

Exclusive Webinar for NBWA Members

Forecasting Through a Pandemic

Budgeting for Beer Distributors During COVID-19



Accounting • Tax • Advisory

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National Beer
Wholesalers
Association



Gary Cassiello, CPA, ABV, CFF



R.J. Martucci, CPA

Our Firm

- JGS, CPA, PC was founded in 1932.
- Full service firm: Accounting, tax and advisory.
- More than 88 years of experience.
 - 50 years in beer distribution industry.
- Retained by our first beer distributorship in 1970
 - They are still a client today.



Consulting Services for Beer Distributors

Financial Statement Management

- Benchmarking cost-per-case
- Profit margin analysis
- Bank covenant management
- Compensation formulas

Mergers & Acquisition / Succession Planning

- Budgeting & Projections
- Due diligence and benchmarking a target
- Integration with estate planning
- Valuation services

Fraud

- Prevention
- Internal Control review
- Detection

Memberships/Affiliations



New York State
Beer Wholesalers
Association



We deliver more



National Beer
Wholesalers
Association



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Gary J. Cassiello, CPA, ABV, CFF



- Shareholder/Partner with the firm since 1987
- Certifications in business valuation and forensic accounting
- Specialties include acquisition, consolidation and family transfers
- Bachelor of Science degree in accounting from Fordham University

R.J. Martucci, CPA



- Shareholder/Partner and has been with the firm since 2011
- Works with beer distributors and craft beer manufacturers
- Specializes in internal control and process improvements
- Bachelor of Science degree in accounting from Susquehanna University

What You Will Learn

Why budget or forecast?

Key Considerations for the Process

Scenario Modeling

Major Budget Items

Resources

Why Budget or Forecast?

- Uses of the forecast or budget
 - Evaluating Operational Performance
 - Tax Planning
 - Other Business Decisions

Key considerations for the process.

- Scenario Modeling - "What if"
- Build in flexibility to pivot when unanticipated circumstances arise-get ahead of the curve
- You should analyze, not copy, last year's results

Major Budget Items

- Profit and Loss Statement
- Balance Sheet
- Statement of Cash Flow

Resources

- NBWA
- State Beer Wholesaler Associations
- Professionals like consultants, accountants, lawyers, insurance agents
- Local economic development authorities
- 2020 Census - when it becomes available.
- Banks- larger banks have lots of economic data to share
- For mega trends review the “Beige Book” for your area from the Federal Reserve <https://www.federalreserve.gov/monetarypolicy/beige-book-default.htm>
- Suppliers and other vendors
- Customers
- Internal databases

Contact us

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Thank You!

Visit the On-Demand Video Series Page

<https://jgspc.com/budgeting/>

More in depth into the budgeting process.

Videos available on the profit & loss statement, balance sheet and statement of cash flows. Also, an roundtable discussion, resources and much more.

Profit and Loss Statement

Profit and Loss Statement

- Decide on frequency- monthly, quarterly, annually.
 - We recommend monthly.
- Accumulate data from recent experience.
- Allows management to make real-time corrections of negative trends when analyzing budget to actual results.
- We use the most recent trailing 12 months.
- We recommend using a 3 column process:
 - Column 1 is the historical information
 - Column 2 is the adjustment, if any, you wish to make
 - Column 3 is the final budgeted amount(Column1 +/- Column 2)

Profit and Loss Statement

- Sales
 - Case load-increasing/decreasing?
 - Reference Lester video link.
 - Mix of products sold.
 - Average selling price per case.
- Gross Profit
- Selling Expenses
 - Labor
 - Advertising, Marketing and Promo.
 - Change reimbursements (co-op)?
 - Fringe benefits

Profit and Loss Statement (continued)

- Delivery
 - Labor
 - Fringe Benefits
 - Fleet Expenses
 - Insurance
- Warehouse
 - Labor
 - Fringe Benefits
 - Occupancy Cost
 - Repair and Maintenance
 - Carting Expenses

Profit and Loss Statement (continued)

- Administrative
 - Officer Salaries
 - Other Labor
 - Fringe Benefits
 - Office Expense
 - Professional Fees
 - Telephone/Internet
 - Bad Debts
- Other Income (Expenses)
 - Aluminum Sales
 - Interest (Expense)
 - Interest (Income)
 - Gain (Loss) on Sales of Assets

Balance Sheet

Balance Sheet

- Decide on frequency- monthly, quarterly, annually.
 - We recommend monthly.
- Accumulate data from recent experience.
- Allows management to make real-time corrections of negative trends when analyzing budget to actual results.
- We use the most recent balance sheet available.

Balance Sheet (continued)

- Assets
 - Accounts Receivable/Reserve
 - Inventory/Reserve
 - Prepays and other current assets
 - Property, plant and equipment
 - Brand Rights/Impairments
 - Other
- Liabilities
 - Accounts Payable
 - Accrued Expenses
 - Unredeemed container deposits (if applicable)
 - Debt
 - Other

Balance Sheet (continued)

- Owner's Equity
 - Capital
 - Distributions
- Cash

- Next - Statement of Cash Flows

Statement of Cash Flows

Statement of Cash Flows

- Decide on frequency- monthly, quarterly, annually.
 - We recommend monthly.
- Accumulate data from P&L and the changes in the balance sheet.
- Allows management to make real-time corrections of negative trends when analyzing budget to actual results.

Statement of Cash Flows (continued)

- Cash Flow from Operations
 - Start with the profit and loss
 - Plus or minus non-cash items
 - Analyze the changes in current assets and liabilities from your balance sheet.
 - The sum of that is the cash flow from operations.
- Cash Flow from Investments
 - Cap-ex spend
 - Any money received from the sale of assets.
 - The sum of that is the cash flow from investments.

Statement of Cash Flows (continued)

- Cash Flow from financing
 - Proceeds from or (payments of) debt
 - Shareholder distributions
 - The sum of that is the cash flow from financing.
- The sum of operations, investing and financing is your change in cash. Which added to your beginning cash should give you your expected cash balance at the end of the period.
- Uses of this information.

XYZ DISTRIBUTORS, INC.
ANYWHERE, USA

FORECASTED STATEMENTS OF OPERATIONS
FOR THE MONTHS ENDING,

	01/31/21	02/28/21	03/31/21	04/30/21	05/31/21	06/30/21	07/31/21	08/31/21	09/30/21	10/31/21	11/30/21	12/31/21	TOTAL	% Sales	\$/Case	12/31/20	% Sales	\$/Case
Unit Sales:																		
Case Equivalents	240,100	220,600	240,900	279,200	342,600	338,400	346,000	340,500	289,000	257,500	272,300	287,500	3,454,600			3,455,450		
SALES	3,493,500	3,209,700	3,505,100	4,062,400	4,984,800	4,923,700	5,034,300	4,954,300	4,205,000	3,746,600	3,962,000	4,183,100	50,264,500	100.00%	14.55	49,680,571	100.00%	14.38
COST OF SALES:																		
Inventories-Beginning	4,209,022	3,766,296	3,610,784	3,696,654	3,903,573	4,322,603	4,269,619	4,247,539	4,296,154	4,434,803	4,302,582	4,364,235	4,209,022	8.37%	1.22	3,900,667	7.85%	1.13
Purchases	2,013,554	2,101,228	2,550,306	3,063,192	3,923,843	3,408,869	3,517,536	3,531,983	3,095,184	2,502,013	2,847,335	2,988,610	35,543,653	70.71%	10.29	35,238,656	70.93%	10.20
Total	6,222,576	5,867,524	6,161,090	6,759,846	7,827,416	7,731,472	7,787,155	7,779,522	7,391,338	6,936,816	7,149,917	7,352,845	39,752,675	79.09%	11.51	39,139,323	78.78%	11.33
Less: Inventories-Ending	3,766,296	3,610,784	3,696,654	3,903,573	4,322,603	4,269,619	4,247,539	4,296,154	4,434,803	4,302,582	4,364,235	4,411,707	4,411,707	8.78%	1.28	4,209,022	8.47%	1.22
Cost of Sales	2,456,280	2,256,740	2,464,436	2,856,273	3,504,813	3,461,853	3,539,616	3,483,368	2,956,535	2,634,234	2,785,682	2,941,138	35,340,968	70.31%	10.23	34,930,301	70.31%	10.11
GROSS PROFIT	1,037,220	952,960	1,040,664	1,206,127	1,479,987	1,461,847	1,494,684	1,470,932	1,248,465	1,112,366	1,176,318	1,241,962	14,923,532	29.69%	4.32	14,750,270	29.69%	4.27
	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%	29.69%					
OPERATING EXPENSES (Schedule C):																		
Selling Expenses	312,800	302,500	313,300	279,800	367,600	365,400	369,500	312,400	339,000	322,300	329,900	284,300	3,898,800	7.76%	1.13	4,013,644	8.08%	1.16
Delivery Expenses	228,900	221,500	229,300	257,000	280,800	279,200	282,000	279,900	260,700	249,000	254,400	260,200	3,082,900	6.13%	0.89	3,354,099	6.75%	0.97
Warehouse Expenses	346,000	343,600	346,100	355,500	363,100	362,600	363,500	362,800	356,700	352,900	354,700	356,500	4,264,000	8.48%	1.23	4,426,089	8.91%	1.28
Administrative Expenses	121,500	154,500	131,000	124,000	120,000	131,000	120,000	120,000	131,000	120,000	120,000	553,600	1,946,600	3.87%	0.56	1,938,117	3.90%	0.56
Total Expenses	1,009,200	1,022,100	1,019,700	1,016,300	1,131,500	1,138,200	1,135,000	1,075,100	1,087,400	1,044,200	1,059,000	1,454,600	13,192,300	26.25%	3.82	13,731,949	27.64%	3.97
OPERATING INCOME (LOSS)	28,020	(69,140)	20,964	189,827	348,487	323,647	359,684	395,832	161,065	68,166	117,318	(212,638)	1,731,232	3.44%	0.50	1,018,321	2.05%	0.29
OTHER INCOME (EXPENSES):																		
Aluminum Sales	21,600	19,900	21,700	25,100	30,800	30,500	31,100	30,600	26,000	23,200	24,500	25,900	310,900	0.62%	0.09	327,140	0.66%	0.09
Gain on Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00	22,847	0.05%	0.01
Interest Income	500	500	500	500	500	500	500	500	500	500	500	500	6,000	0.01%	0.00	4,063	0.01%	0.00
Amortization Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00	0	0.00%	0.00
Interest Expense (Schedule B)	(11,362)	(13,033)	(14,703)	(18,045)	(21,387)	(21,387)	(21,387)	(21,387)	(21,387)	(21,387)	(21,387)	(21,387)	(228,239)	-0.45%	(0.07)	(42,613)	-0.09%	-0.01
Total Other Income (Expenses)	10,738	7,367	7,497	7,555	9,913	9,613	10,213	9,713	5,113	2,313	3,613	5,013	88,661	0.18%	0.03	311,437	0.63%	0.09
INCOME BEFORE STATE INCOME TAXES	38,758	(61,773)	28,461	197,382	358,400	333,260	369,897	405,545	166,178	70,479	120,931	(207,625)	1,819,893	3.62%	0.53			
State Income Taxes	0	0	0	0	0	0	0	0	0	0	0	4,500	4,500	0.01%	0.00	4,500	0.01%	0.00
NET INCOME (LOSS)	38,758	(61,773)	28,461	197,382	358,400	333,260	369,897	405,545	166,178	70,479	120,931	(212,125)	1,815,393	3.61%	0.53	1,325,258	2.67%	0.38

XYZ DISTRIBUTORS, INC.
ANYWHERE, USA

**SCHEDULE C - FORECASTED SCHEDULES OF OPERATING EXPENSES
FOR THE MONTHS ENDING,**

	01/31/21	02/28/21	03/31/21	04/30/21	05/31/21	06/30/21	07/31/21	08/31/21	09/30/21	10/31/21	11/30/21	12/31/21	TOTAL	% Sales	\$/Case	12/31/20	% Sales	\$/Case
SELLING:																		
Selling Salaries	176,700	172,700	176,900	184,800	198,000	197,100	198,700	197,500	186,900	180,300	183,400	186,500	2,239,500	4.46%	0.65	2,208,286	4.44%	0.64
Payroll Taxes & Benefits	38,600	38,300	38,600	39,300	40,300	40,200	40,400	40,300	39,400	38,900	39,100	39,400	472,800	0.94%	0.14	440,436	0.89%	0.13
Insurance	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	4,900	58,800	0.12%	0.02	45,905	0.09%	0.01
Retirement Plan	12,800	12,800	12,800	12,800	12,800	12,800	12,800	12,800	12,800	12,800	12,800	12,800	153,600	0.31%	0.04	150,961	0.30%	0.04
Travel, Meals & Entertainment	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	32,400	0.06%	0.01	32,321	0.07%	0.01
Sales Promotion	43,200	39,700	43,400	(3,700)	61,700	60,900	62,300	7,300	52,000	46,400	49,000	(2,200)	460,000	0.92%	0.13	460,934	0.93%	0.13
Auto Expense	21,600	19,900	21,700	25,100	30,800	30,500	31,100	30,600	26,000	23,200	24,500	25,900	310,900	0.62%	0.09	321,488	0.65%	0.09
Trade Spending	4,800	4,400	4,800	5,600	6,900	6,800	6,900	6,800	5,800	5,200	5,400	5,800	69,200	0.14%	0.02	66,802	0.13%	0.02
Beer Supplies	2,400	2,200	2,400	2,800	3,400	3,400	3,500	3,400	2,900	2,600	2,700	2,900	34,600	0.07%	0.01	46,993	0.09%	0.01
Repairs & Maintenance	2,400	2,200	2,400	2,800	3,400	3,400	3,500	3,400	2,900	2,600	2,700	2,900	34,600	0.07%	0.01	24,821	0.05%	0.01
Training & Education	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	16,800	0.03%	0.00	16,290	0.03%	0.00
Depreciation	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600	0.03%	0.00	198,407	0.40%	0.06
Total Selling Expenses	312,800	302,500	313,300	279,800	367,600	365,400	369,500	312,400	339,000	322,300	329,900	284,300	3,898,800	7.76%	1.13	4,013,644	8.08%	1.16
DELIVERY:																		
Delivery Salaries	123,100	119,000	123,300	143,700	156,900	156,000	157,600	156,500	145,800	139,200	142,300	145,400	1,708,800	3.40%	0.49	1,645,610	3.31%	0.48
Payroll Taxes & Benefits	26,100	25,700	26,100	27,700	28,800	28,700	28,800	28,700	27,900	27,400	27,600	27,900	331,400	0.66%	0.10	340,323	0.69%	0.10
Gasoline & Oil	14,400	13,200	14,500	16,800	20,600	20,300	20,800	20,400	17,300	15,500	16,300	17,300	207,400	0.41%	0.06	215,781	0.43%	0.06
Truck Repair & Expense	21,600	19,900	21,700	25,100	30,800	30,500	31,100	30,600	26,000	23,200	24,500	25,900	310,900	0.62%	0.09	325,141	0.65%	0.09
Insurance	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	25,500	306,000	0.61%	0.09	320,943	0.65%	0.09
Retirement Plan	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	132,000	0.26%	0.04	129,613	0.26%	0.04
Uniforms	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	28,800	0.06%	0.01	28,641	0.06%	0.01
Taxes & Licenses	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200	0.05%	0.01	24,475	0.05%	0.01
Depreciation	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	32,400	0.06%	0.01	323,565	0.65%	0.09
Total Delivery Expenses	228,900	221,500	229,300	257,000	280,800	279,200	282,000	279,900	260,700	249,000	254,400	260,200	3,082,900	6.13%	0.89	3,354,099	6.75%	0.97
WAREHOUSE:																		
Warehouse Salaries	109,000	109,000	109,000	113,400	113,400	113,400	113,400	113,400	113,400	113,400	113,400	113,400	1,347,600	2.68%	0.39	1,339,064	2.70%	0.39
Payroll Taxes & Benefits	29,200	29,200	29,200	29,600	29,600	29,600	29,600	29,600	29,600	29,600	29,600	29,600	354,000	0.70%	0.10	348,239	0.70%	0.10
Utilities	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	18,800	225,600	0.45%	0.07	220,962	0.44%	0.06
Real Estate Taxes	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	19,600	235,200	0.47%	0.07	234,279	0.47%	0.07
Rent	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,200,000	2.39%	0.35	1,410,000	2.84%	0.41
Insurance	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	19,100	229,200	0.46%	0.07	249,241	0.50%	0.07
Retirement Plan	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600	103,200	0.21%	0.03	101,508	0.20%	0.03
Carting Expenses	12,000	11,000	12,000	14,000	17,100	16,900	17,300	17,000	14,500	12,900	13,600	14,400	172,700	0.34%	0.05	178,424	0.36%	0.05
Repairs & Maintenance	16,800	15,400	16,900	19,500	24,000	23,700	24,200	23,800	20,200	18,000	19,100	20,100	241,700	0.48%	0.07	251,466	0.51%	0.07
Depreciation	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	154,800	0.31%	0.04	92,906	0.19%	0.03
Total Warehouse Expenses	346,000	343,600	346,100	355,500	363,100	362,600	363,500	362,800	356,700	352,900	354,700	356,500	4,264,000	8.48%	1.23	4,426,089	8.91%	1.28
ADMINISTRATIVE:																		
Officers' Salaries	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	12,900	418,100	560,000	1.11%	0.16	560,420	1.13%	0.16
Office Salaries	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	42,700	512,400	1.02%	0.15	486,961	0.98%	0.14
Payroll Taxes & Benefits	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	12,400	166,200	0.33%	0.05	163,900	0.33%	0.05
Insurance	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	15,600	0.03%	0.00	10,416	0.02%	0.00
Retirement Plan	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	10,100	121,200	0.24%	0.04	118,859	0.24%	0.03
Office Expense	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	216,000	0.43%	0.06	211,711	0.43%	0.06
Professional Fees	6,500	39,500	16,000	9,000	5,000	16,000	5,000	16,000	5,000	5,000	16,000	144,000	0.29%	0.04	195,591	0.39%	0.06	
Dues, Subscriptions & Licenses	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	34,800	0.07%	0.01	34,468	0.07%	0.01
Telephone	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	96,000	0.19%	0.03	93,797	0.19%	0.03
Travel, Meals & Entertainment	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	45,600	0.09%	0.01	44,610	0.09%	0.01
Bad Debt Expense	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000	0.05%	0.01	882	0.00%	0.00
Depreciation	900	900	900	900	900	900	900	900	900	900	900	900	10,800	0.02%	0.00	16,502	0.03%	0.00
Total Administrative Expenses	121,500	154,500	131,000	124,000	120,000	131,000	120,000	120,000	131,000	120,000	120,000	553,600	1,946,600	3.87%	0.56	1,938,117	3.90%	0.56

XYZ DISTRIBUTORS, INC.
ANYWHERE, USA

FORECASTED BALANCE SHEETS

	<u>01/31/21</u>	<u>02/28/21</u>	<u>03/31/21</u>	<u>04/30/21</u>	<u>05/31/21</u>	<u>06/30/21</u>	<u>07/31/21</u>	<u>08/31/21</u>	<u>09/30/21</u>	<u>10/31/21</u>	<u>11/30/21</u>	<u>12/31/21</u>
ASSETS												
CURRENT ASSETS:												
Cash	24,665	159,551	97,734	71,475	95,018	241,106	612,480	890,814	522,510	831,430	864,300	673,983
Accounts Receivable	1,746,750	1,604,850	1,752,550	2,031,200	2,492,400	2,461,850	2,517,150	2,477,150	2,102,500	1,873,300	1,981,000	2,091,550
Inventories	3,766,296	3,610,784	3,696,654	3,903,573	4,322,603	4,269,619	4,247,539	4,296,154	4,434,803	4,302,582	4,364,235	4,411,707
Prepaid Expenses (Schedule D)	240,689	209,505	194,018	162,005	133,836	166,146	174,128	141,825	256,198	208,963	222,323	175,085
Total Current Assets	5,778,400	5,584,690	5,740,956	6,168,253	7,043,857	7,138,721	7,551,297	7,805,943	7,316,011	7,216,275	7,431,858	7,352,325
PROPERTY & EQUIPMENT-NET (Schedule A)	285,904	269,104	272,304	255,004	7,707,627	7,700,827	7,844,027	7,901,727	7,884,927	7,867,627	7,850,827	7,833,527
OTHER ASSETS:												
Security Deposits	55,625	55,625	55,625	55,625	55,625	55,625	55,625	55,625	55,625	55,625	55,625	55,625
Construction in Progress	5,377,423	5,877,423	6,377,423	7,377,423	0	0	0	0	0	0	0	0
Land - Anywhere, USA	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410	73,410
Intangible Assets, Net	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070	5,101,070
Total Other Assets	10,607,528	11,107,528	11,607,528	12,607,528	5,230,105	5,230,105	5,230,105	5,230,105	5,230,105	5,230,105	5,230,105	5,230,105
TOTAL ASSETS	16,671,832	16,961,322	17,620,788	19,030,785	19,981,589	20,069,653	20,625,429	20,937,775	20,431,043	20,314,007	20,512,790	20,415,957
LIABILITIES & STOCKHOLDERS' EQUITY												
CURRENT LIABILITIES:												
Accounts Payable	2,292,528	2,106,291	2,300,140	2,665,855	3,271,159	3,231,063	3,303,642	3,251,143	2,759,433	2,458,618	2,599,970	2,745,062
Accrued Expenses (Schedule E)	765,641	803,141	308,697	396,597	383,697	421,197	534,497	496,197	558,897	672,197	608,697	696,597
Unredeemed Customer Deposits	144,836	144,836	144,836	144,836	144,836	144,836	144,836	144,836	144,836	144,836	144,836	144,836
Current Portion of Long-Term Debt (Schedule B)	0	0	0	0	0	0	0	0	0	0	0	150,000
Total Current Liabilities	3,203,005	3,054,268	2,753,673	3,207,288	3,799,692	3,797,096	3,982,975	3,892,176	3,463,166	3,275,651	3,353,503	3,736,495
LONG-TERM DEBT-NET (Schedule B)	3,900,000	4,400,000	5,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000	6,250,000
Total Liabilities	7,103,005	7,454,268	8,153,673	9,607,288	10,199,692	10,197,096	10,382,975	10,292,176	9,863,166	9,675,651	9,753,503	9,986,495
STOCKHOLDERS' EQUITY:												
Common Stock, no par value, 1,000 shares authorized, issued & outstanding	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Retained Earnings	9,523,827	9,462,054	9,422,115	9,378,497	9,736,897	9,827,557	10,197,454	10,600,599	10,522,877	10,593,356	10,714,287	10,384,462
Total Stockholders' Equity	9,568,827	9,507,054	9,467,115	9,423,497	9,781,897	9,872,557	10,242,454	10,645,599	10,567,877	10,638,356	10,759,287	10,429,462
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	16,671,832	16,961,322	17,620,788	19,030,785	19,981,589	20,069,653	20,625,429	20,937,775	20,431,043	20,314,007	20,512,790	20,415,957

XYZ DISTRIBUTORS, INC.
ANYWHERE, USA

FORECASTED STATEMENTS OF CASH FLOWS
FOR THE MONTHS ENDING

	<u>01/31/21</u>	<u>02/28/21</u>	<u>03/31/21</u>	<u>04/30/21</u>	<u>05/31/21</u>	<u>06/30/21</u>	<u>07/31/21</u>	<u>08/31/21</u>	<u>09/30/21</u>	<u>10/31/21</u>	<u>11/30/21</u>	<u>12/31/21</u>	<u>TOTAL</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>													
Net Income (Loss)	38,758	(61,773)	28,461	197,382	358,400	333,260	369,897	405,545	166,178	70,479	120,931	(212,125)	1,815,393
<u>Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:</u>													
Depreciation	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	17,800	213,600
<u>Changes in Assets & Liabilities:</u>													
Accounts Receivable	109,090	141,900	(147,700)	(278,650)	(461,200)	30,550	(55,300)	40,000	374,650	229,200	(107,700)	(110,550)	(235,710)
Inventories	442,726	155,512	(85,870)	(206,919)	(419,030)	52,984	22,080	(48,615)	(138,649)	132,221	(61,653)	(47,472)	(202,685)
Prepaid Expenses	(50,245)	31,184	15,487	32,013	28,169	(32,310)	(7,982)	32,303	(114,373)	47,235	(13,360)	47,238	15,359
Accounts Payable	(490,453)	(186,237)	193,849	365,715	605,304	(40,096)	72,579	(52,499)	(491,710)	(300,815)	141,352	145,092	(37,919)
Accrued Expenses	34,560	37,500	(494,444)	87,900	(12,900)	37,500	113,300	(38,300)	62,700	113,300	(63,500)	87,900	(34,484)
Total Adjustments	63,478	197,659	(500,878)	17,859	(241,857)	66,428	162,477	(49,311)	(289,582)	238,941	(87,061)	140,008	(281,839)
Net Cash Provided by (Used in) Operating Activities	102,236	135,886	(472,417)	215,241	116,543	399,688	532,374	356,234	(123,404)	309,420	33,870	(72,117)	1,533,554
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>													
Construction in Progress	(500,000)	(500,000)	(500,000)	(1,000,000)	7,377,423	0	0	0	0	0	0	0	4,877,423
Acquisition of Property & Equipment	(1,000)	(1,000)	(21,000)	(500)	(7,470,423)	(11,000)	(161,000)	(75,500)	(1,000)	(500)	(1,000)	(500)	(7,744,423)
Net Cash Used in Investing Activities	(501,000)	(501,000)	(521,000)	(1,000,500)	(93,000)	(11,000)	(161,000)	(75,500)	(1,000)	(500)	(1,000)	(500)	(2,867,000)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>													
Proceeds from (Payments on) Long-Term Debt	500,000	500,000	1,000,000	1,000,000	0	0	0	0	0	0	0	0	3,000,000
Stockholder Distributions	(91,500)	0	(68,400)	(241,000)	0	(242,600)	0	(2,400)	(243,900)	0	0	(117,700)	(1,007,500)
Net Cash Provided by (Used in) Financing Activities	408,500	500,000	931,600	759,000	0	(242,600)	0	(2,400)	(243,900)	0	0	(117,700)	1,992,500
NET INCREASE (DECREASE) IN CASH	9,736	134,886	(61,817)	(26,259)	23,543	146,088	371,374	278,334	(368,304)	308,920	32,870	(190,317)	659,054
CASH-BEGINNING	14,929	24,665	159,551	97,734	71,475	95,018	241,106	612,480	890,814	522,510	831,430	864,300	14,929
CASH-ENDING	24,665	159,551	97,734	71,475	95,018	241,106	612,480	890,814	522,510	831,430	864,300	673,983	673,983
<u>Supplementary Information:</u>													
<u>Cash Paid For:</u>													
Interest	11,362	13,033	14,703	18,045	21,387	21,387	21,387	21,387	21,387	21,387	21,387	21,387	228,239
Income Taxes	0	0	1,110	0	0	1,130	0	0	1,130	0	0	1,130	4,500

XYZ DISTRIBUTORS, INC.
ANYWHERE, USA

SCHEDULE G - FORECASTED LEVERAGE RATIO & FIXED CHARGE COVERAGE RATIO EXHIBIT
FOR THE TWELVE MONTHS ENDED,

<u>Consolidated Leverage Ratio Exhibit</u>	<u>12/31/21</u>	<u>12/31/20</u>
<u>Leverage Ratio:</u>		
I. Consolidated Indebtedness	6,400,000	3,400,000
II. <u>Consolidated EBITDA:</u>		
(A) Consolidated Net Income	1,815,393	1,325,258
(B) Plus: State and Federal Income Taxes	4,500	4,500
(C) Plus: Consolidated Interest Expense	228,239	42,613
(D) Plus: Depreciation and Amortization	213,600	631,380
(E) Plus: Proforma Adj	0	0
(F) Consolidated EBITDA	<u>2,261,732</u>	<u>2,003,751</u>
 Consolidated Leverage Ratio	 <u>2.83 to 1.00</u>	 <u>1.70 to 1.00</u>

Maximum permitted Leverage Ratio is 3.50 to 1.00

<u>Consolidated Fixed Charge Coverage Ratio Exhibit</u>	<u>12/31/21</u>	<u>12/31/20</u>
I. <u>Consolidated EBITDA:</u>		
(A) Consolidated Net Income	1,815,393	1,325,258
(B) Plus: State and Federal Income Taxes	4,500	4,500
(C) Plus: Consolidated Interest Expense	228,239	42,613
(D) Plus: Depreciation and Amortization	213,600	631,380
(E) Consolidated EBITDA	<u>2,261,732</u>	<u>2,003,751</u>
II. <u>Adjusted Consolidated EBITDA:</u>		
(A) Consolidated EBITDA	2,261,732	2,003,751
(B) Less: Dividends and Distributions	(1,007,500)	(959,884)
(C) Adjusted Consolidated EBITDA	<u>1,254,232</u>	<u>1,043,867</u>
II. <u>Consolidated Fixed Charges:</u>		
(A) Consolidated Interest Expense Paid in Cash	228,239	42,613
(B) Plus: Constructive Maturities	0	0
(C) Plus: Scheduled Principal Payments on Consolidated Indebtedness	0	0
(D) Plus: State and Federal Income Taxes	4,500	4,500
(E) Plus: Maintenance Capital Expenditures	367,000	300,804
(F) Consolidated Fixed Charges	<u>599,739</u>	<u>347,917</u>
 Consolidated Fixed Charge Coverage Ratio	 <u>2.09 to 1.00</u>	 <u>3.00 to 1.00</u>

Minimum permitted Consolidated Fixed Charge Coverage ratio is 1.25 to 1.00