

New Horizons
Balance Sheet
as at December 31, 1997

CURRENT ASSETS:

Cash	\$152,350	
Accounts Receivable		74,000
Office Supplies		<u>800</u>
Total Current Assets		\$227,150

CAPITAL ASSETS:

Office Furniture	\$5,000	
Less: Accumulated Dep	<u>500</u>	\$4,500
Office Equipment & Software	41,400	
Less: Accumulated Dep	<u>10,350</u>	<u>31,050</u>
Total Capital Assets		<u>35,550</u>
Total Assets		<u>\$262,700</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$1,500	
Current Portion of Loan Payable	1,000	
Unearned Revenue	<u>10,000</u>	
Total Current Liabilities		\$12,500

LONG TERM LIABILITIES

Loan Payable	38,000	
Total Long Term Liabilities		<u>38,000</u>

Total Liabilities		\$50,500
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SHAREHOLDER'S EQUITY

Capital Stock	\$250,000	
Retained Earnings	<u>(37,800)</u>	
Total ShareHolder's Equity		<u>212,200</u>
Total Liabilities and Shareholder's Equity		<u>\$262,270</u>

New Horizons
Income Statement
for the year ended December 31, 1997

Sales	\$174,000	
Expenses:		
Dep Expense - Office	\$500	
Dep Expense - Equipment	10,350	
Administrative Salaries Expense	190,000	
Advertising Expense	2,000	
Interest Expense	3,000	
Rent Expenses	1,000	
Telephone Expense	100	
Heat, Light and Water	200	
Insurance	3,000	
Office Supplies Expense	<u>1,650</u>	
Total Expenses		<u>211,800</u>
Net Loss	<u>(37,800)</u>	

New Horizons
Statement of Retained Earnings
For the year ended Dec 31, 1997

Retained Earnings Jan 1, 1997	\$0.00
Add: Net Loss	<u>(37,800)</u>
Retained Earnings Dec 31, 1997	<u>(\$37,800)</u>

New Horizons
Statement of Changes in Financial Position for the
Year Ended December 31, 1997

Operating Cash Flow:

Net Loss	(\$37,800)
Net Working Capital for 1997	(62,300)
Depreciation	<u>10,850</u>

Net Operating Cash Flow (\$89,250)

Cash Flow from Capital Spending:

Acquisitions of long-term assets	(46,400)
Net Cash Flow from Capital Spending	(46,400)

Cash Flows from Financing Activities:

New Non-Current Borrowing	\$50,000
Re-payment of Non-Current Borrowing	(12,000)
Capital Contributions	<u>250,000</u>
Net Cash Flows from Financing Activities	<u>288,000</u>

Net Change in Cash and Cash Equivalents 152,350

Cash and Cash Equivalents Dec 31, 1997	\$152,350
Cash and Cash Equivalents Jan 1, 1997	<u>0.00</u>
Net Change in Cash and Cash Equivalents	<u>\$152,350</u>

New Horizons
Balance Sheet
as at December 31, 1998

CURRENT ASSETS:

Cash	\$175,350	
Accounts Receivable	172,850	
Office Supplies	<u>3,500</u>	
Total Current Assets		351,700

CAPITAL ASSETS:

Office Furniture	\$5,000		
Less: Accumulated Dep	<u>1,000</u>	\$4,000	
Office Equipment & Software	41,400		
Less: Accumulated Dep	<u>20,700</u>	<u>20,700</u>	
Total Capital Assets		<u>24,700</u>	
Total Assets			<u>\$376,400</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$1,000	
Current Portion of Loan Payable	1,000	
Unearned Revenue	<u>4,350</u>	
Total Current Liabilities		\$6,350

LONG TERM LIABILITIES

Loan Payable	26,000	
Total Long Term Liabilities		<u>26,000</u>

Total Liabilities \$32,350

SHAREHOLDER'S EQUITY

Capital Stock	\$250,000	
Retained Earnings	<u>94,050</u>	
Total ShareHolder's Equity		<u>344,050</u>
Total Liabilities and Shareholder's Equity		<u><u>\$376,400</u></u>

New Horizons
Income Statement
for the year ended December 31, 1998

Sales	\$391,500
Expenses:	
Dep Expense - Office	\$500
Dep Expense - Equipment	10,350
Administrative Salaries Expense	155,000
Advertising Expense	10,000
Interest Expense	3,000
Rent Expenses	1,000
Telephone Expense	100
Heat, Light and Water	200
Insurance	3,000
Office Supplies Expense	<u>1,500</u>
Total Expenses	<u>184,650</u>
Net Income	<u><u>\$206,850</u></u>

New Horizons
Statement of Retained Earnings
For the year ended Dec 31, 1998

Retained Earnings Jan 1, 1998	(\$37,800)
Add: Net Income	206,850
Drawings	<u>(75,000)</u>
Retained Earnings Dec 31, 1998	<u><u>\$94,050</u></u>

New Horizons
Statement of Changes in Financial Position for the
Year Ended December 31, 1998

Operating Cash Flow:

Net Income	\$206,850
Net Working Capital for 1997	(107,700)
Depreciation	<u>10,850</u>

Net Operating Cash Flow \$110,000

Cash Flow from Capital Spending:

Acquisitions of long-term assets	0.00	
Net Cash Flow from Capital Spending		0.00

Cash Flows from Financing Activities:

Re-payment of Non-Current Borrowing	(12,000)	
Drawings	(75,000)	
Net Cash Flows from Financing Activities		<u>(87,000)</u>

Net Change in Cash and Cash Equivalents \$23,000

Cash and Cash Equivalents Dec 31, 1998	\$175,350
Cash and Cash Equivalents Jan 1, 1998	<u>152,350</u>
Net Change in Cash and Cash Equivalents	<u>\$23,000</u>

New Horizons
Balance Sheet
as at December 31, 1999

CURRENT ASSETS:

Cash	\$145,000	
Accounts Receivable		331,240
Office Supplies		<u>3,500</u>
Total Current Assets		479,740

CAPITAL ASSETS:

Office Furniture	\$25,000	
Less: Accumulated Dep	<u>3,500</u>	\$21,500
Office Equipment & Software	41,400	
Less: Accumulated Dep	<u>31,050</u>	<u>10,350</u>
Total Capital Assets		<u>31,850</u>
Total Assets		<u>\$511,590</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts Payable	\$2,250	
Current Portion of Loan Payable	1,000	
Lease Payable	4,000	
Salaries Payable	12,000	
Unearned Revenue	<u>8,000</u>	
Total Current Liabilities		\$27,250

LONG TERM LIABILITIES

Loan Payable	14,000	
Total Long Term Liabilities		<u>14,000</u>

Total Liabilities		\$41,250
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SHAREHOLDER'S EQUITY

Capital Stock	\$250,000	
Retained Earnings	<u>220,340</u>	
Total ShareHolder's Equity		<u>470,340</u>
Total Liabilities and Shareholder's Equity		<u>\$511,590</u>

New Horizons
Income Statement
for the year ended December 31, 1999

Sales	\$627,840
Expenses:	
Dep Expense - Office	\$500
Dep Expense - Equipment	13,850
Administrative Salaries Expense	325,000
Advertising Expense	37,000
Interest Expense	3,000
Rent Expenses	15,000
Telephone Expense	200
Heat, Light and Water	500
Insurance	4,500
Office Supplies Expense	<u>2,000</u>
Total Expenses	<u>401,550</u>
Net Income	<u><u>\$226,290</u></u>

New Horizons
Statement of Retained Earnings
For the year ended Dec 31, 1999

Retained Earnings Jan 1, 1999	\$94,050
Add: Net Income	226,290
Drawings	<u>(100,000)</u>
Retained Earnings Dec 31, 1999	<u><u>\$220,340</u></u>

New Horizons
Statement of Changes in Financial Position for the
Year Ended December 31, 1999

Operating Cash Flow:

Net Income	\$226,290
Net Working Capital for 1997	(138,490)
Depreciation	<u>13,850</u>

Net Operating Cash Flow \$101,650

Cash Flow from Capital Spending:

Acquisitions of long-term assets	(20,000)
Net Cash Flow from Capital Spending	(20,000)

Cash Flows from Financing Activities:

Re-payment of Non-Current Borrowing	(12,000)
Drawings	(100,000)
Net Cash Flows from Financing Activities	<u>(112,000)</u>

Net Change in Cash and Cash Equivalents (\$30,350)

Cash and Cash Equivalents Dec 31, 1999	\$145,000
Cash and Cash Equivalents Jan 1, 1999	<u>175,350</u>
Net Change in Cash and Cash Equivalents	<u>(\$30,350)</u>