

# ANNUAL REPORT

Rock Castle Construction 2019

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PREPARED BY JANE SMITH CPA GROUP LLP

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Prepared on Jan. 29, 2019

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## Rock Castle Construction 2019

This report provides an analysis and evaluation of the current and prospective profitability. Different methods of analysis are included to show health and trends within the business. Other ratios may also be included that are based on various accounts or calculations.

The report seeks to show the prospects of the company in its current position while showing historical trends. The report also admits the fact that some analysis conducted has limitations because of the vast amounts of variables that may be related or unrelated to the business.

### P&L Summary (vs Last Year)

	2018	2019	+/-	% +/-
Total Income	195,626	481,190	285,564	146%
Cost of Goods Sold	73,929	164,688	90,759	123%
Gross Profit	121,697	316,502	194,805	160%
Total Expense	73,991	155,252	81,262	110%
Net Operating Income	47,706	161,250	113,543	238%
Net Profit	47,988	161,620	113,632	237%
Gross Profit Margin	62%	66%		
Net Profit Margin	24%	34%		

### P&L Highlights

2019 TOTAL INCOME WAS

**\$481.2k**

2019 GROSS PROFIT WAS

**\$316.5k**

2019 HAD A NET PROFIT MARGIN OF **34%**

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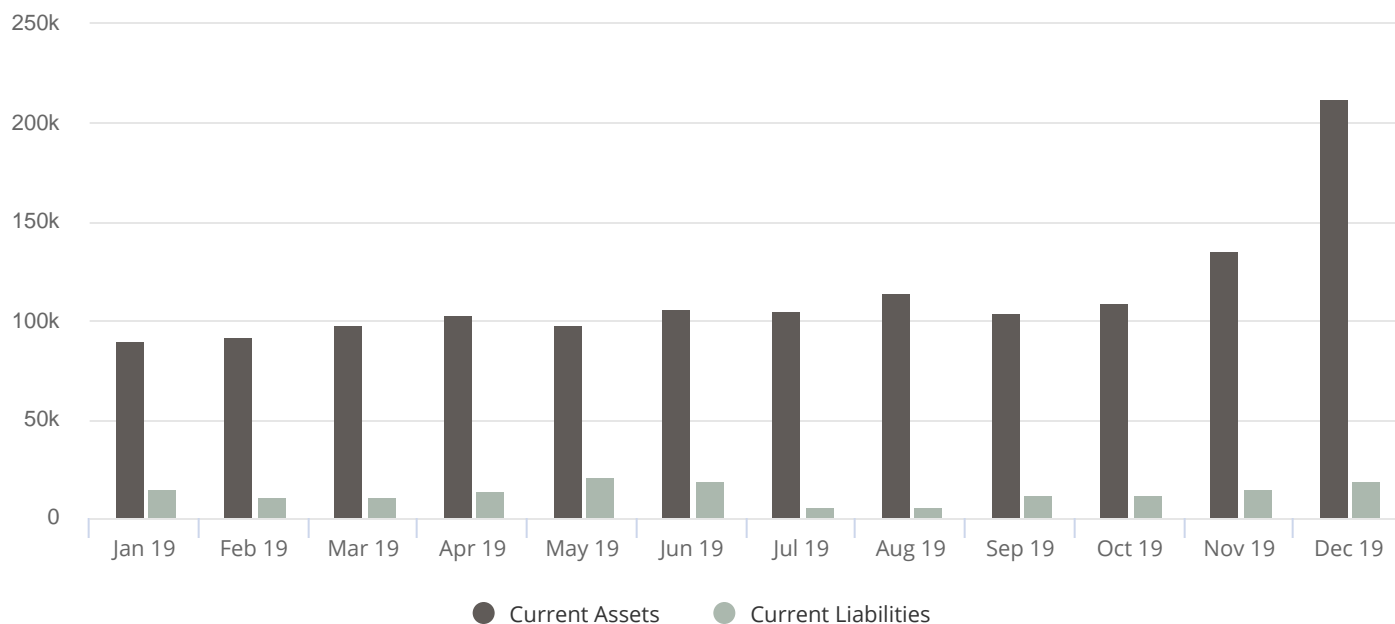
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## Rock Castle Construction 2019

### Balance Sheet Summary

	2018	2019	Change
<b>Assets</b>	515,217	647,558	132,341
<b>Current Assets</b>	91,778	212,619	120,841
Bank Accounts	53,191	65,379	12,188
Accounts Receivable	58	5,532	5,473
Other Current Assets	38,529	141,708	103,180
<b>Fixed Assets</b>	421,718	433,218	11,500
Other Assets	1,720	1,720	
<b>Liabilities and Equity</b>	515,217	647,558	132,341
<b>Liabilities</b>	435,035	405,756	-29,279
<b>Current Liabilities</b>	13,360	18,789	5,429
Accounts Payable	13,100	13,534	434
Credit Card	530	477	-53
Other Current Liabilities	-270	4,778	5,048
<b>Long-Term Liabilities</b>	421,675	386,967	-34,708
<b>Equity</b>	80,182	241,802	161,620

### Current Assets & Current Liabilities

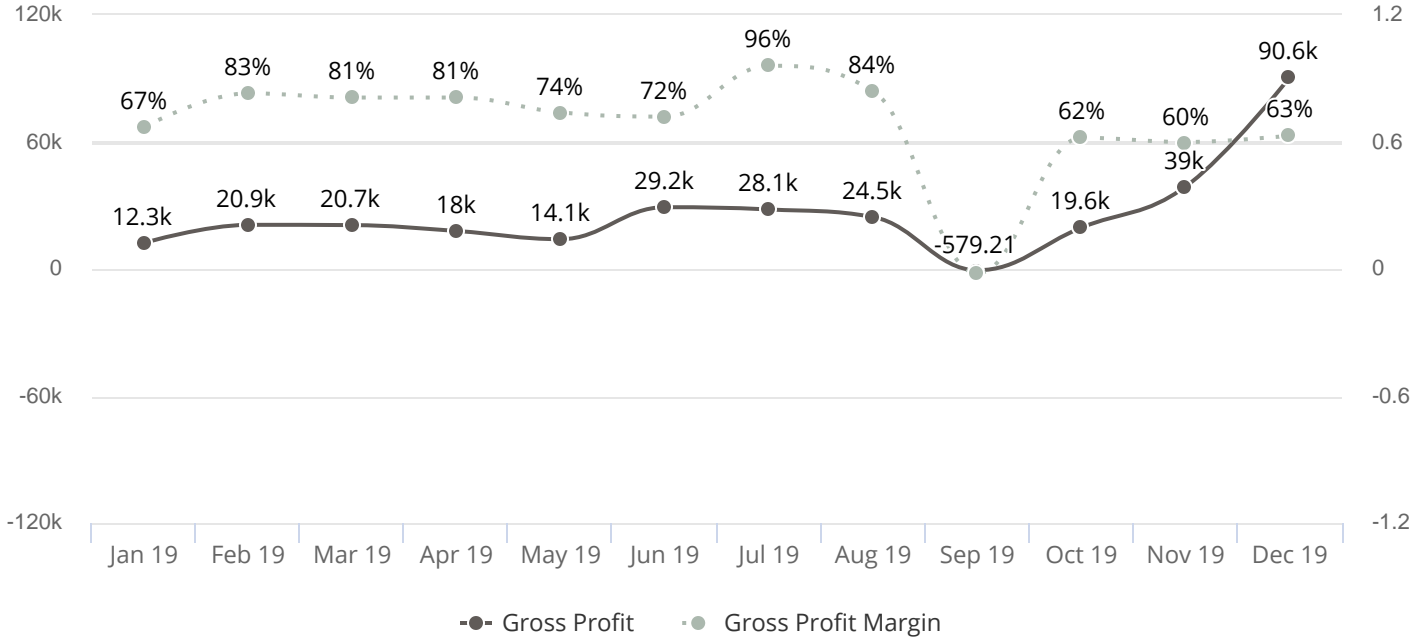


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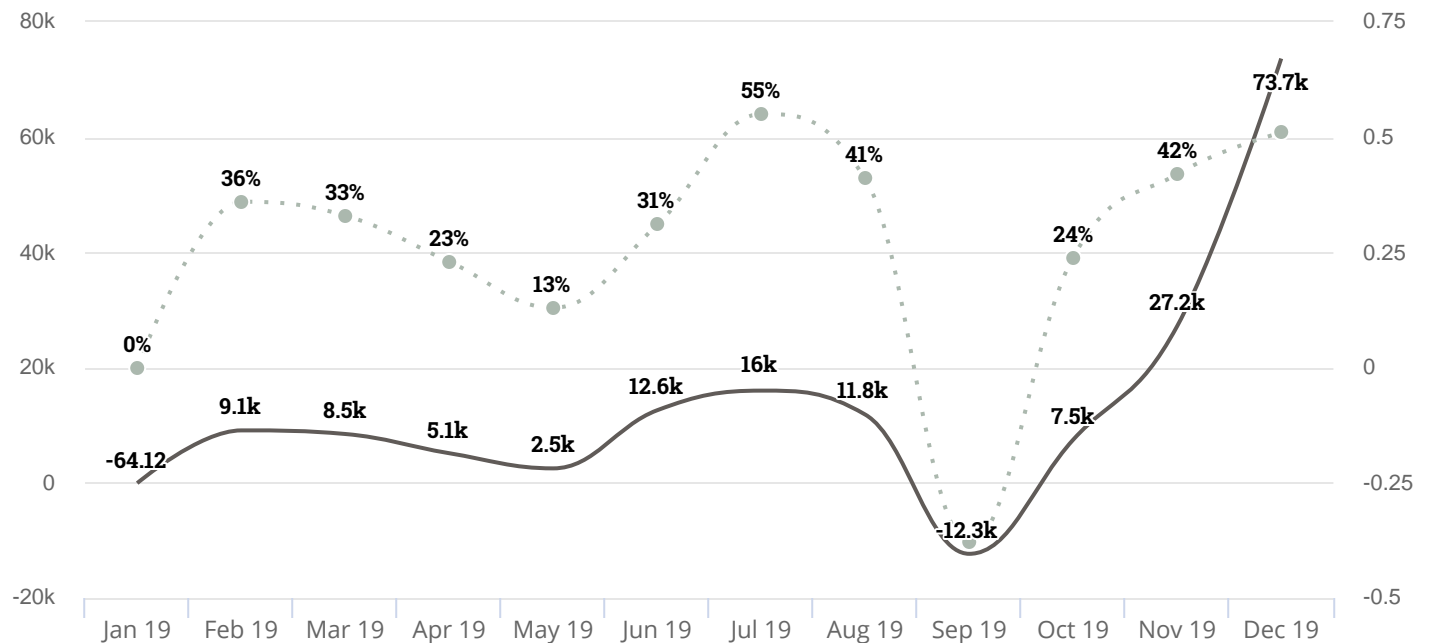
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## Rock Castle Construction 2019

### Gross Profit Monthly



### Net Profit Monthly

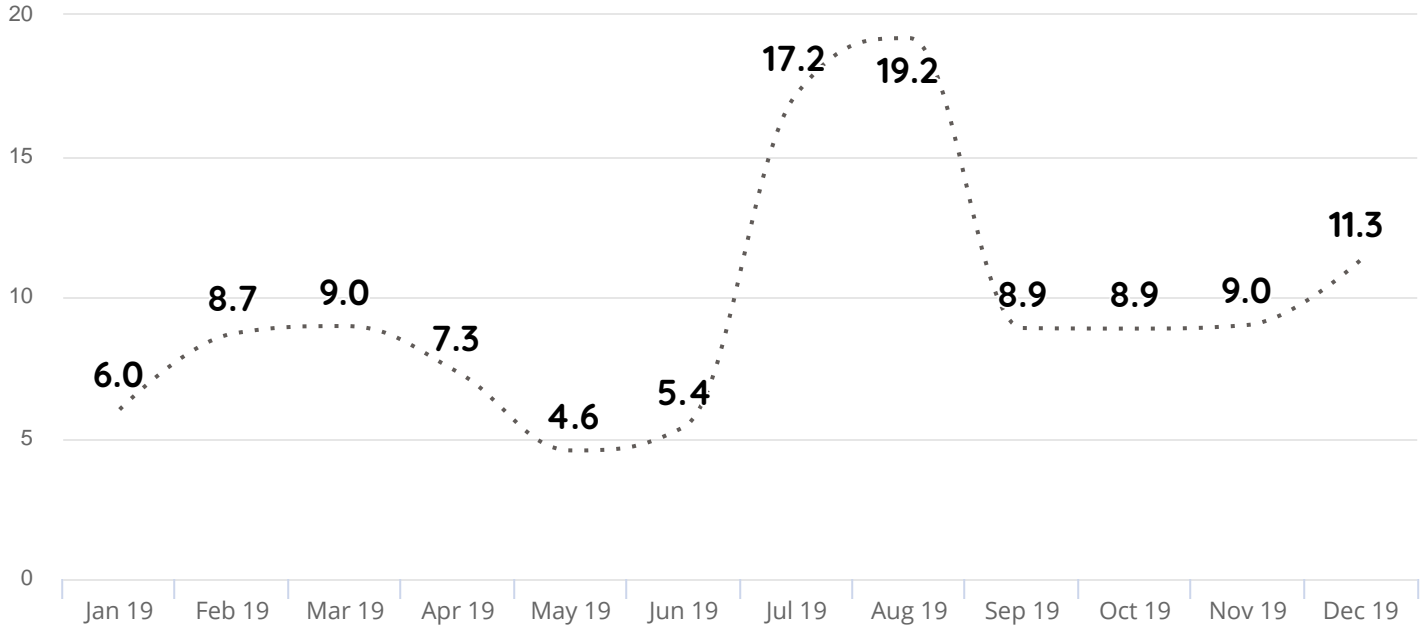


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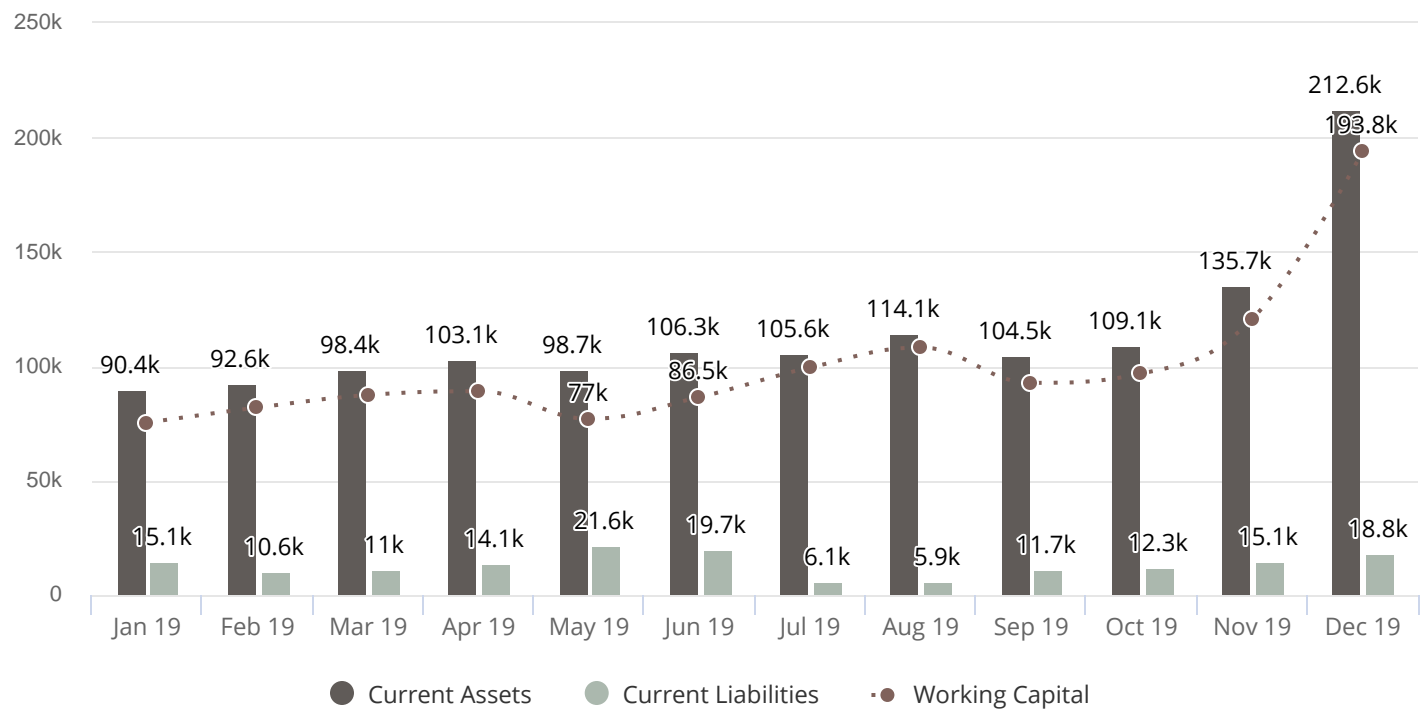
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## Rock Castle Construction 2019

### Current Ratio Monthly



### Working Capital Monthly

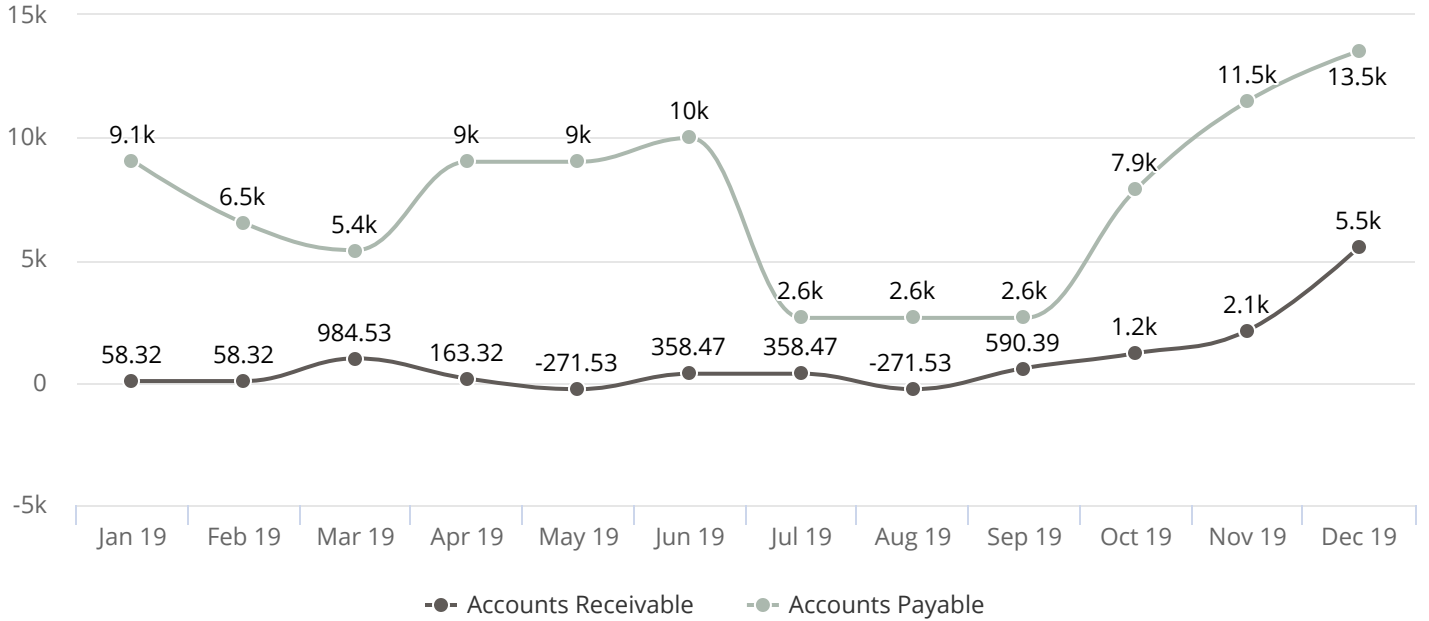


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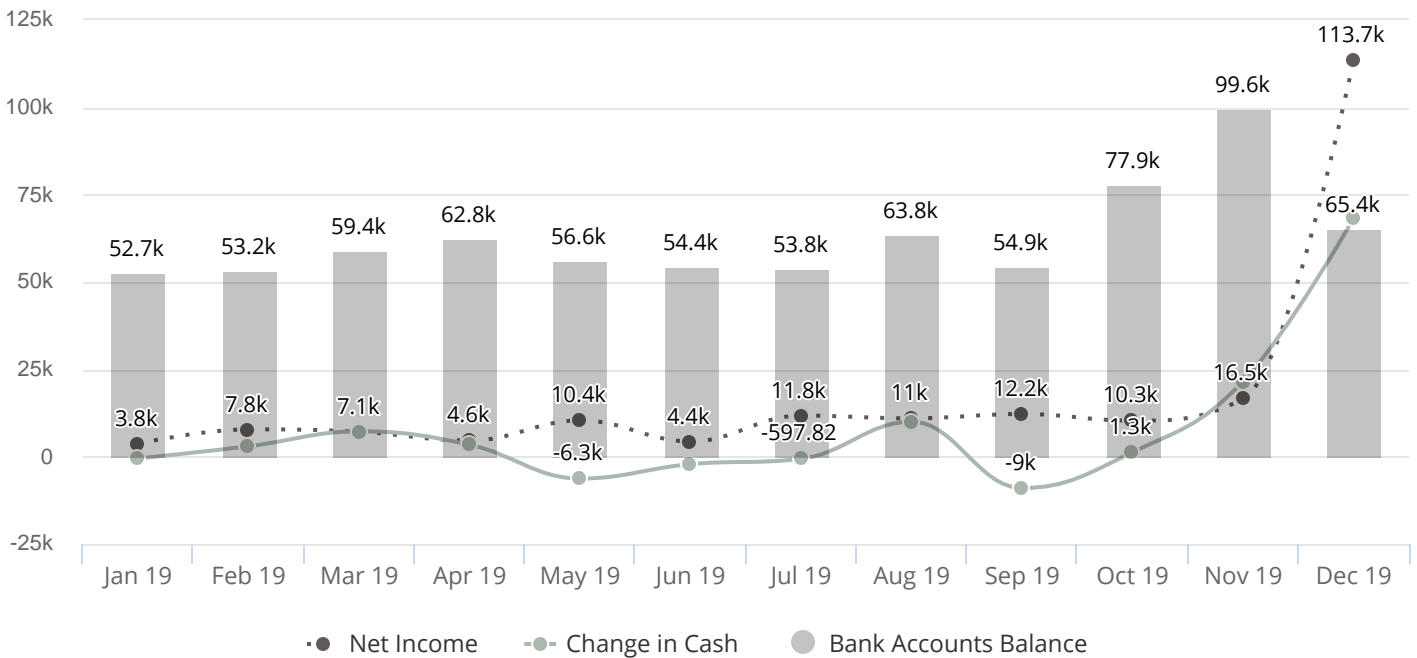
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## Rock Castle Construction 2019

### AR/AP Monthly



### Cash Flow Trends

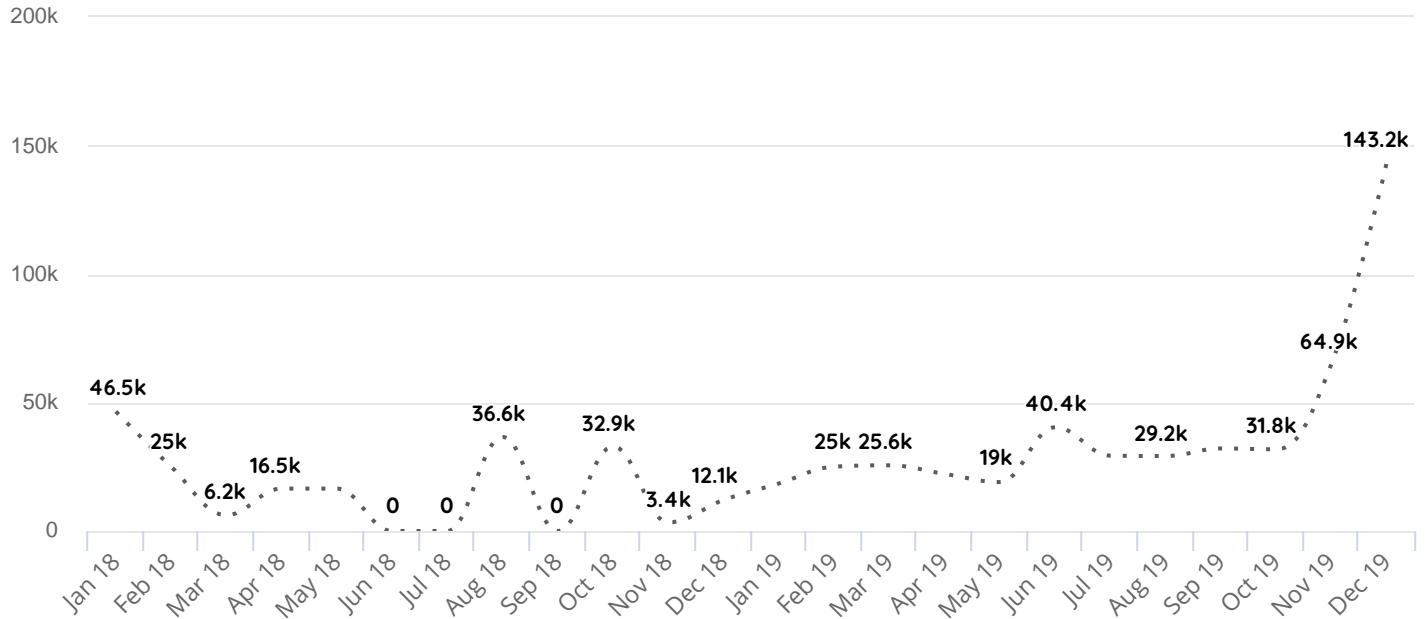


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## Rock Castle Construction 2019

### 2018-2019 Month Trend



### Notes and Definitions

#### Current Ratio = Current Assets/Current Liabilities

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year.

#### Working Capital = Current Assets - Current Liabilities

The capital of a business which is used in its day-to-day trading operations.

#### Gross Profit Margin = (Total Income - Cost of Goods Sold) / Total Income

Money left over from sales after deducting the cost of goods sold. Expressed as a % of total income.

#### Net Profit Margin = Total Income - /All Expenses (Includes Cost of Goods Sold and Operating Expenses)

The percentage of revenue left after all expenses have been deducted from sales.

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## Profit and Loss

	2017	2018	2019
Income			
Construction Income			
Materials Income	856	51,205	203,641
Design Income		3,400	27,579
Labor Income	343	25,108	167,355
Less Discounts given			-48
Subcontracted Labor Income	507	114,086	80,769
<b>Total Construction Income</b>	<b>1,705</b>	<b>193,799</b>	<b>479,296</b>
Reimbursement Income			
Permit Reimbursement Income	27	1,828	999
Reimbursed Freight & Delivery			896
<b>Total Reimbursement Income</b>	<b>27</b>	<b>1,828</b>	<b>1,895</b>
<b>Total Income</b>	<b>1,732</b>	<b>195,626</b>	<b>481,190</b>
Cost of Goods Sold			
Cost of Goods Sold	145	8,182	11,279
Job Expenses			
Equipment Rental			1,150
Job Materials	198	12,172	95,655
Permits and Licenses		225	700
Subcontractors		53,350	55,251
Freight & Delivery	35		855
Less Discounts Taken			-202
<b>Total Job Expenses</b>	<b>233</b>	<b>65,747</b>	<b>153,409</b>
<b>Total Cost of Goods Sold</b>	<b>377</b>	<b>73,929</b>	<b>164,688</b>
Gross Profit	1,355	121,697	316,502
Expense			
Automobile			
Fuel		1,715	1,589
Insurance		2,850	2,850
Repairs and Maintenance		2,550	2,406
<b>Total Automobile</b>		<b>7,115</b>	<b>6,845</b>
Bank Service Charges		150	125
Depreciation Expense	25,705	44,436	
Insurance			
Disability Insurance		600	582
Liability Insurance		5,093	5,886
Work Comp		3,300	13,657
<b>Total Insurance</b>		<b>8,993</b>	<b>20,125</b>
Interest Expense			
Loan Interest		4,705	1,996
<b>Total Interest Expense</b>		<b>4,705</b>	<b>1,996</b>
Payroll Expenses			
SUTA Expense			1,234
Gross Wages			110,400
Payroll Taxes			8,446
FUTA Expense			268
<b>Total Payroll Expenses</b>			<b>120,347</b>
Postage			104
Professional Fees			
Accounting		250	250
<b>Total Professional Fees</b>		<b>250</b>	<b>250</b>
Rent	1,200		

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## Profit and Loss

	2017	2018	2019
Repairs			
Building Repairs			45
Computer Repairs		714	
Equipment Repairs		1,800	1,350
<b>Total Repairs</b>		<b>2,514</b>	<b>1,395</b>
Tools and Machinery		1,458	2,011
Utilities			
Water		493	264
Gas and Electric		2,373	1,041
Telephone		1,503	749
<b>Total Utilities</b>		<b>4,369</b>	<b>2,055</b>
<b>Total Expense</b>	<b>26,905</b>	<b>73,991</b>	<b>155,252</b>
Net Operating Income	-25,550	47,706	161,250
Other Income			
Other Income			141
Interest Income		281	229
<b>Total Other Income</b>		<b>281</b>	<b>370</b>
Other Expense			
<b>Total Other Expense</b>			
Net Profit	-25,550	47,988	161,620

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## Balance Sheet

	2017	2018	2019
Assets			
Current Assets			
Bank Accounts			
Checking	24,342	36,810	46,969
Savings	15,600	15,881	17,910
Petty Cash	500	500	500
<b>Total Bank Accounts</b>	<b>40,442</b>	<b>53,191</b>	<b>65,379</b>
Accounts Receivable			
Accounts Receivable	2,891	58	5,532
<b>Total Accounts Receivable</b>	<b>2,891</b>	<b>58</b>	<b>5,532</b>
Other Current Assets			
Undeposited Funds		18,252	102,440
Inventory Asset	17,903	12,767	30,683
Employee Advances	770	770	832
Pre-paid Insurance	4,050	4,943	4,050
Retainage Receivable	1,797	1,797	3,703
<b>Total Other Current Assets</b>	<b>24,520</b>	<b>38,529</b>	<b>141,708</b>
<b>Total Current Assets</b>	<b>67,853</b>	<b>91,778</b>	<b>212,619</b>
Fixed Assets			
Furniture and Equipment	22,826	22,826	34,326
Vehicles	78,937	78,937	78,937
Buildings and Improvements	325,000	325,000	325,000
Construction Equipment	15,300	15,300	15,300
Land	90,000	90,000	90,000
Accumulated Depreciation	-65,909	-110,345	-110,345
<b>Total Fixed Assets</b>	<b>466,154</b>	<b>421,718</b>	<b>433,218</b>
Other Assets			
Security Deposits	1,720	1,720	1,720
<b>Total Other Assets</b>	<b>1,720</b>	<b>1,720</b>	<b>1,720</b>
<b>Total Assets</b>	<b>535,727</b>	<b>515,217</b>	<b>647,558</b>
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	18,759	13,100	13,534
<b>Total Accounts Payable</b>	<b>18,759</b>	<b>13,100</b>	<b>13,534</b>
Credit Card			
QuickBooks Credit Card	12,363		94
CalOil Credit Card	9,521	530	383
<b>Total Credit Card</b>	<b>21,884</b>	<b>530</b>	<b>477</b>
Other Current Liabilities			
Payroll Liabilities			
Emp. Health Ins Payable			150
Worker's Compensation	1,214		1,214
State Disability Payable	98		48
SUTA Payable	110		110
State Withholding	308		299
FUTA Payable	100		100
FICA Payable	2,119		2,119
Federal Withholding	1,377		1,364
<b>Total Payroll Liabilities</b>	<b>5,327</b>		<b>5,404</b>
Sales Tax Payable	1,667	-270	-626

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## Balance Sheet

	2017	2018	2019
<b>Total Other Current Liabilities</b>	<b>6,994</b>	<b>-270</b>	<b>4,778</b>
<b>Total Current Liabilities</b>	<b>47,637</b>	<b>13,360</b>	<b>18,789</b>
Long-Term Liabilities			
Loan - Vehicles (Van)	21,692	16,291	10,501
Loan - Vehicles (Utility Truck)	19,937	19,937	19,937
Loan - Vehicles (Pickup Truck)	22,641	22,641	22,641
Loan - Construction Equipment	14,343	14,343	13,911
Loan - Furniture/Office Equip	21,000	21,000	21,000
Note Payable - Bank of Anycity	60,000	31,181	2,693
Mortgage - Office Building	296,283	296,283	296,283
<b>Total Long-Term Liabilities</b>	<b>455,896</b>	<b>421,675</b>	<b>386,967</b>
<b>Total Liabilities</b>	<b>503,533</b>	<b>435,035</b>	<b>405,756</b>
Equity			
Net Income	-25,550	-10,671	138,978
Opening Bal Equity	38,774	38,774	38,774
Capital Stock	500	500	500
Retained Earnings	18,470	51,579	63,551
<b>Total Equity</b>	<b>32,195</b>	<b>80,182</b>	<b>241,802</b>
<b>Total Liabilities and Equity</b>	<b>535,727</b>	<b>515,217</b>	<b>647,558</b>

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## Cash Flow Statement

	2017	2018	2019
Operating Activities			
Net Income	17,744	25,543	213,561
Adjustments to Net Income			
Accounts Payable	20,119	-7,019	13,537
Accounts Receivable	-49,024	27,775	-71,759
QuickBooks Credit Card	12,363	-12,363	94
CalOil Credit Card	9,521	-8,991	-147
Inventory Asset	-17,903	5,136	-17,916
Employee Advances	-770		-62
Pre-paid Insurance	-4,050	-893	893
Retainage Receivable	-1,797		-1,906
Payroll Liabilities - Total	5,327	-5,327	5,404
Emp. Health Ins Payable			150
Worker's Compensation	1,214	-1,214	1,214
State Disability Payable	98	-98	48
SUTA Payable	110	-110	110
State Withholding	308	-308	299
FUTA Payable	100	-100	100
FICA Payable	2,119	-2,119	2,119
Federal Withholding	1,377	-1,377	1,364
Sales Tax Payable	3,147	-3,075	885
<b>Total Adjustments to Net Income</b>	<b>-23,067</b>	<b>-4,756</b>	<b>-70,977</b>
<b>Total Operating Activities</b>	<b>-5,324</b>	<b>20,786</b>	<b>142,584</b>
Investing Activities			
Furniture and Equipment	-22,826		-11,500
Vehicles	-78,937		
Buildings and Improvements	-325,000		
Construction Equipment	-15,300		
Land	-90,000		
Accumulated Depreciation	65,909	44,436	
Security Deposits	-1,720		
<b>Total Investing Activities</b>	<b>-467,874</b>	<b>44,436</b>	<b>-11,500</b>
Financing Activities			
Opening Bal Equity	38,774		
Capital Stock	500		
Loan - Vehicles (Van)	21,692	-5,401	-5,789
Loan - Vehicles (Utility Truck)	19,937		
Loan - Vehicles (Pickup Truck)	22,641		
Loan - Construction Equipment	14,343		-432
Loan - Furniture/Office Equip	21,000		
Note Payable - Bank of Anycity	60,000	-28,819	-28,487
Mortgage - Office Building	296,283		
<b>Total Financing Activities</b>	<b>495,170</b>	<b>-34,221</b>	<b>-34,708</b>
Net Cash Increase For Period	21,972	31,001	96,376

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### Additional Comments

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**Great job this year. I look forward to answering any questions you have.**

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