	-281,180.0
Total Current Liabilities	796,214.92	3,450,653.29	3 <mark>,46</mark> 1,618.29	3 <mark>,48</mark> 0,421. <mark>29</mark>	3,490,859.29	3,448,829.29	9,434,173.2
							<b>N</b>
Long Term Liabilities							
Long Term Debt	2,381,000.00	5,005,000.00	5,305,000.00	5,605,000.00	5,905,000.00	6,205,000.00	6 <mark>,30</mark> 5,000.0
Deferred Revenue							
Total Long Term Liabilities	2,381,000.00	5,005,000.00	5,305,000.00	5,605,000.00	5,905,000.00	6,205,000.00	6,305,000.0
Total Liabilities	3,177,214.92	8,455,653.29	8,766,618.29	9,085,421.29	9,395,859.29	9,653,829.29	15,739,173.2
Equity							
Common Stock	750,000.00	1,200,000.00	1,650,000.00	2,100,000.00	2,550,000.00	3,000,000.00	3,000,000.0
Retained Earnings	302,299.29	201,800.27	1,283,556.27	1,670,636.27	4,875,707.27	6,765,598.27	8,419,909.2
<b>Distributions to Shareholders</b>							
Total Equity	1,052,299.29	1,401,800.27	2,933,556.27	3,770,636.27	7,425,707.27	9,765,598.27	11,419,909.2



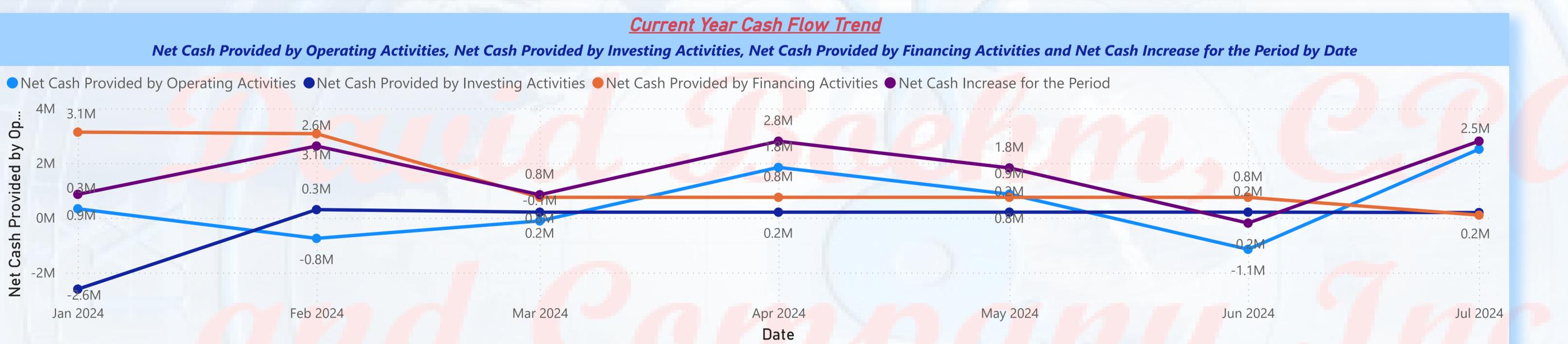




# Current Year Cash Flow Beginning and End of Period Trend Cash at Beginning of the Period and Cash at End of the Period by Date 9.0M 9.0M 9.0M



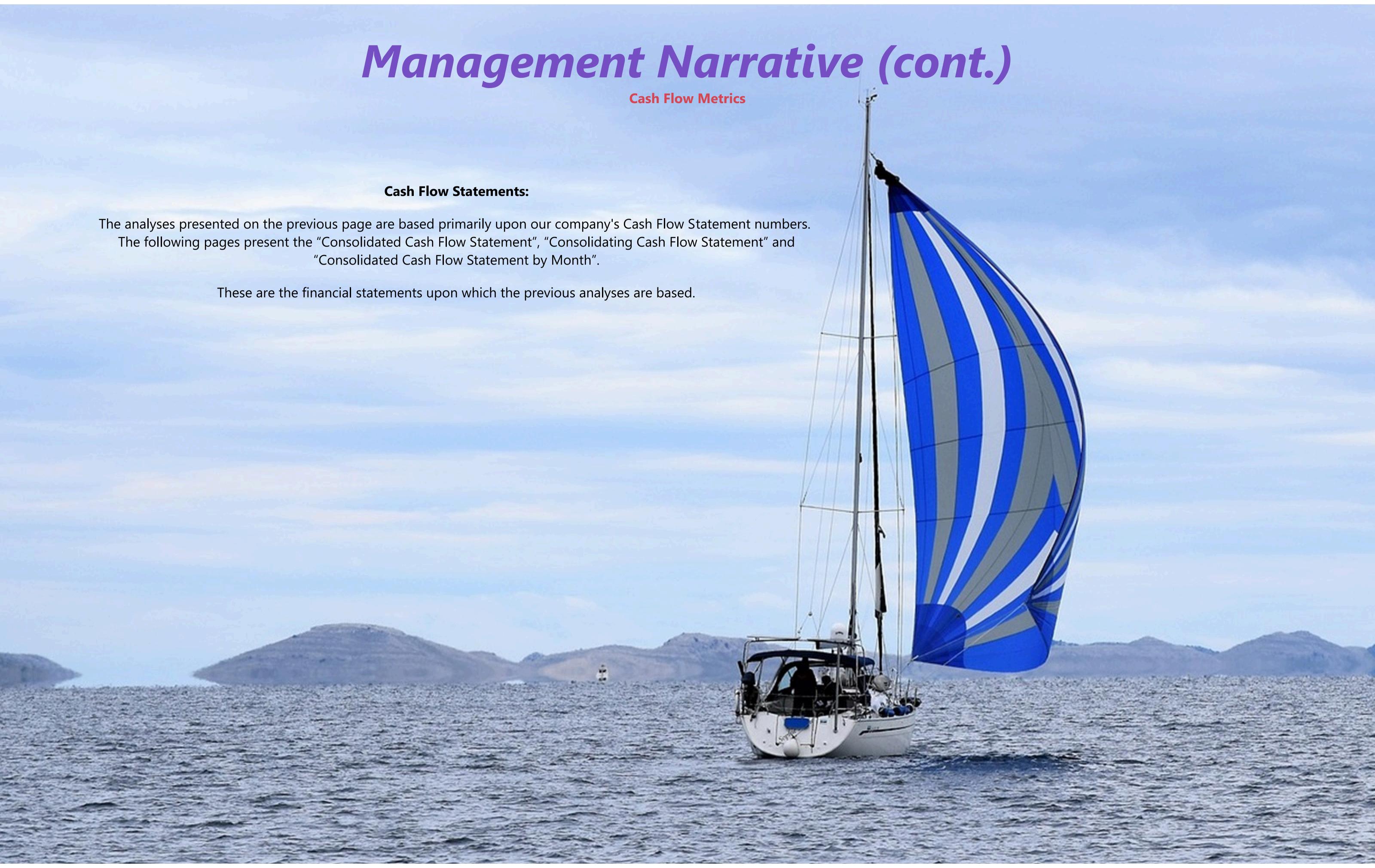
Cash at Beginning of the PeriodCash at End of the Period



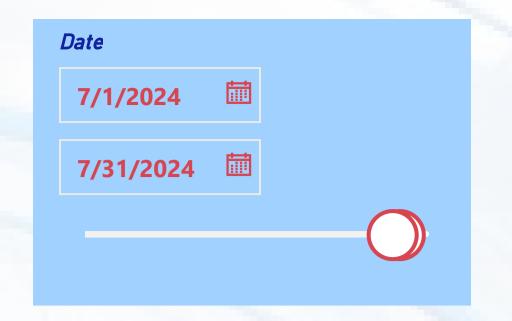


ProfServCo 2

ProfServCo 3

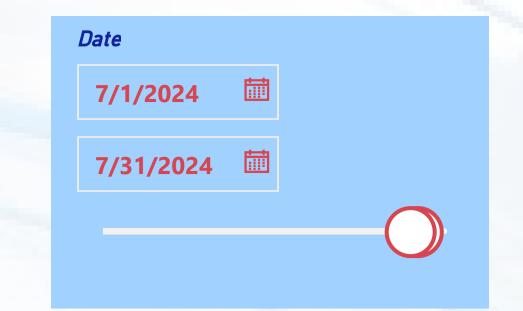


Consolidating Statement of Cash Flow	
Description	Total
Operating Activities	
Net Income	1,654,311.00
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	-1,559,880.00
Prepaid Expenses	1,000.00
Inventory	-3,573,000.00
Accounts Payable	5,985,344.00
Payroll Liabilities	
Other Current Liabilities	
Net Cash Provided by Operating Activities	2,507,775.00
Investing Activities	
Equipment	
Furniture and Fixtures	
Accumulated Depreciation	163 <mark>,29</mark> 0.00
Other Long-term Assets	
Accumulated Amortization	29,349.00
Net Cash Provided by Investing Activities	192,639.00
Financing Activities	
Deferred Revenue	
Long Term Debt	100,000.00
Common Stock	
Distributions to Shareholders	
Net Cash Provided by Financing Activities	100,000.00
Net Cash Increase for the Period	2,800,414.00
Cash at Beginning of the Period	8,773,148.56
Cash at End of the Period	11,573,562.56





Consolidating Statement of Cash Flow								
Description	ProfServCo 1	ProfServCo 2	ProfServCo 3	Total				
Operating Activities								
Net Income	530,438.00	480,121.00	643,752.00	1,654,311.00				
Adjustments to reconcile Net Income to net cash provided by operations:								
Accounts Receivable	-506,178.00	-524,749.00	-528,953.00	-1,559,880.00				
Prepaid Expenses			1,000.00	1,000.00				
Inventory	-618,000.00	-1,512,500.00	-1,442,500.00	-3,573,000.00				
Accounts Payable	1,127,615.00	2,351,028.00	2,506,701.00	5,985,344.00				
Payroll Liabilities								
Other Current Liabilities								
Net Cash Provided by Operating Activities	533,875.00	793,900.00	1,180,000.00	2,507,775.00				
Investing Activities								
Equipment								
Furniture and Fixtures								
Accumulated Depreciation	<mark>40,4</mark> 00.00	66,885.00	56,005.00	163,290.00				
Other Long-term Assets								
Accumulated Amortization	7,658.00	10,125.00	11,566.00	29,349.00				
Net Cash Provided by Investing Activities	48,058.00	77,010.00	67,571.00	192,639.00				
— Financing Activities								
Deferred Revenue								
Long Term Debt	100,000.00			100,000.00				
Common Stock								
Distributions to Shareholders								
Net Cash Provided by Financing Activities	100,000.00			100,000.00				
Net Cash Increase for the Period	681,933.00	870,910.00	1,247,57 <mark>1.00</mark>	2,800,414.00				
Cash at Beginning of the Period	969,780.00	5,413,351.00	2,390,017.56	8,773,148.56				
Cash at End of the Period	1,651,713.00	6,284,261.00	3,637,588.56	11,573,562.56				



Consolidated Statement of Cash Flow By Month	2024-01	2024-02	2024-03	2024-04	2024-05	2024-06	2024-07
Description							
Operating Activities							
Net Income	273,985.29	-100,499.02	1,081,756.00	387,080.00	3,205,071.00	1,889,891.00	1,654,311.00
Adjustments to reconcile Net Income to net cash provided by operations:							
Accounts Receivable	-685,100.00	-1,549,175.35	-1,524,207.00	1,317,211.35	-2,432,307.00	-3,195,416.00	-1,559,880.00
Prepaid Expenses		-11,000.00	-2,166.00	-2,326.00	-1,700.00	-2,977.00	1,000.00
Inventory	-30,350.00	-1,743,925.00	320,175.00	122,377.00	84,355.00	200,752.00	-3,573,000.00
Accounts Payable	754,283.92	2,743,703.37	14,650.00	39,525.00	11,225.00	10,025.00	5,985,344.00
Payroll Liabilities	16,000.00	14,500.00					
Other Current Liabilities	2,445.00	-103,765.00	-3,685.00	-20,722.00	-787.00	-52,055.00	
Net Cash Provided by Operating Activities	331,264.21	-750,161.00	-113,477.00	1,843,145.35	865,857.00	-1,149,780.00	2,507,775.00
Equipment	-1,566,000.00						
Furniture and Fixtures	-15,000.00	7	-17,505.00	-17,880.00	-16,792.00	-16,377.00	
Accumulated Depreciation	1 <mark>,196</mark> .00	200,125.00	150,000.00	150,000.00	150,000.00	150,000.00	163,290.00
Other Long-term Assets	-1,02 <mark>5,0</mark> 00.00						
Accumulated Amortization	833.00	100,100. <mark>00</mark>	75,000.00	75,000.00	75,000.00	75,000.00	29,349.00
Net Cash Provided by Investing Activities	-2, <mark>603,</mark> 971.00	300,225.00	207,495.00	207,120.00	208,208.00	208,623.00	192,639.00
Financing Activities							
Deferred Revenue							
Long Term Debt	2,381,000.00	2,624,000.00	300,000.00	300,000.00	300,000.00	300,000.00	100,000.00
Common Stock	750,000.00	450,000.00	450,000.00	450,000.00	450,000.00	<u> </u>	,
Distributions to Shareholders							
Net Cash Provided by Financing Activities	3,131,000.00	3,074,000.00	750,000.00	750,000.00	<mark>75</mark> 0,000.00	750,000.00	100,000.00
Net Cash Increase for the Period	858,293.21	2,624,064.00	844,018.00	<mark>2,8</mark> 00,265.35	1,824,065.00	-191,157.00	2,800,414.00
Cash at Beginning of the Period	13,600.00	871,893.21	3,495,957.21	4,339,975.21	7,140,240.56	8,964,305.56	8,773,148.56
Cash at End of the Period	871,893.21	3,495,957.21	4,339,975.21	7,140,240.56	8,964,305.56	8,773,148.56	11,573,562.56

