



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 1 of 18

1.0 POLICY/PURPOSE

Santa Barbara Applied Research, Inc. (SBAR) prepares, evaluates, and maintains complete financial records of the company's business activities. The purpose of this work instruction (WI) is to document how SBAR conducts financial evaluations.

2.0 SCOPE

This WI applies to all Santa Barbara Applied Research, Inc. business units.

3.0 REFERENCES AND DEFINITIONS

3.1 References

3.2 Definitions

Account. An account is the basic storage unit for accounting data.

Balance Sheet. The Balance Sheet shows the financial position of the company as of a specific date. The Balance Sheet presents a view of the company as the holder of resources or assets that are equal to the claims against or sources of those assets.

General Ledger. The General Ledger consists of a group of accounts and their summarized data. An accounting system has separate accounts for each asset, each liability, and each component of owner's equity, including revenue and expenses. The accounting system is double entry, which requires that each transaction be in balance (the sum of the debits must equal the sum of the credits).

Income Statement. The Income Statement is a financial statement that summarizes the amount of revenues earned and expenses incurred over a specified period of time.

Trial Balance. The Trial Balance is a listing of all accounts found in the General Ledger with their respective debit or credit balance at the time the Trial Balance is generated. The General Ledger is in balance when the sum of all the debits equals the sum of all the credits.



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 2 of 18

4.0 RESPONSIBILITIES

4.1 Accounting Manager

The Accounting Manager is responsible for preparing the monthly financial evaluation in accordance with the steps listed in Section 5.0.

4.2. President

The President is responsible for reviewing and approving the monthly financial evaluation.

5.0 REQUIREMENTS/PROCEDURES

5.1 General

The financial evaluation is conducted on a monthly basis after all financial data for the month have been posted and before the financial month is closed for accounting purposes. The following steps are taken to conduct the monthly financial evaluation.

5.2 Trial Balance

After all financial data for the current month have been posted, the Accounting Manager prepares a trial balance (see Attachment 1) of the general ledger. Financial data that must be posted at the end of each month includes the following:

- Monthly billings
- Disbursements journal
- Receipts journal
- Adjustments journal
- Payables journal
- Payroll journal
- Receivables journal
- General journal

5.3 Review of Month's Activity

The Accounting Manager enters the trial balance for the current month onto a spreadsheet (see Attachment 2), which lists profit and loss (P&L) by month and by YTD. The Accounting



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 3 of 18

Manager compares the data from the current month to prior months to determine if abnormal activity has occurred in any account.

If abnormal activity is noted in any account, the Accounting Manager confirms the legitimacy of the activity by reviewing invoices and other data for the subject account. If the abnormal activity is not determined to be legitimate, the Accounting Manager posts a journal entry to correct the problem. The process is repeated until all abnormal activity can be determined to be legitimate or is corrected.

5.3 President Review

When the current month data have been verified and/or corrected, the Accounting Manager processes a preliminary income statement and balance sheet for review by the President. The Accounting Manager and the President meet to review the statements. All abnormal activity is reviewed with the President.

5.4 Month End Close

Upon approval of the current month data by the President, the Accounting Manager is authorized to close the month. The Accounting Manager prepares the current month income statement and balance sheet (see Attachments 3 and 4). No further changes are made to the month's data.

5.5 Records

Records maintained for each month include the following:

- Trial balance
- Income statement
- Balance sheet
- Accounts receivable (AR) aging
- Accounts payable (AP) aging
- Disbursements journal
- Receipts journal
- Adjustments journal
- Payables journal
- Payroll journal
- Receivables journal
- General journal



**Quality Assurance Work
Instruction**

CP-00-3000-03

Approved:

A handwritten signature in black ink, appearing to read 'John J. Hart', is written over a horizontal line.

Date: 25 May 2004

Title: Financial Evaluations

**REV
NC**

Page 4 of 18

These records are maintained in the Accounting Department. The Accounting Manager is responsible for ensuring that records are maintained in accordance with this WI.



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

John J. Hart

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 5 of 18

Attachment 1. Sample Trial Balance

07-25-00 14:33:29

Trial Balance For:

Page: 1

Project: ALL

As of: 06-30-00

Run Date: 07-25-00

ACCT. ACCOUNT NAME	BALANCE	ADJUSTMENTS	NEW BALANCE
-----	-----	-----	-----
		DR CR	
1111 Cash in Bank	\$.00	1	
1112 Merchant Account-Visa	.00	1	
1113 Investment	.00	1	
1115 Cash-General-Far East Bk	68,126.83	1	
1116 Cash-Payroll-Far East Bk	9,116.86	1	
1117 Merchant Acct-Far East B	.00	1	
1121 Receivable-Billed	2,847,496.23	1	
1122 Receivable-Unbilled	.00	1	
1130 Receivable-Notes	.00	1	
1135 Receivable-Employees	3,060.00	1	
1140 Petty Cash - OXND	200.00	1	
1141 Petty Cash - TSCS	500.00	1	
1142 Petty Cash - LOSC	1,400.00	1	
1150 Work In Process	-13,630,137.62	1	
1151 FGI-Direct Labor	.00	1	
1152 FGI_OOC	.00	1	
1153 FGI-Direct Contract Labor	.00	1	
1154 FGI-Subcontracts	.00	1	
1155 FGI-Overhead	.00	1	
1156 FGI-Material Handling	.00	1	
1157 FGI-Material VAFB	.00	1	
1160 Prepaid Expense	.00	1	
1165 Prepaid Insurance	11,776.50	1	
1210 FA-Office Furniture	63,118.71	1	
1220 FA-Automobile	27,469.10	1	
1230 FA-Equipment	263,907.27	1	
1235 FA-Software	56,000.25	1	
1240 FA-Leasehold Improvement	.00	1	
1255 Accum. Amortization	.00	1	
1260 Accum. Depreciation	-230,991.10	1	
1320 Deposits	8,160.40	1	
1330 Contract reserve	98,631.14	1	
1400 Interco Exp Allocations	.00	1	
1410 Suspense	3,233.41	1	
1510 Direct Labor-WIP	3,843,309.35	1	
1515 Subcontractor labor	.00	1	
1520 Material Costs-WIP	61,979.81	1	
1521 Travel Costs-WIP	.00	1	
1522 Material (VAFB) - WIP	1,834,571.51	1	
1525 Direct Contract Labor-WIP	.00	1	
1530 Subcontracts-WIP	5,982,586.05	1	
1540 Overhead-WIP	1,700,433.62	1	
1550 Subcontractor Burden-WIP	136,633.31	1	
1555 Matl (VAFB) Burden-WIP	.00	1	
1560 Premium-WIP	70,623.97	1	
1570 Cons Labor Exclusion	.00	1	
1580 Contra Cons Labor Excl	.00	1	
2109 Subcontractor labor pay	-179.73	1	
2110 Accounts Payable	-1,177,185.26	1	
2112 Accrued Payroll	-.00	1	



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 6 of 18

07-25-00 14:33:29

Trial Balance For:

Page: 2

Project: ALL

As of: 06-30-00

Run Date: 07-25-00

ACCT. ACCOUNT NAME	BALANCE	ADJUSTMENTS	NEW BALANCE
-----	-----	-----	-----
		DR CR	
2113 Payable-Sales Tax	.00	1	
2114 Payroll Clearing	-861.49	1	
2115 Accrued SUI	-74,054.15	1	
2116 Payable-401(K)	.00	1	
2117 Accrued Worker's Comp Ins	-10,800.00	1	
2119 Deferred Income	.00	1	
2120 Notes Payable	.00	1	
2122 Loan Payable-Credit Line	-705,966.26	1	
2123 Interco Funds Transfer	-285,623.71	1	
2125 Current Portion, LT Debt	.00	1	
2135 Deferred Compensation	.00	1	
2140 Payable-Taxes-Federal	.00	1	
2145 Payable-Taxes-State	.00	1	
2147 Deferred Taxes-Federal	.00	1	
2148 Deferred Taxes-State	.00	1	
2150 Accrued Paid Absences	-158,254.22	1	
2163 Loans, Shareholder	.00	1	
2170 LT Port-Loans payable	.00	1	
2175 Prior Period Adjustments	.00	1	
2201 P/R Withheld - FIT	.00	1	
2202 P/R Withhold-FICA	.00	1	
2203 P/R Tax - FICA Employer	.00	1	
2204 P/R Withheld-SIT	.00	1	
2205 P/R Withheld-SDI	.00	1	
2206 P/R Withheld-Garnishment	.00	1	
2207 P/R Tax - FUTA	.00	1	
2208 P/R Withheld - S125	.00	1	
2209 P/R Withheld - 401k	-.09	1	
2805 Common Stock	.00	1	
2810 Paid in Capital	.00	1	
2815 Dividends	.00	1	
2825 Prior Period Adjustment	-3,600.00	1	
2830 Retained Earnings	-323,015.63	1	
3200 Sales-Adjustments	-1,084.91	1	
3300 Sales - Award Fee	-149,395.21	1	
3400 Sales-Government	-14,676,034.59	1	
3500 Sales-Contract Reserves	1,938.39	1	
3710 Direct Labor	3,843,309.35	1	
3720 Other Direct Costs	132,603.78	1	
3730 Subcontracts	5,982,586.05	1	
3740 Allocated Overhead	1,700,433.62	1	
3750 Ficon	136,633.31	1	
3760 Material Handling	.00	1	
3770 Material VAFB	1,834,571.51	1	
4110 Labor-Indirect	748,354.82	1	
4111 Payroll-Bonus	35,046.30	1	
4115 Labor-Indirect Subcont	.00	1	
4180 Labor-Indirect Premium	2,264.59	1	
4190 Adjustment to Salaries	.00	1	
4210 Labor-Indirect Paid Abs	49,874.13	1	



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 7 of 18

07-25-00 14:33:29

Trial Balance For:

Page: 3

Project: ALL

As of: 06-30-00

Run Date: 07-25-00

ACCT. ACCOUNT NAME	BALANCE	ADJUSTMENTS	NEW BALANCE
-----	-----	-----	-----
		DR CR	
4220 Insurance-Med & Dental	238,495.38	1	
4225 Employee Welfare	23,135.32	1	
4230 Payroll Tax Employer	474,660.13	1	
4238 Insurance-Workers Comp	120,369.50	1	
4240 Performance Awards	2,750.00	1	
4245 Education Reimbursement	92.16	1	
4301 O/S-Managment	8,544.00	1	
4302 O/S-Personnel	2,415.25	1	
4305 Rent-Building	49,387.53	1	
4307 O/S-Recruitment	2,959.46	1	
4310 Seminar Fees	6,113.55	1	
4315 Auto	17,037.19	1	
4320 Rent-Equipment	12,661.92	1	
4325 Maintenance	5,462.22	1	
4330 O/S-Janitorial	723.00	1	
4331 O/S-Temporary Help	23,268.18	1	
4332 O/S-Corporate Services	86,300.00	1	
4333 Quality Cntrl-CPMF	.00	1	
4335 Telephone	38,735.93	1	
4340 Utilities	.00	1	
4345 Supplies-Office	46,538.93	1	
4346 Postage/Freight	14,934.25	1	
4347 Supplies-Engineering	.00	1	
4350 Dues	18.26	1	
4355 Business Meetings	5,894.53	1	
4360 Travel & Per Diem	29,529.45	1	
4365 Amortization	.00	1	
4370 Depreciation-Auto/Furn	8,109.29	1	
4380 Discounts Taken	.00	1	
4410 Depreciation-Equipment	33,318.89	1	
4420 Computer Leases	.00	1	
4430 Software	1,460.54	1	
4440 Supplies-Computer	6,153.83	1	
4450 Maintenance-Computer	9,026.06	1	
4460 Depreciation-Software	12,574.46	1	
4470 Computer Pool Relief	.00	1	
5318 Contributions/Donations	255.00	1	
5330 Technical Publications	1,114.00	1	
5337 Bank Charges	5,510.82	1	
5345 O/S-Professional Fees	800.00	1	
5346 401(k) Profit Sharing	85,791.59	1	
5347 O/S-401K Administrative	5,240.83	1	
5365 Dues & Subscriptions	858.00	1	
5366 Business Dvlpmt	90,693.43	1	
5375 Business Lic/Property Tax	8,521.32	1	
5377 Insurance-Auto	924.72	1	
5380 Insurance-General	15,044.46	1	
5385 O/S Acctg Services/Fees	10,725.46	1	
5387 Insurance-Life Officer	6,778.90	1	
5390 Other	.00	1	



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 8 of 18

07-25-00 14:33:29

Trial Balance For:

Page: 4

Project: ALL

As of: 06-30-00

Run Date: 07-25-00

ACCT. ACCOUNT NAME	BALANCE	ADJUSTMENTS	NEW BALANCE
-----	-----	-----	-----
		DR 1 CR	
5400 Fringe Pool Expense	1,130,983.09	1	
5410 Fringe Pool Allocation	-1,130,983.09	1	
5415 Fringe Recon by Dept	.00	1	
5420 Overhead Pool Expense	.00	1	
5430 Overhead Pool Allocation	-1,700,433.62	1	
5440 Subcontractor Pool Alloc	-136,633.31	1	
5441 Matl Handling Pool Alloc	.00	1	
5442 IR&D/B&P Burden-Subcon	.00	1	
5443 IR&P/B&P Burden-Material	.00	1	
5500 Subcontractors-IR&D/B&P	.00	1	
5501 Material Handling	.00	1	
5505 Marketing	54.85	1	
5510 Interest Expense	.00	1	
5520 Entertainment	250.00	1	
5525 Board Meeting	10,616.53	1	
5530 Advertisement	2,983.45	1	
5540 Penalties	2,247.58	1	
5550 Loss on Disposal of Equip	.00	1	
5560 Officer Benefits	128,121.24	1	
7001 Income - Interest	-69.73	1	
7100 Income - Misc	-11,516.40	1	
8110 Interest expense	58,685.48	1	
8550 Provision For Income Tax	.00	1	
TOTAL:	\$.01		



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

John J. Hart

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 9 of 18

Attachment 2. Sample P & L Spreadsheet

Page 1 of 4

MCA Engineers, Inc. Government Division Profit and Loss FY 2000

Kirby Mulligan
7/25/00

Acct	ACCOUNT NAME	Feb	Mar	Apr	May	Jun	Year to Date	% of Sales	Average
3200	Sales-Discounts	122,034.19	(6,731.55)	(45,393.48)	79,245.34	(205,634.12)	1,084.91	0.01%	90.41
3300	Sales-Award Fee	0.00	0.00	0.00	0.00	0.00	149,395.21	1.01%	12,449.60
3400	Sales-Government	1,095,255.61	1,453,528.47	1,076,547.53	1,166,266.84	2,273,101.04	14,676,034.59	99.00%	1,223,002.88
3500	Sales-Adjustment	954.41	1,296.55	918.20	1,155.31	1,159.80	(1,938.39)	-0.01%	(161.53)
	TOTAL SALES	1,218,244.21	1,448,093.47	1,032,072.25	1,246,667.49	2,068,626.72	14,824,576.32	100.00%	1,235,381.36
3710	Direct Labor	295,249.94	389,302.90	321,499.51	330,447.94	378,117.60	3,843,309.35	25.93%	320,275.78
3720	Other Direct Costs	3,863.14	6,886.48	6,726.68	11,574.27	48,662.41	132,603.78	0.89%	11,050.32
3730	Subcontracts	469,688.55	556,577.06	384,780.43	495,167.04	981,162.54	5,982,586.05	40.36%	498,548.84
3740	Allocated Overhead	138,288.00	142,483.32	89,792.83	102,934.55	265,502.54	1,700,433.62	11.47%	141,702.80
3750	Floor	8,807.27	15,288.52	8,651.81	16,426.91	23,365.45	136,633.31	0.92%	11,386.11
3760	Material Handling	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
3770	Material VAFB	164,911.71	259,638.44	70,821.15	161,649.69	297,267.24	1,834,571.51	12.38%	152,880.96
	COST OF SALES	1,080,788.61	1,370,176.72	862,252.41	1,118,200.40	1,994,077.78	13,630,137.62	91.94%	1,135,944.80
	GROSS PROFIT	137,455.60	77,916.75	169,819.84	128,467.09	74,548.94	1,194,438.70	8.06%	99,536.56
4110	Labor-Indirect	55,720.75	53,928.48	36,077.09	47,750.04	78,199.05	748,354.82	5.05%	62,362.90
4111	Labor-Indirect Bonus	0.00	8,553.39	0.00	0.00	26,459.49	35,046.30	0.24%	2,920.53
4115	Labor-Indirect Subcont	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4180	Labor-Indirect Premium	966.96	573.25	(280.16)	36.25	0.00	2,264.59	0.02%	188.72
4190	Adjustment to Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4210	Labor-Indirect Paid Abs	12,691.12	8,633.79	15,159.01	2,968.27	1,613.17	49,874.13	0.34%	4,156.18
5385	Accounting Fees	0.00	400.00	4,319.93	1,715.80	882.53	10,725.46	0.07%	893.79
5530	Advertisement	0.00	(12.40)	12.40	0.00	0.00	2,983.45	0.02%	248.62
4365	Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4315	Auto	1,008.92	886.48	2,725.66	3,273.92	1,424.92	17,037.19	0.11%	1,419.77
5337	Bank Charges	80.40	1,190.75	231.65	24.87	752.55	5,510.82	0.04%	459.24
5525	Board Meeting	0.00	0.00	0.00	0.00	10,439.00	10,616.53	0.07%	884.71
5366	Business Dvlpmt	7,092.12	7,903.22	7,000.00	7,053.04	7,351.21	90,693.43	0.61%	7,557.79
5375	Business Lic/Property Tax	0.00	0.00	0.00	0.00	7,822.98	8,521.32	0.06%	710.11
4355	Business Meetings	818.58	622.16	254.14	820.25	879.10	5,884.53	0.04%	491.21
4420	Computer Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4470	Computer Pool Relief	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5318	Contributions/Donations	0.00	135.00	0.00	0.00	0.00	255.00	0.00%	21.25
4370	Depreciation-Auto/Furn	200.00	200.00	1,140.00	1,140.00	3,092.82	8,109.29	0.05%	675.77
4410	Depreciation-Equipment	2,070.00	2,070.00	1,701.00	2,205.00	1,975.30	33,318.89	0.22%	2,776.57



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

John J. Hart

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 10 of 18

Page 2 of 4

MCA Engineers, Inc. Government Division Profit and Loss FY 2000

Kirby Mulligan
7/25/00

Acct	ACCOUNT NAME	Feb	Mar	Apr	May	Jun	Year to Date	% of Sales	Average
4460	Depreciation-Software	700.00	700.00	240.00	240.00	312.42	12,574.46	0.08%	1,047.87
4380	Discounts Taken	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4350	Dues	18.26	0.00	0.00	0.00	0.00	18.26	0.00%	1.52
5365	Dues & Subscriptions	120.00	0.00	122.00	0.00	204.00	858.00	0.01%	71.50
4245	Education Reimbursement	0.00	0.00	0.00	0.00	0.00	92.16	0.00%	7.68
4225	Employee Welfare	333.07	489.32	1,604.61	3,423.55	937.61	23,135.32	0.16%	1,927.94
5520	Entertainment	250.00	0.00	0.00	0.00	0.00	250.00	0.00%	20.83
5410	Fringe Pool Allocation	(100,213.67)	(99,439.24)	(61,099.27)	(78,642.70)	(106,133.73)	(1,130,983.09)	-7.63%	(94,248.59)
5400	Fringe Pool Expense	100,213.67	99,439.24	61,099.27	78,642.70	106,133.73	1,130,983.09	7.63%	94,248.59
5415	Fringe Recon by Dept	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5377	Insurance-Auto	0.00	115.53	120.25	106.88	237.21	924.72	0.01%	77.06
5380	Insurance-General	0.00	1,067.70	769.38	5,977.23	5,249.00	15,044.46	0.10%	1,253.71
5387	Insurance-Life Officer	661.76	0.00	0.00	2,725.73	339.50	6,778.90	0.05%	564.91
4220	Insurance-Med & Dental	20,466.40	33,944.51	(4,139.45)	16,345.85	39,993.20	238,465.38	1.61%	19,874.62
4238	Insurance-Workers Comp	15,049.00	9,107.00	13,854.00	0.00	2,108.50	120,369.50	0.81%	10,030.79
5510	Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5442	IR&D/B&P Burden-Subcon	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5443	IR&P/B&P Burden-Material	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5550	Loss on Disposal of Equip	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4325	Maintenance	0.00	1,227.78	247.50	387.16	964.98	5,462.22	0.04%	455.19
4450	Maintenance-Computer	399.81	424.18	356.00	2,763.95	1,176.95	9,028.06	0.06%	752.17
5505	Marketing	0.00	0.00	0.00	(955.00)	0.00	54.85	0.00%	4.57
5501	Material Handling	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5441	Matt Handling Pool Alloc	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5347	O/S-401K Administrative	475.00	0.00	0.00	0.00	975.00	5,240.83	0.04%	436.74
5345	O/S-Accounting	0.00	670.31	(670.31)	0.00	800.00	800.00	0.01%	66.67
4332	O/S-Corporate Services	7,300.00	0.00	7,300.00	7,300.00	6,000.00	86,300.00	0.58%	7,191.67
4330	O/S-Janitorial	0.00	0.00	0.00	0.00	0.00	723.00	0.00%	60.25
4301	O/S-Management	0.00	0.00	0.00	0.00	0.00	8,544.00	0.06%	712.00
4302	O/S-Personnel	0.00	412.50	1,384.00	0.00	0.00	2,415.25	0.02%	201.27
4307	O/S-Recruitment	0.00	0.00	0.00	0.00	2,959.46	2,959.46	0.02%	246.62
4331	O/S-Temporary Help	0.00	0.00	0.00	1,041.55	6,530.80	23,268.18	0.16%	1,939.02
5390	Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
5560	Other	16,999.94	16,999.94	16,999.94	16,999.94	43,121.54	128,121.24	0.86%	10,676.77
5346	Profit Sharing 401(k)	0.00	0.00	0.00	0.00	85,791.59	85,791.59	0.58%	7,149.30
5430	Overhead Pool Allocation	(138,288.00)	(142,483.32)	(89,792.83)	(102,934.55)	(285,502.54)	(1,700,433.62)	-11.47%	(141,702.80)
5420	Overhead Pool Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

John J. Hart

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 11 of 18

Page 3 of 4

MCA Engineers, Inc. Government Division Profit and Loss FY 2000

Kirby Mulligan
7/25/00

Acct	ACCOUNT NAME	Feb	Mar	Apr	May	Jun	Year to Date	% of Sales	Average
4230	Payroll Tax Employer	38,318.09	37,512.62	38,175.36	37,244.41	49,753.57	474,660.13	3.20%	39,555.01
5540	Penalties	0.00	2,000.00	0.00	0.00	0.00	2,247.58	0.02%	187.30
4240	Performance Awards	0.00	0.00	0.00	0.00	500.00	2,750.00	0.02%	228.17
4346	Postage/Freight	1,216.80	1,351.24	888.31	1,805.54	1,537.01	14,934.25	0.10%	1,244.52
4333	Quality Ctrl-CRPF	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4305	Rent-Building	4,036.26	4,545.54	4,290.90	4,290.90	4,290.90	49,387.53	0.33%	4,115.63
4320	Rent-Equipment	1,055.16	1,055.16	1,055.16	1,055.16	1,055.16	12,661.92	0.09%	1,055.16
4310	Seminar Fees	764.00	451.55	530.00	525.00	199.00	6,113.55	0.04%	508.46
4430	Software	0.00	0.00	199.00	364.49	97.10	1,460.54	0.01%	121.71
5440	Subcontractor Pool Alloc	(8,807.27)	(15,288.52)	(8,651.81)	(16,426.91)	(23,365.45)	(136,633.31)	-0.92%	(11,386.11)
5500	Subcontractors-IR&D/B&P	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4440	Supplies-Computer	300.95	99.99	424.65	291.87	(78.38)	6,153.83	0.04%	512.82
4347	Supplies-Engineering	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
4345	Supplies-Office	6,575.60	4,660.50	3,387.10	4,333.13	7,658.92	46,536.93	0.31%	3,878.24
5330	Technical Publications	0.00	54.00	72.00	0.00	697.00	1,114.00	0.01%	92.83
4335	Telephone	1,853.55	3,109.13	2,289.74	3,156.52	5,897.24	38,735.93	0.26%	3,227.99
4360	Travel & Per Diem	3,806.28	4,350.38	365.75	1,538.17	4,439.42	29,529.45	0.20%	2,460.79
4340	Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
8110	Interest expense	5,840.81	2,860.20	4,241.05	3,615.84	23,423.13	58,685.48	0.40%	4,890.46
TOTAL OPERATING EXPENSE		60,094.32	54,521.36	64,003.02	62,203.86	149,194.96	714,359.78	0.04	54,639.53
OPERATING INCOME		77,361.28	23,396.39	105,816.82	66,263.24	(74,646.02)	480,079.92	3.24%	44,897.03
7001	Income - Interest	0.00	0.00	0.00	(54.58)	0.00	(69.73)	0.00%	(5.81)
7100	Income - Misc	0.00	10,304.41	0.00	0.00	782.26	11,516.40	0.08%	959.70
8550	Provision For Income Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	-
NET INCOME (LOSS)		77,361.28	33,699.80	105,816.82	66,317.82	(73,863.76)	491,665.05	3.32%	45,850.92



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 12 of 18

Page 4 of 4

MCA Engineers, Inc. Government Division Profit and Loss FY 2000

Kirby Mulligan
7/25/00

Acct	ACCOUNT NAME	Feb	Mar	Apr	May	Jun	Year to Date	% of Sales	Average
	Month End Close Date	2/28/99	3/28/99	4/30/99	5/28/99	7/2/99			
	Number of Work Days	20	20	25	20	25			
	<u>Number of Employees</u>								
	Dept 30	14	15	15	15	14			
	Dept 40	5	5	5	5	5			
	Dept 50 (TSCS)	23	23	21	20	18			
	Dept 55 (LOSC)	83	82	84	91	96			
	Dept 60	3	3	3	3	3			
	Dept 80	2	2	2	2	2			
		130	130	130	136	138			

Hours

Accounts Payable Vouchers

297 458 274 344 507



Quality Assurance Work Instruction

CP-00-3000-03

Approved:

John J. Hart

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 13 of 18

Attachment 3. Sample Income Statement

07-25-00 14:33:50

MCA Engineers, Inc - Government Division
Income Statement
FROM: 03 JUL 1999 TO: 30 JUN 2000

CURRENT PERIOD		YEAR TO DATE	
RATIO	AMOUNT	RATIO	AMOUNT
AS A %		AS A %	
OF SALES		OF SALES	

SCHEDULE OF OPERATING EXPENSES

Operating Expenses				
4110	Labor-Indirect	3.78	\$78,199.05	5.05 \$748,354.82
4180	Labor-Indirect Premium			.02 2,264.59
4210	Labor-Indirect Paid Abs	.08	1,613.17	.34 49,874.13
4315	Auto	.07	1,424.92	.11 17,037.19
5337	Bank Charges	.04	752.55	.04 5,510.82
5366	Business Dvlpmnt	.36	7,351.21	.61 90,693.43
5375	Business Lic/Property Ta	.38	7,822.98	.06 8,521.32
4355	Business Meetings	.04	879.10	.04 5,894.53
5318	Contributions/Donations			255.00
4370	Depreciation-Auto/Furn	.15	3,092.82	.05 8,109.29
4410	Depreciation-Equipment	.10	1,975.30	.22 33,318.89
4460	Depreciation-Software	.02	312.42	.08 12,574.46
4350	Dues			18.26
5365	Dues & Subscriptions	.01	204.00	.01 858.00
4245	Education Reimbursement			92.16
4225	Employee Welfare	.05	937.61	.16 23,135.32
5520	Entertainment			250.00
5380	Insurance-General	.25	5,248.00	.10 15,044.46
5385	O/S Acctg Services/Fees	.04	882.53	.07 10,725.46
5387	Insurance-Life Officer	.02	339.50	.05 6,778.90
5377	Insurance-Auto	.01	237.21	.01 924.72
4220	Insurance-Med & Dental	1.93	39,993.20	1.61 238,495.38
4238	Insurance-Workers Comp	.10	2,108.50	.81 120,369.50
8110	Interest expense	1.13	23,423.13	.40 58,685.48
4325	Maintenance	.05	964.98	.04 5,462.22
4450	Maintenance-Computer	.06	1,176.95	.06 9,026.06
5505	Marketing			54.85
5346	401(k) Profit Sharing	4.15	85,791.59	.58 85,791.59
5560	Officer Benefits	2.08	43,121.54	.86 128,121.24
5347	O/S-401K Administrative	.05	975.00	.04 5,240.83
4330	O/S-Janitorial			723.00
5345	O/S-Professional Fees	.04	800.00	.01 800.00
4301	O/S-Management			.06 8,544.00
4332	O/S-Corporate Services	.29	6,000.00	.58 86,300.00
4302	O/S-Personnel			.02 2,415.25
4307	O/S-Recruitment	.14	2,959.46	.02 2,959.46
4230	Payroll Tax Employer	2.41	49,753.57	3.20 474,660.13
4240	Performance Awards	.02	500.00	.02 2,750.00
4346	Postage/Freight	.07	1,537.01	.10 14,934.25
4305	Rent-Building	.21	4,290.90	.33 49,387.53
4320	Rent-Equipment	.05	1,055.16	.09 12,661.92
4310	Seminar Fees	.01	199.00	.04 6,113.55
4430	Software		97.10	.01 1,460.54
4440	Supplies-Computer		-78.38	.04 6,153.83



Quality Assurance Work
Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 14 of 18

07-25-00 14:33:50

MCA Engineers, Inc - Government Division

SCHEDULE OF OPERATING EXPENSES

FROM: 03 JUL 1999 TO: 30 JUN 2000

		CURRENT PERIOD		YEAR TO DATE	
		RATIO	AMOUNT	RATIO	AMOUNT
		AS A %		AS A %	
		OF SALES		OF SALES	
4345	Supplies-Office	.37	7,658.92	.31	46,538.93
4335	Telephone	.29	5,897.24	.26	38,735.93
4360	Travel & Per Diem	.21	4,439.42	.20	29,529.45
5330	Technical Publications	.03	697.00	.01	1,114.00
5400	Fringe Pool Expense	5.13	106,133.73	7.63	1,130,983.09
5410	Fringe Pool Allocation	5.13	-106,133.73	7.63	-1,130,983.09
5415	Fringe Recon by Dept				
5430	Overhead Pool Allocation	12.83	-265,502.54	11.47	-1,700,433.62
5440	Subcontractor Pool Alloc	1.13	-23,365.45	.92	-136,633.31
5530	Advertisement			.02	2,983.45
5540	Penalties			.02	2,247.58
5525	Board Meeting	.50	10,439.00	.07	10,616.53
4331	O/S-Temporary Help	.32	6,530.80	.16	23,268.18
4111	Payroll-Bonus	1.28	26,459.49	.24	35,046.30
	TOTAL Operating Expens	7.21	\$149,194.96	4.82	\$714,359.78



Quality Assurance Work
Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 15 of 18

MCA Engineers, Inc - Government Division
Income Statement
FROM: 03 JUL 1999 TO: 30 JUN 2000

		CURRENT PERIOD		YEAR TO DATE	
		RATIO	AMOUNT	RATIO	AMOUNT
		AS A %		AS A %	
		OF SALES		OF SALES	
REVENUE					
3200	Sales-Adjustments	9.94	\$-205,634.12	.01	\$1,084.91
3300	Sales - Award Fee			1.01	149,395.21
3400	Sales-Government	109.88	2,273,101.04	99.00	14,676,034.59
3500	Sales-Contract Reserves	.06	1,159.80	.01	-1,938.39
	TOTAL	100.00	2,068,626.72	100.00	14,824,576.32
Cost of Sales					
3710	Direct Labor	18.28	378,117.60	25.93	3,843,309.35
3720	Other Direct Costs	2.35	48,662.41	.89	132,603.78
3730	Subcontracts	47.43	981,162.54	40.36	5,982,586.05
3740	Allocated Overhead	12.83	265,502.54	11.47	1,700,433.62
3750	Ficon	1.13	23,365.45	.92	136,633.31
3770	Material VAFB	14.37	297,267.24	12.38	1,834,571.51
	TOTAL	96.40	1,994,077.78	91.94	13,630,137.62
	GROSS PROFIT	3.60	74,548.94	8.06	1,194,438.70
	Total Operating Expens	7.21	149,194.96	4.82	714,359.78
	OPERATING INCOME	3.61	-74,646.02	3.24	480,078.92
Operating Expenses					
7001	Income - Interest				69.73
7100	Income - Misc	.04	782.26	.08	11,516.40
	TOTAL	.04	782.26	.08	11,586.13
	NET INCOME/LOSS	3.57	\$-73,863.76	3.32	\$491,665.05



Quality Assurance Work
Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 16 of 18

Attachment 4. Sample Balance Sheet

07-25-00 14:33:59

MCA Engineers, Inc - Government Division
BALANCE SHEET

As of: 30 JUN 2000

ASSETS

Current Assets

1115 Cash-General-Far East Bk	68,126.83
1116 Cash-Payroll-Far East Bk	9,116.86
1121 Receivable-Billed	2,847,496.23
1135 Receivable-Employees	3,060.00
1140 Petty Cash - OXND	200.00
1141 Petty Cash - TSCS	500.00
1142 Petty Cash - LOSC	1,400.00
1165 Prepaid Insurance	11,776.50
Total Current Assets	2,941,676.42

Fixed Assets

1210 FA-Office Furniture	\$63,118.71
1220 FA-Automobile	27,469.10
1230 FA-Equipment	263,907.27
1235 FA-Software	56,000.25
1260 Accum. Depreciation	-230,991.10
Total Fixed Assets	179,504.23

Other Assets

1320 Deposits	\$8,160.40
1330 Contract reserve	98,631.14
1410 Suspense	3,233.41
Total Other Assets	110,024.95

TOTAL ASSETS

\$3,231,205.60



Quality Assurance Work
Instruction

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

REV
NC

Page 17 of 18

07-25-00 14:33:59

MCA Engineers, Inc - Government Division
BALANCE SHEET

As of: 30 JUN 2000

LIABILITIES AND EQUITY

Current Liabilities

2109 Subcontractor labor pay	\$179.73
2110 Accounts Payable	1,177,185.26
2112 Accrued Payroll	
2114 Payroll Clearing	861.49
2115 Accrued SUI	74,054.15
2117 Accrued Worker's Comp Ins	10,800.00
2122 Loan Payable-Credit Line	705,966.26
2123 Interco Funds Transfer	285,623.71
2150 Accrued Paid Absences	158,254.22
2209 P/R Withheld - 401k	.09
Total Current Liabilities	2,412,924.92

Long Term Liabilities

Shareholders Equity

2825 Prior Period Adjustment	3,600.00
2830 Retained Earnings	323,015.63
2850 Current Earnings	491,665.05
Total Shareholders Equity	\$818,280.68

TOTAL LIABILITIES AND EQUITY \$3,231,205.59



**Quality Assurance Work
Instruction**

CP-00-3000-03

Approved:

Date: 25 May 2004

Title: Financial Evaluations

**REV
NC**

Page 18 of 18

PREPARATION, REVIEW, AND APPROVAL OFFICIALS

Prepared By:

Kirby Mulligan, Accounting Manager

Approved By:

Jack Hart, Director of Finance

CONTROLLED DISTRIBUTION LIST

Copy No.

Master (Electronic)
Copies

Copy Custodian

Accounting Manager
Web Site