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ANNUAL REPORT

Rock Castle Construction 2019

PREPARED BY JANE SMITH CPA GROUP LLP

Prepared on Jan. 29, 2019

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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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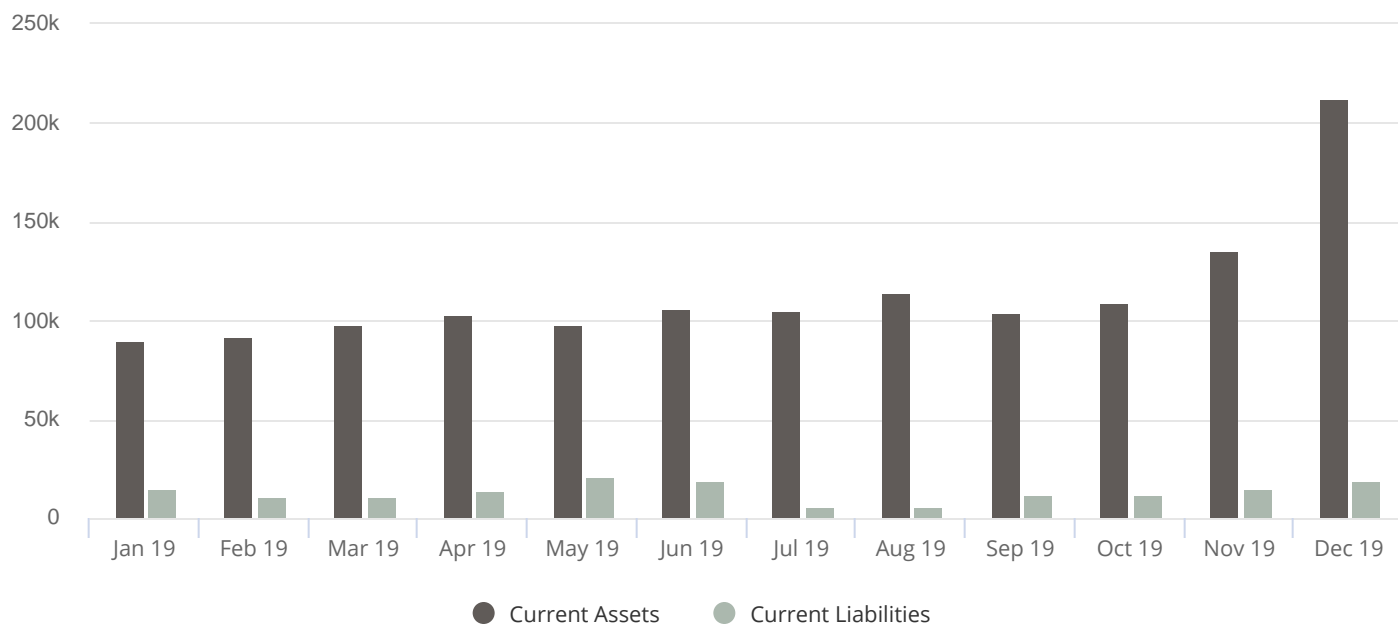
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Balance Sheet Summary

	2018	2019	Change
Assets	515,217	647,558	132,341
Current Assets	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
Fixed Assets	421,718	433,218	11,500
Other Assets	1,720	1,720	
Liabilities and Equity	515,217	647,558	132,341
Liabilities	435,035	405,756	-29,279
Current Liabilities	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
Long-Term Liabilities	421,675	386,967	-34,708
Equity	80,182	241,802	161,620

Current Assets & Current Liabilities

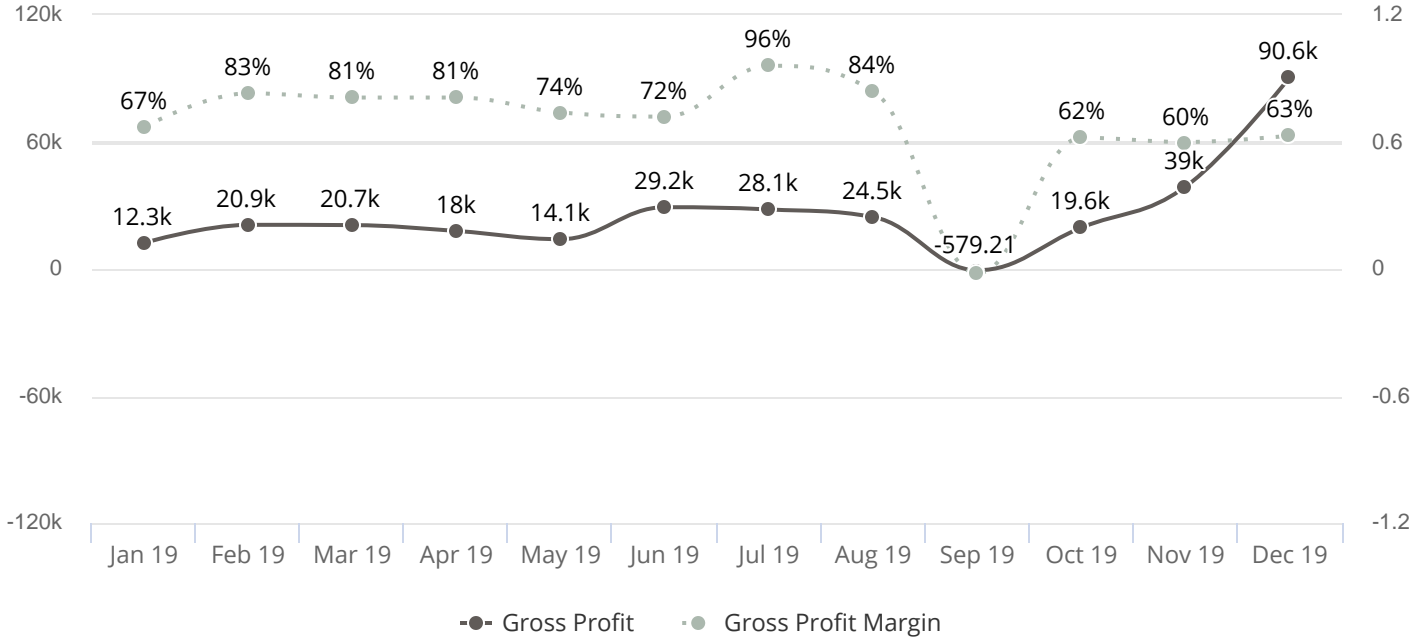


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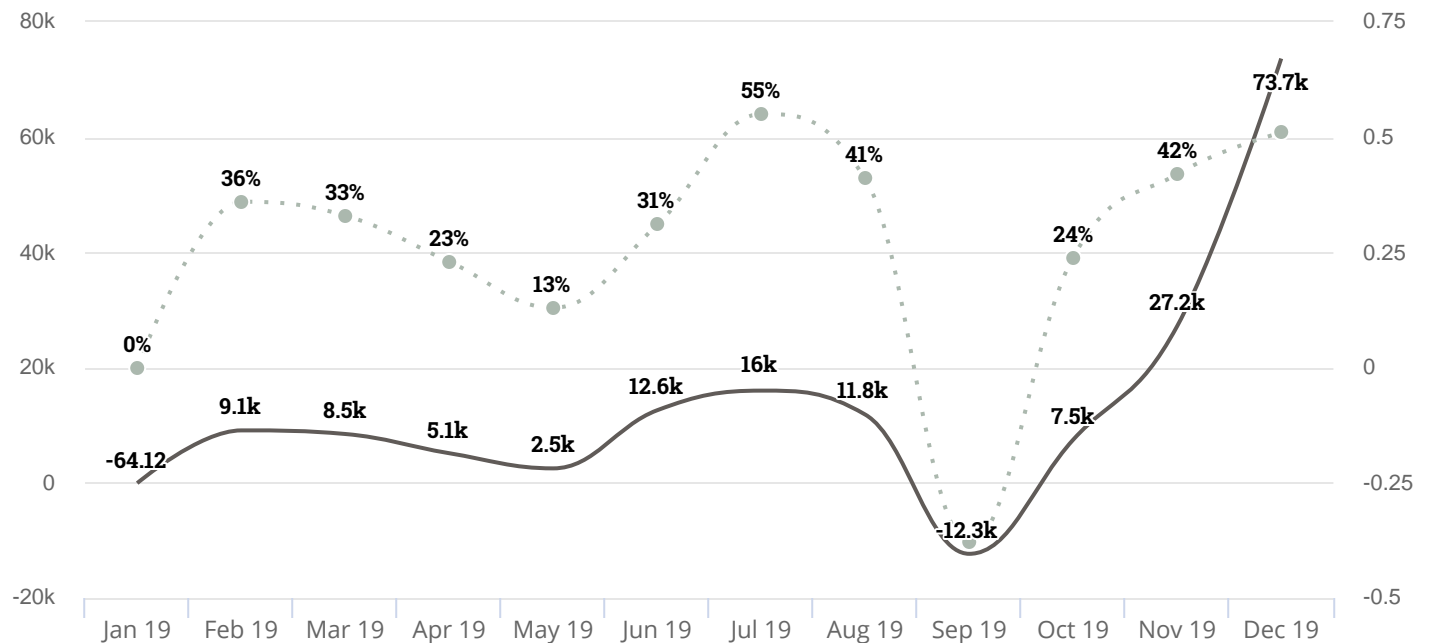
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Gross Profit Monthly



Net Profit Monthly

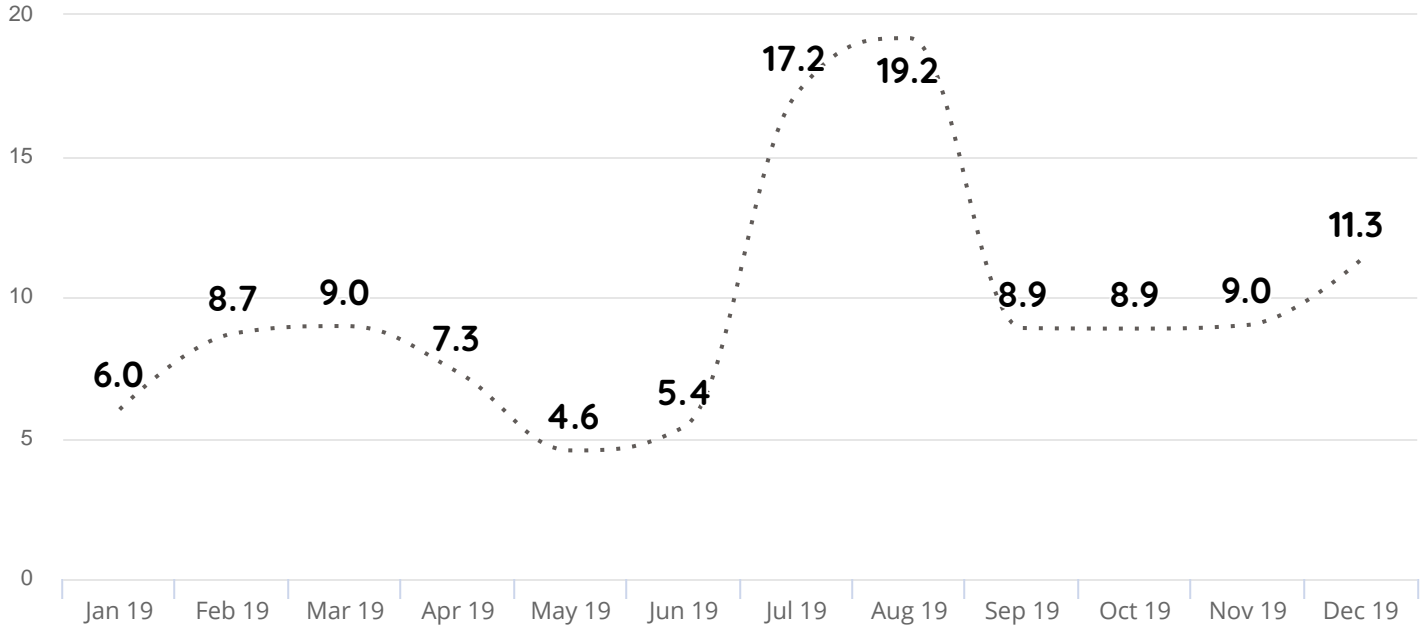


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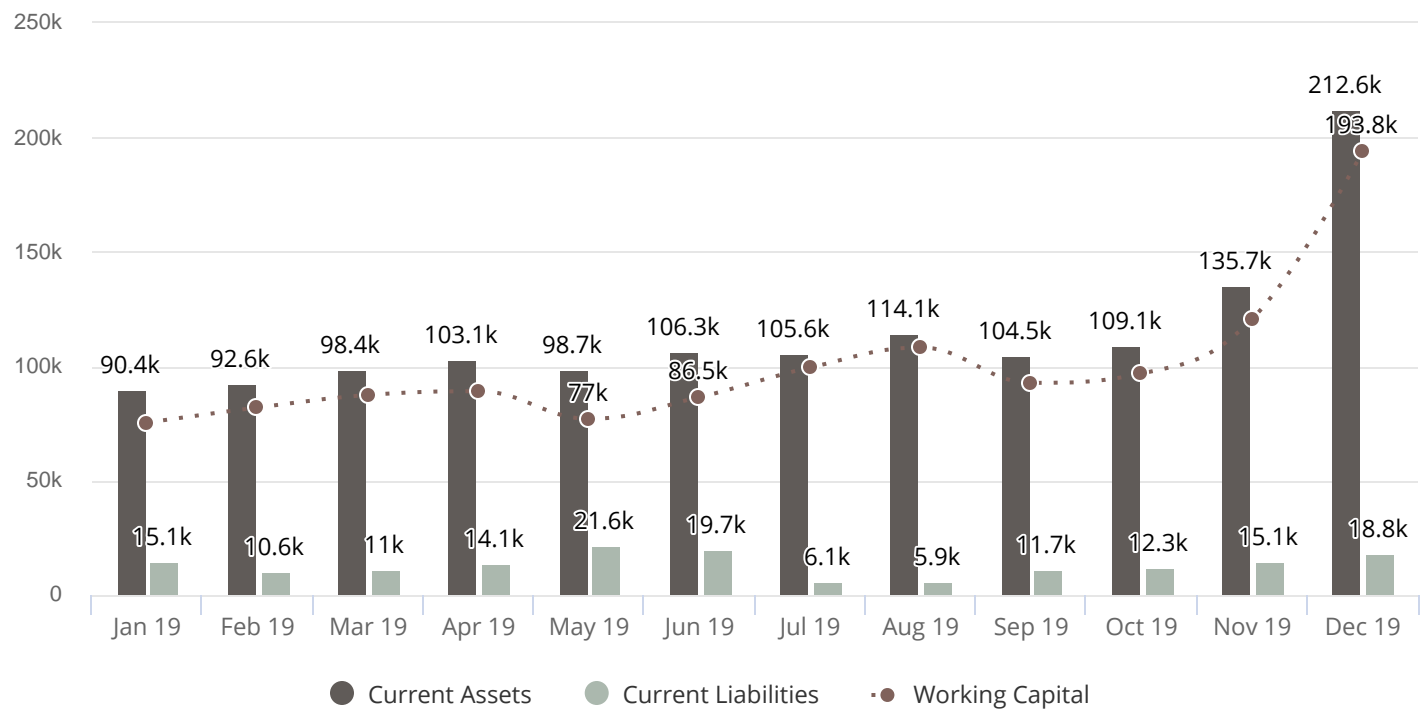
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Current Ratio Monthly



Working Capital Monthly

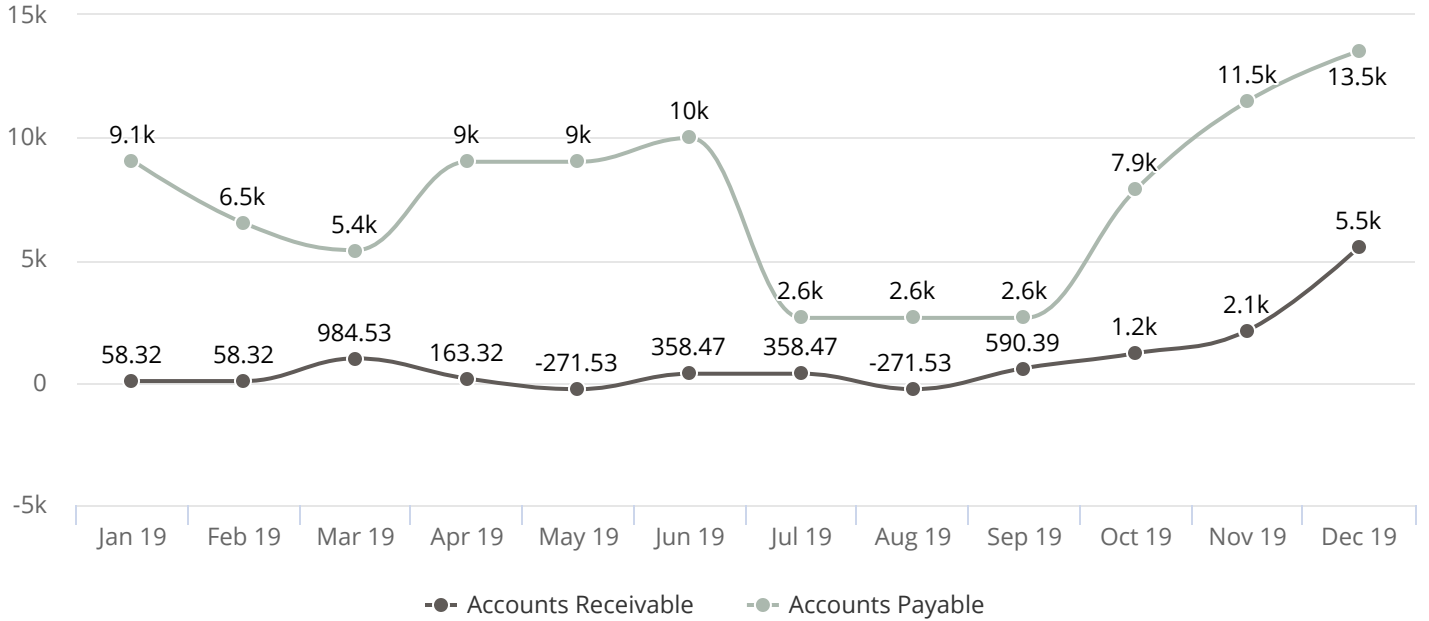


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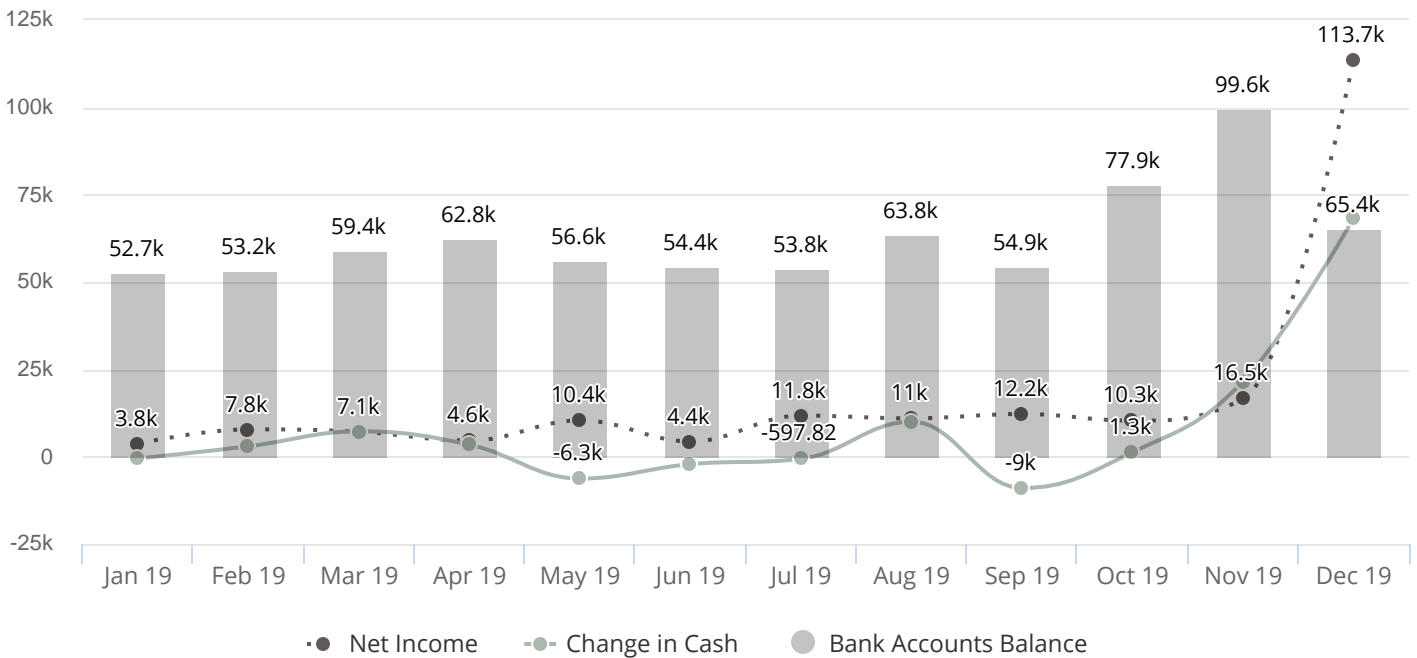
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AR/AP Monthly



Cash Flow Trends

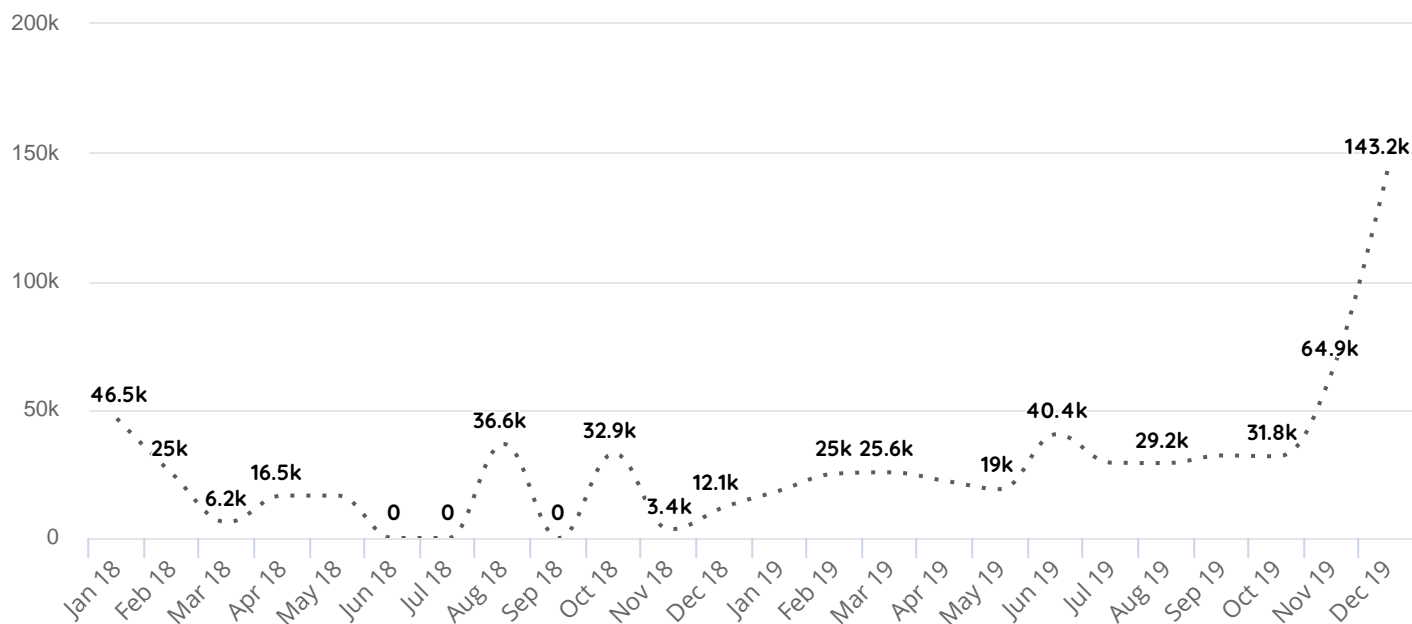


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2018-2019 Month Trend



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
Total Construction Income	1,705	193,799	479,296
Reimbursement Income			
Permit Reimbursement Income	27	1,828	999
Reimbursed Freight & Delivery			896
Total Reimbursement Income	27	1,828	1,895
Total Income	1,732	195,626	481,190
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
Total Job Expenses	233	65,747	153,409
Total Cost of Goods Sold	377	73,929	164,688
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
Total Automobile		7,115	6,845
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
Total Insurance		8,993	20,125
Interest Expense			
Loan Interest		4,705	1,996
Total Interest Expense		4,705	1,996
Payroll Expenses			
SUTA Expense			1,234
Gross Wages			110,400
Payroll Taxes			8,446
FUTA Expense			268
Total Payroll Expenses			120,347
Postage			104
Professional Fees			
Accounting		250	250
Total Professional Fees		250	250
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
Total Repairs		2,514	1,395
Tools and Machinery		1,458	2,011
Utilities			
Water		493	264
Gas and Electric		2,373	1,041
Telephone		1,503	749
Total Utilities		4,369	2,055
Total Expense	26,905	73,991	155,252
Net Operating Income	-25,550	47,706	161,250
Other Income			
Other Income			141
Interest Income		281	229
Total Other Income		281	370
Other Expense			
Total Other Expense			
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
Total Bank Accounts	40,442	53,191	65,379
Accounts Receivable			
Accounts Receivable	2,891	58	5,532
Total Accounts Receivable	2,891	58	5,532
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
Total Other Current Assets	24,520	38,529	141,708
Total Current Assets	67,853	91,778	212,619
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
Total Fixed Assets	466,154	421,718	433,218
Other Assets			
Security Deposits	1,720	1,720	1,720
Total Other Assets	1,720	1,720	1,720
Total Assets	535,727	515,217	647,558
Liabilities and Equity			
Liabilities			
Current Liabilities			
Accounts Payable			
Accounts Payable	18,759	13,100	13,534
Total Accounts Payable	18,759	13,100	13,534
Credit Card			
QuickBooks Credit Card	12,363		94
CalOil Credit Card	9,521	530	383
Total Credit Card	21,884	530	477
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
Total Payroll Liabilities	5,327		5,404
Sales Tax Payable	1,667	-270	-626

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Balance Sheet

	2017	2018	2019
Total Other Current Liabilities	6,994	-270	4,778
Total Current Liabilities	47,637	13,360	18,789
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
Total Long-Term Liabilities	455,896	421,675	386,967
Total Liabilities	503,533	435,035	405,756
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
Total Equity	32,195	80,182	241,802
Total Liabilities and Equity	535,727	515,217	647,558

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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
Total Adjustments to Net Income	-23,067	-4,756	-70,977
Total Operating Activities	-5,324	20,786	142,584
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		
Total Investing Activities	-467,874	44,436	-11,500
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		
Total Financing Activities	495,170	-34,221	-34,708
Net Cash Increase For Period	21,972	31,001	96,376

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Additional Comments

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

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