

SAMPLE

ASSOCIATES, INC.

FINANCIAL STATEMENTS – TAX BASIS

For the Twelve Months Ended July 31, 2016



ACCOUNTANTS' COMPILATION REPORT

To the Stockholders
Associates, Inc.
San Francisco, CA

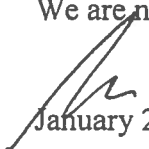
Management is responsible for the accompanying financial statements of Associates, Inc. (a Corporation), which comprise the statement of assets, liabilities, and equity – tax basis as of July 31, 2016, and the related statement of revenues, expenses, and retained earnings – tax basis for the year then ended in accordance with the tax basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express a opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to

Associates, Inc.


January 27, 2017

ASSOCIATES, INC.
STATEMENT OF ASSETS, LIABILITIES, AND
EQUITY - TAX BASIS
JULY 31, 2016

ASSETS

CURRENT ASSETS	
Cash in bank	\$ 584,649
Total current assets	<u>584,649</u>
OTHER ASSETS	
Refundable deposits	453
Accounts receivable, net of allowance for doubtful accounts \$137,302	<u>1,235,716</u>
Total other assets	<u>1,236,169</u>
PROPERTY AND EQUIPMENT	
Software	84,871
Leasehold improvements	62,142
Automobiles and trucks	232,853
Computer and survey equipment	568,994
Less accumulated depreciation	<u>(871,415)</u>
Property and equipment, net	<u>77,445</u>
TOTAL ASSETS	<u><u>\$ 1,898,263</u></u>

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ASSOCIATES, INC.
STATEMENT OF ASSETS, LIABILITIES, AND
EQUITY - TAX BASIS
JULY 31, 2016

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Payroll liabilities	\$ 53,852
Pension contribution payable - employer	<u>229,877</u>
Total current liabilities	283,729
OTHER LIABILITIES	
Deferred income	<u>1,235,716</u>
Total other liabilities	1,235,716
STOCKHOLDERS' EQUITY	
Common stock	10,000
Retained earnings	<u>368,818</u>
Total stockholders' equity	<u>378,818</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 1,898,263</u></u>

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ASSOCIATES, INC.
STATEMENT OF REVENUES, EXPENSES, AND
RETAINED EARNINGS - TAX BASIS
FOR THE TWELVE MONTHS ENDED JULY 31, 2016

REVENUES	<u>\$ 4,819,191</u>
EXPENSES	
Wages	2,247,893
Union and medical benefits	659,446
Officer's salary	643,000
Pension plan	229,877
Payroll taxes	181,009
Outside services	162,566
Depreciation expense	155,913
Insurance	143,814
Rent	96,398
Automobile expense	62,410
Office expense and supplies	49,965
Survey supplies	46,370
Taxes	43,608
Repairs and maintenance	24,775
Utilities	17,732
Legal and accounting	12,816
Dues and subscriptions	11,676
Meals and entertainment	11,594
Telephone	9,992
Advertising	6,150
Employee party	5,186
Payroll processing fees	4,763
Prints and maps	3,915
Delivery	3,483
Pension management fees	3,145
Director's fees	3,000
Licenses and permits	2,218
Collection fees	1,161
Postage	1,053
Contributions	1,000
Training	848
Equipment rental	710
Bank charges	521
Total operating expense	<u>4,848,007</u>
LOSS FROM OPERATIONS	(28,816)

ASSOCIATES, INC.
STATEMENT OF REVENUES, EXPENSES, AND
RETAINED EARNINGS - TAX BASIS
FOR THE TWELVE MONTHS ENDED JULY 31, 2016

OTHER INCOME	
Gain on sale of assets	19,776
Other income	13,874
Interest income	1,049
Total other income	<u>34,699</u>
OTHER EXPENSE	
Nondeductible auto expense	<u>4,532</u>
Total other expense	<u>4,532</u>
NET INCOME	1,351
RETAINED EARNINGS, JULY 31, 2015	<u>367,467</u>
RETAINED EARNINGS, JULY 31, 2016	<u>\$ 368,818</u>

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