

BAD BOYS MUSIC, INC.
BALANCE SHEET
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS

Cash	\$	5,000
Accounts receivable		150,000
Rental contracts receivable		45,000
Inventory		<u>1,000,000</u>

TOTAL CURRENT ASSETS 1,200,000

FIXED ASSETS

Leasehold improvements	\$	150,000
Store equipment, furniture and displays		100,000
Vehicles		<u>50,000</u>
		300,000
Less accumulated depreciation		<u>200,000</u> 100,000

RENTAL INSTRUMENTS

Band and orchestra rental instruments	1,000,000	
Less accumulated depreciation	<u>800,000</u>	<u>200,000</u>
		<u>\$ 1,500,000</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$	550,000
Floor plan payable		300,000
Accrued taxes and expenses		50,000
Credit line payable		250,000
Current portion of long-term debt		<u>50,000</u>

TOTAL CURRENT LIABILITIES 1,200,000

LONG-TERM DEBT, less current maturities included above 100,000

DUE TO STOCKHOLDERS 25,000

STOCKHOLDERS' EQUITY

Common stock	\$	100,000
Retained earnings		<u>75,000</u> <u>175,000</u>
		<u>\$ 1,500,000</u>

BAD BOYS MUSIC, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>\$</u>	<u>%</u>
SALES	\$ 1,800,000	100.0
COST OF GOODS SOLD	<u>1,200,000</u>	<u>66.7</u>
GROSS PROFIT	600,000	33.3
OTHER OPERATING PROFIT		
Net instrument rental income (\$750,000 income, less \$350,000 of depreciation)	400,000	22.2
Net repair income (\$150,000, less \$140,000 of repair wages & parts)	<u>10,000</u>	<u>0.6</u>
TOTAL OPERATING PROFIT	<u>1,010,000</u>	<u>56.1</u>
OPERATING EXPENSES		
Salaries - officers	100,000	5.6
Salaries - sales	250,000	13.9
Salaries - administrative	100,000	5.6
Rent	120,000	6.7
Insurance	80,000	4.4
Taxes - payroll and property	60,000	3.3
Advertising	50,000	2.8
Depreciation	40,000	2.2
Bank and merchant credit card fees	30,000	1.7
Auto and vehicle expense	30,000	1.7
Professional fees	25,000	1.4
Utilities	20,000	1.1
Postage and shipping	15,000	0.8
Telephone	12,000	0.7
Store supplies	10,000	0.6
Office expense	8,000	0.4
Repairs and maintenance	<u>5,000</u>	<u>0.3</u>
	<u>955,000</u>	<u>53.1</u>
INCOME FROM OPERATIONS	55,000	3.1
OTHER EXPENSE		
Interest	<u>30,000</u>	<u>1.7</u>
INCOME BEFORE INCOME TAXES	25,000	1.4
INCOME TAXES	<u>5,000</u>	<u>0.3</u>
NET INCOME	20,000	<u>1.1</u>
RETAINED EARNINGS	<u>55,000</u>	
ENDING RETAINED EARNINGS	<u>\$ 75,000</u>	