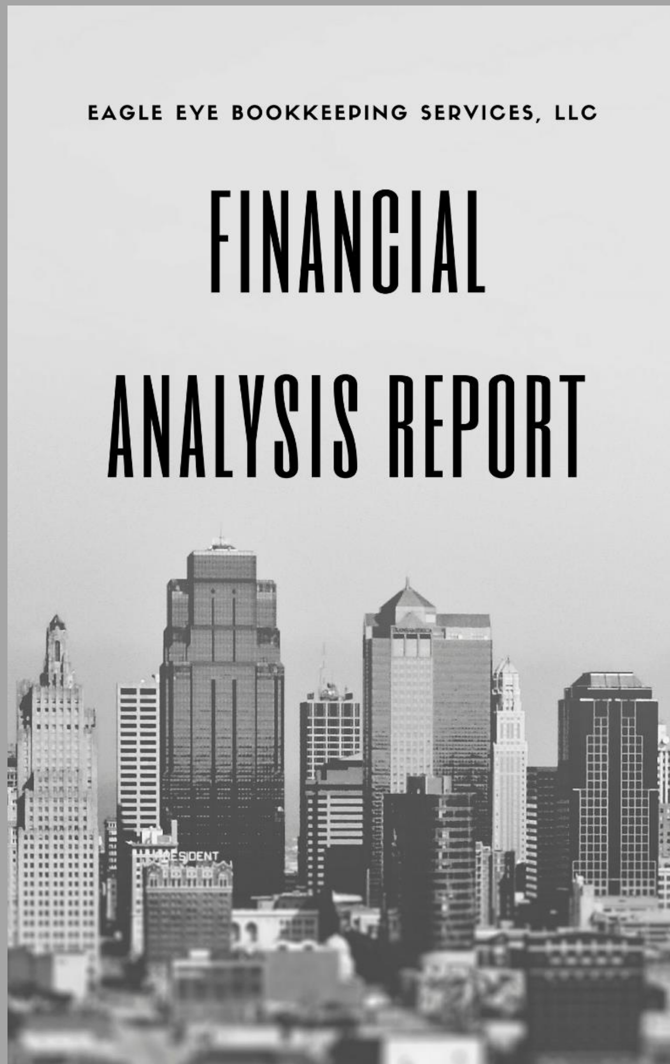

SAMPLE COMPANY

AUGUST 2016

Eagle Eye Bookkeeping Services, LLC

www.eagleeyebookkeepingservicesllc.com

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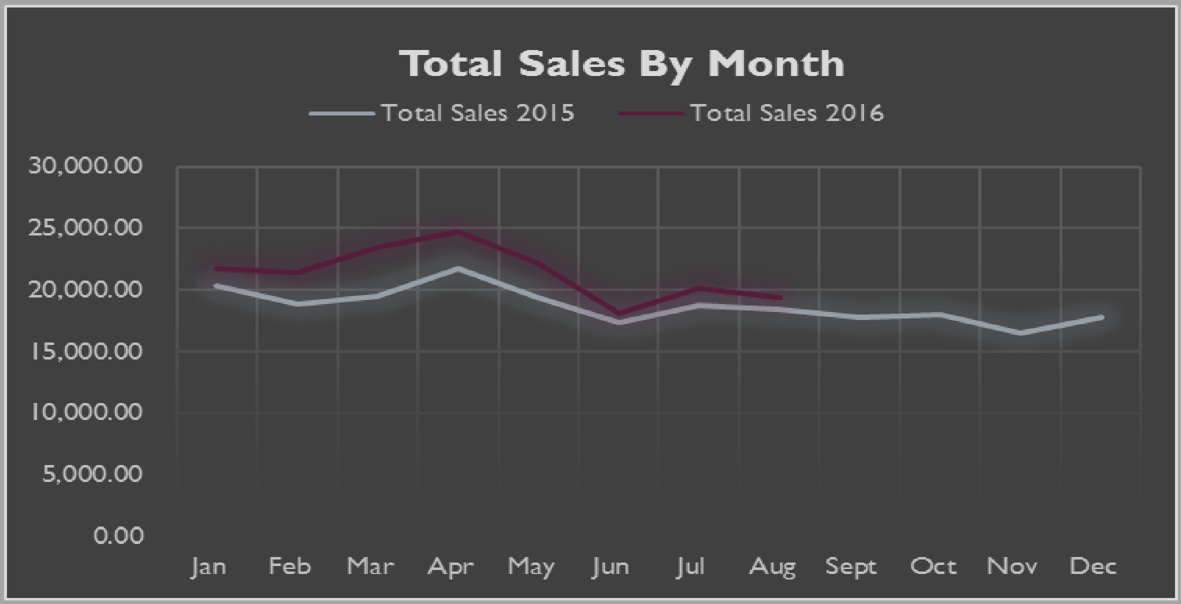
Performance Review

SALES REVIEW

- Sales for the month are ($675.00) less than the prior month or -3.4%
- Sales compared to this month last year were $1,035.00 greater or an increase of 5.6%
- YTD sales are $171,139, this represents a $16,836 increase or a 10.9% increase over last year to date



The sales trend is increasing, sales are getting stronger and showing improvement as time goes on. Despite a sales decrease from the prior month sales YTD are looking strong.

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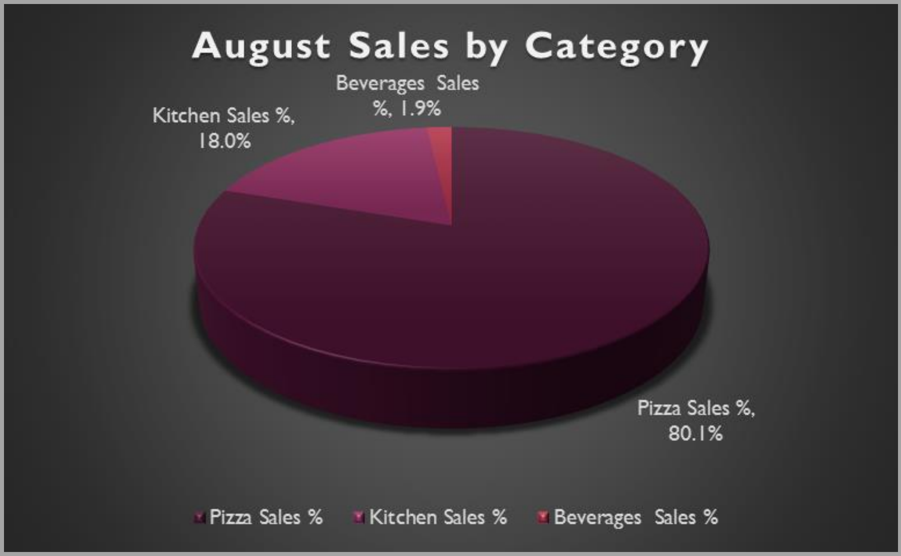
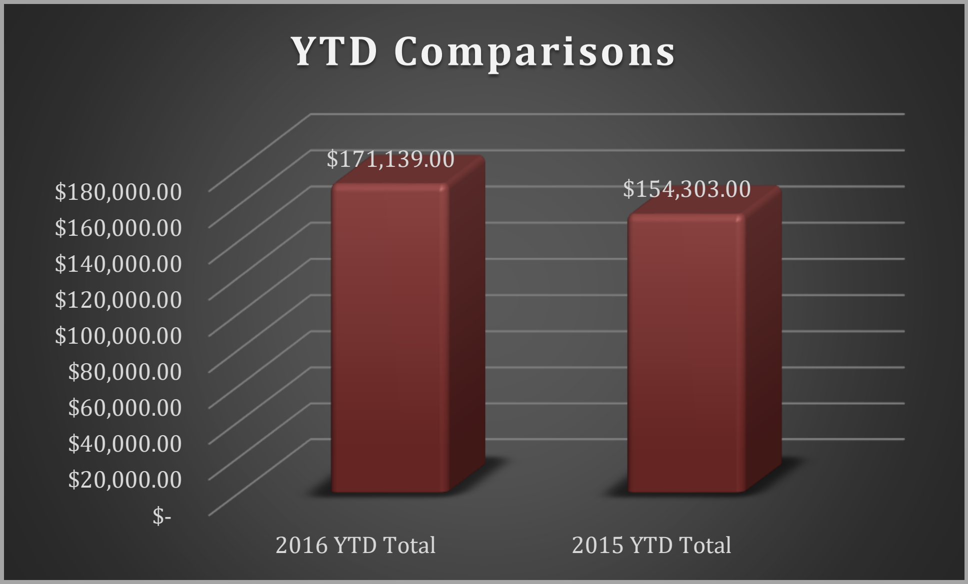
Sales chart by category as a percentage



Year to Date comparison in sales shows how you're doing on a cumulative basis for the year compared to last year.



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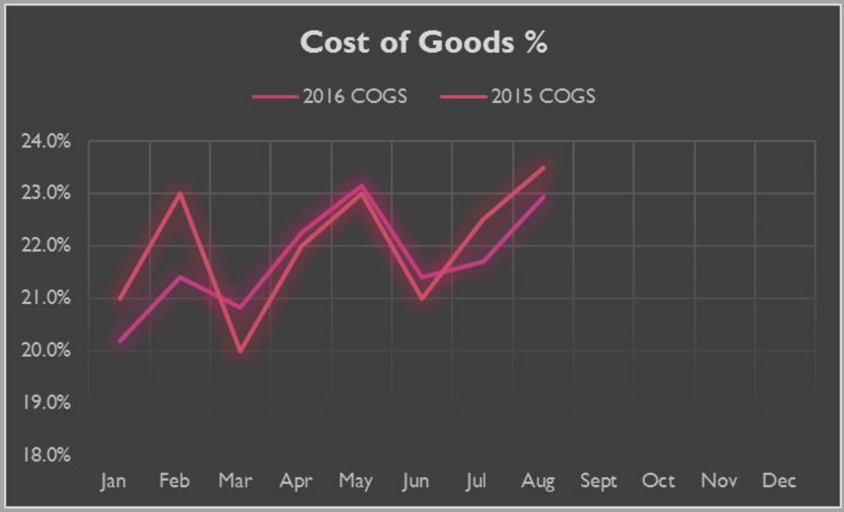
Cost of Goods (COGS)

- **COGS for the month are 22.9% of sales compared to 21.7% last month or 1.2% higher**
- **COGS compared to this month 22.9% compared to 23.5% this month last year or a decrease of 0.6%**
- **YTD COGS are 21.7% compared to 22.0% YTD last year or a 0.3% decrease compared to last year to date**



Possible Causes of a change in COGS %

DECREASE	INCREASE
Over statement of inventory	Under statement of inventory
Supplier Price Reduction	Inventory Shrinkage/Spoilage
Sales Price Increases	Inventory Theft
	Supplier Price Increase
	Sales discounts or promotions

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Expenses

- Expenses for the month were $10,254.61 which represents a $305.55 decrease or a 2.9% decrease from the prior month
- Expenses compared to this month last year were $688.36 greater or an increase of 7.2%
- YTD expenses are $86,337.99, this represents a $6,503.94 or 8.1% increase compared to last year to date

Expenses are trending higher in the beginning of the year and steadily decreasing towards year end.

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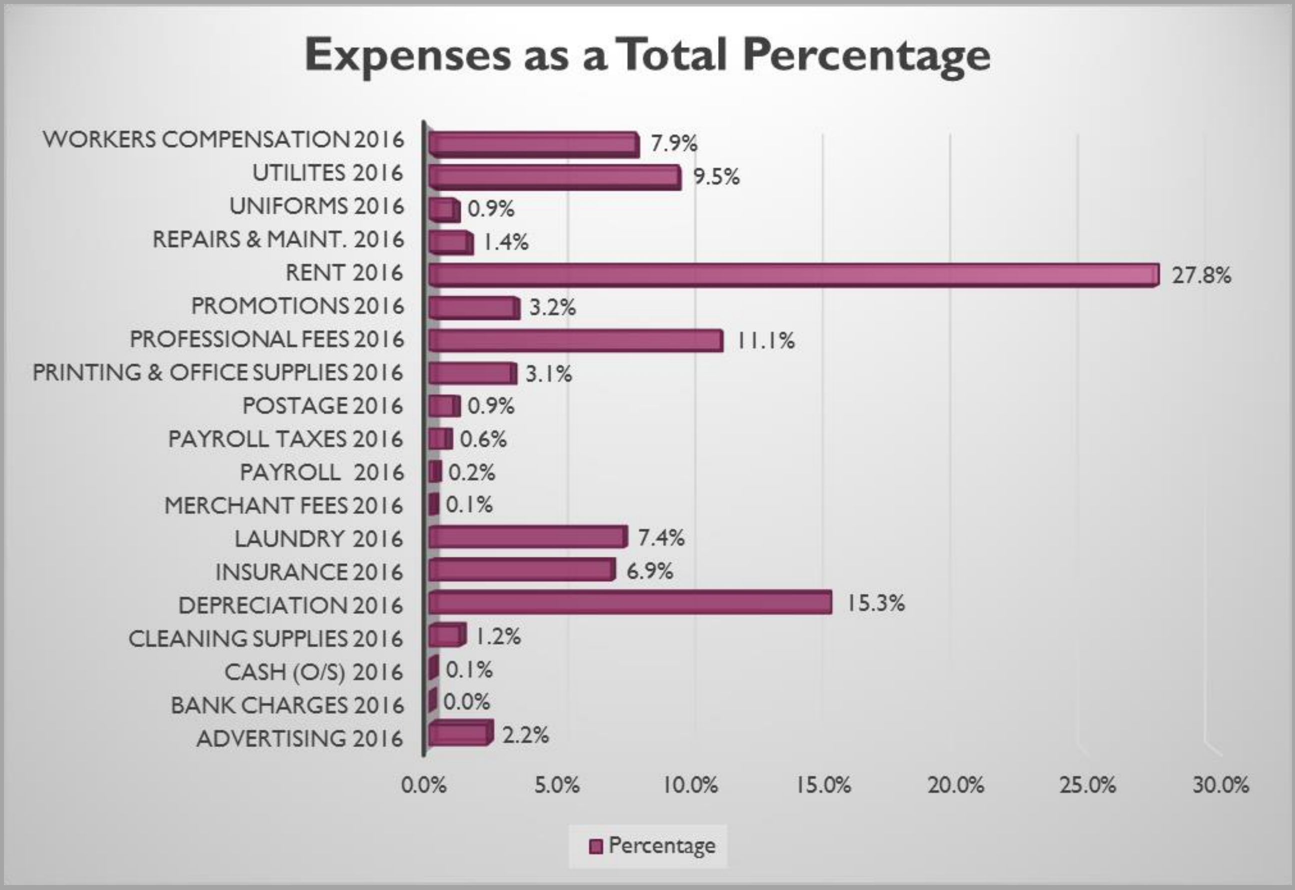
Year to Date expenses as a total percent.

A summary of expenses as a total percentage is a good way to analyze your expense categories to see which areas are the most heavily weighted and see if they can be scaled back or be reduced.



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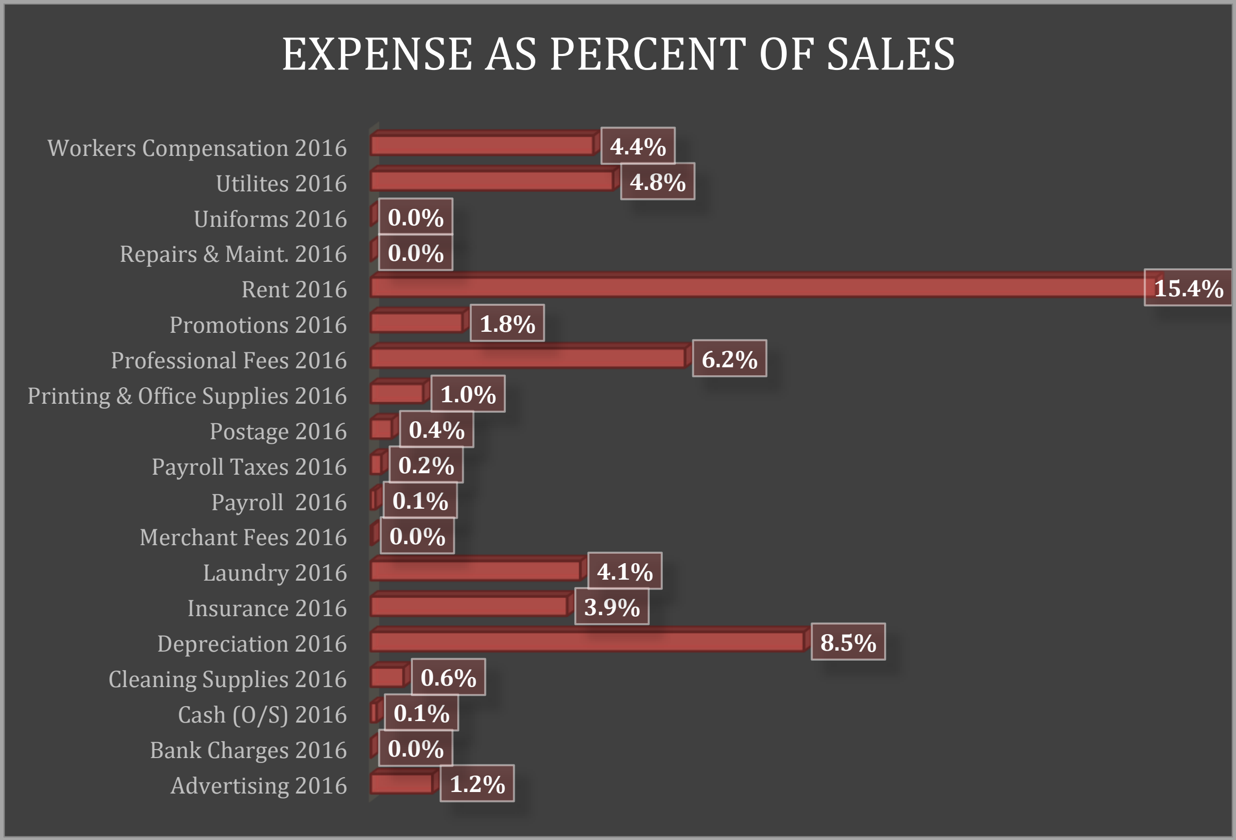
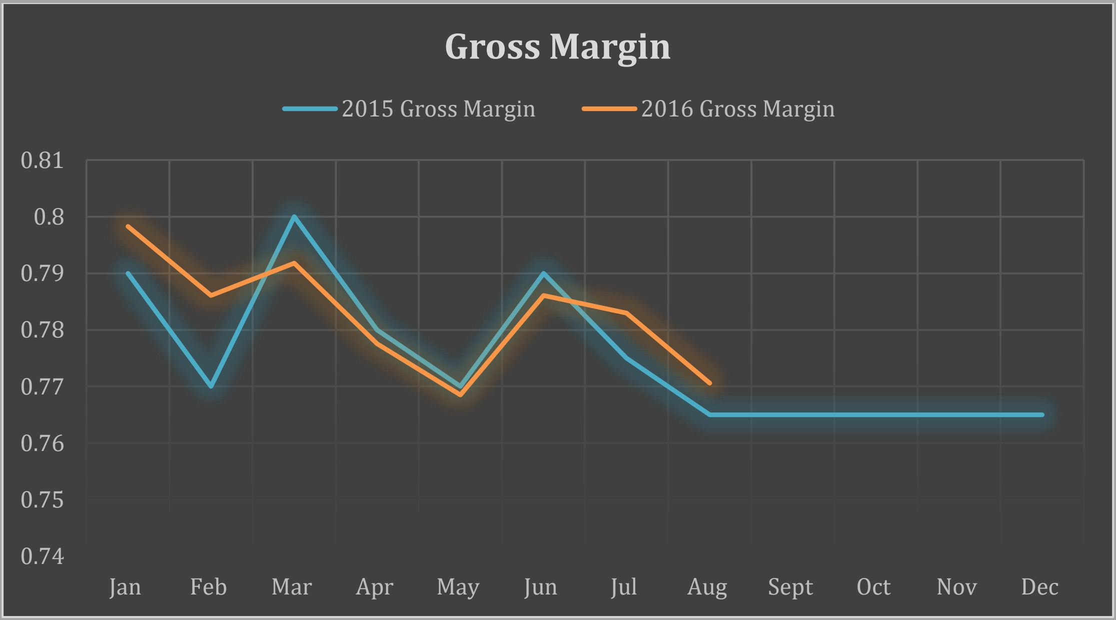
Viewing expenses as a percentage of sales is another way to help identify areas of improvement. They as help you identify fixed vs variable cost when monitoring over time.



Profitability

Gross Profit Margin

Gross Profit Margin or Gross Margin is a financial matrix revealing the proportion of money left over from revenues after accounting for the materials and direct labor to product a product. Inconsistent gross margin may indicate poor inventory control or labor control.



Gross margin remains pretty consistent between 77 and 80 percent.

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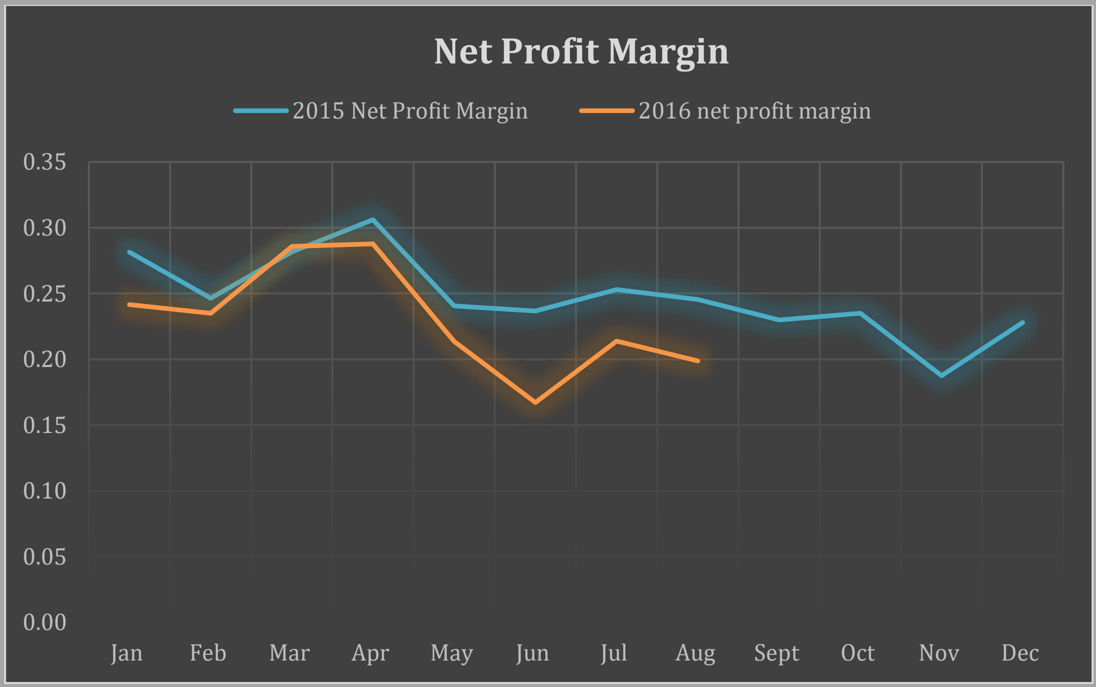
Net Profit Margin

Net Profit Margin is the financial percentage of revenue after all expenses have been accounted for. The higher the net profit margin the better position you company will be in. Controlling expenses and inventory is the best way to improve you net profit margin.



Net Profit is slightly dipping compared to last year. An increase in marketing effort is a cause of lower margins in the current year.

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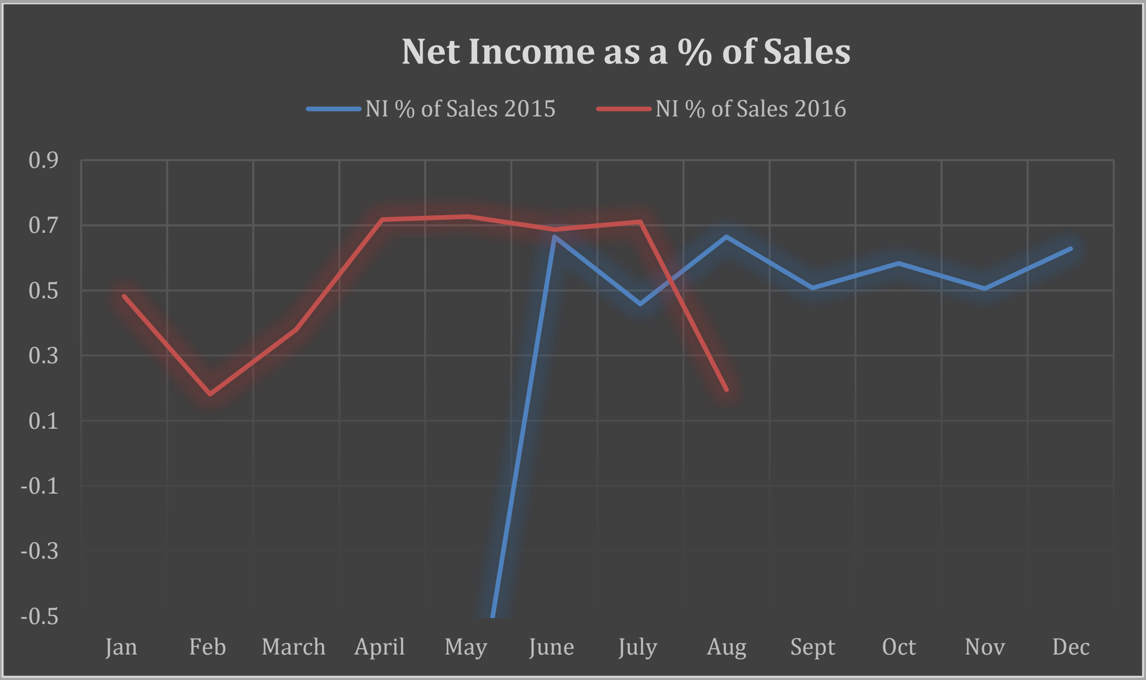
Net Income

Net income as a percent of sales shows how stable the company is over time. A positive percent with minimal fluctuations over time is most ideal. The higher the percent the more profits. A negative or low percentage can be an indication of poor performance.



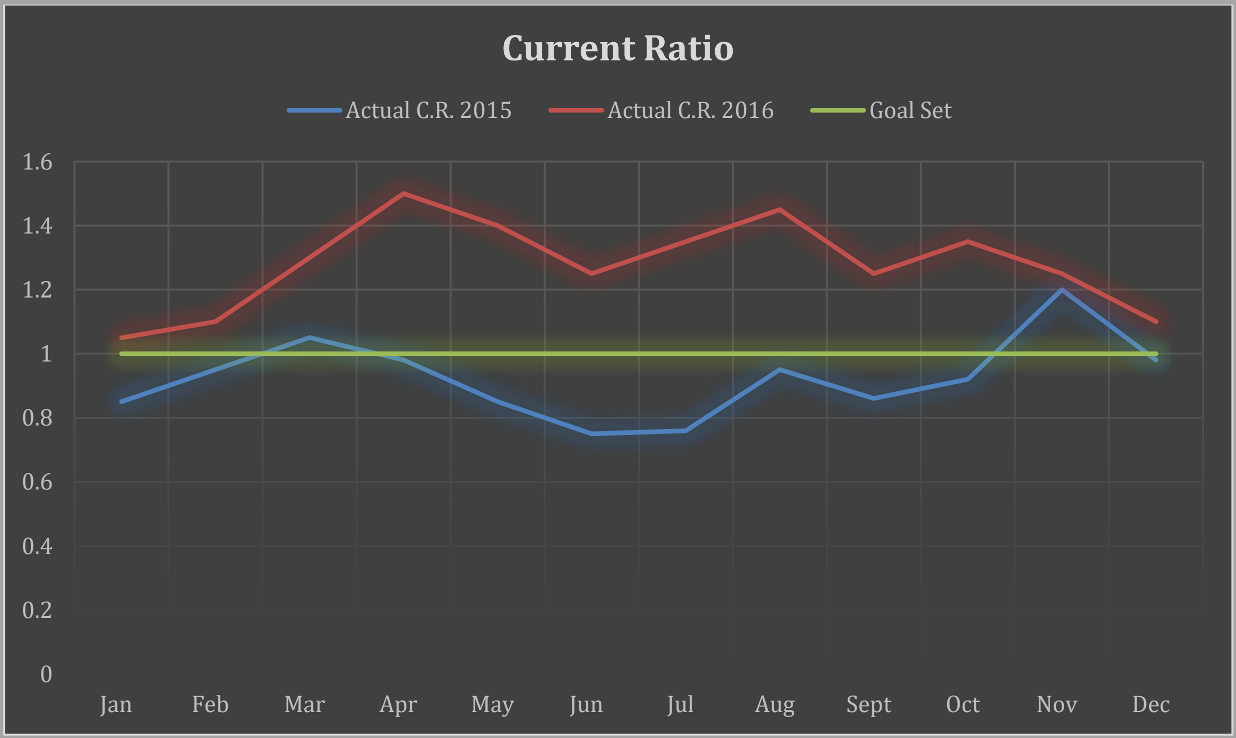
From past performance the ideal range for a net income as a percentage of sales is between 60% and 70%. In August it was 19.5%. Low due to the write off of a fixed asset.

Liquidity Information

CURRENT RATIO

The current ratio shows your abilities to pay short term debt. The higher the ratio the stronger your company is and better able to meet its obligations in the short term.

Another reason to keep a close eye on the current ratio is because banks use it as deciding factor on lending funds. There are even loans out there that the interest rate fluctuates as your current ratio fluctuates.

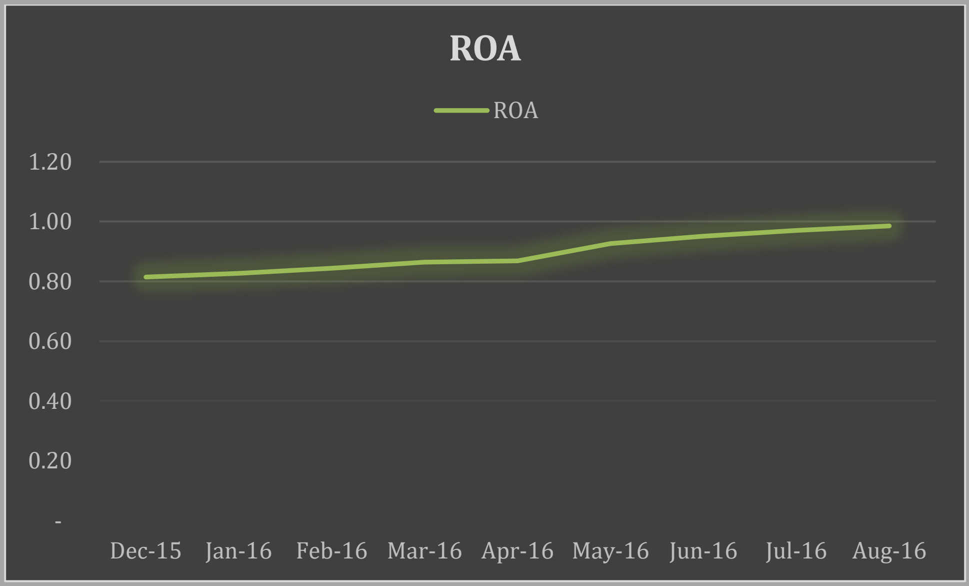


The current year current ratio much stronger than last year. You companies position to pay short liabilities is good.

Return Ratios

RETURN ON ASSETS (ROA)

Return on assets is a measure of how well the company uses its fixed assets to generate a profit. The higher the ratio the more efficient management is on utilizing its equipment. Conversely the lower it is the less efficient the company is.



The companies ROA is steadily increasing. Showing signs of consistent and profitable management of the company's assets.

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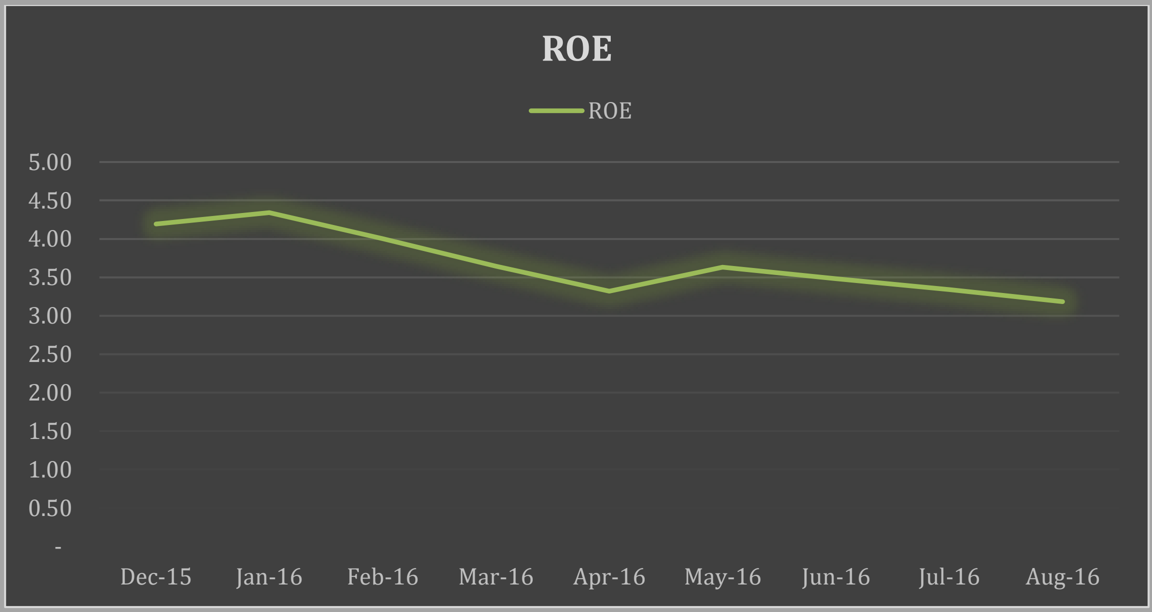
RETURN ON EQUITY (ROE)

Return on equity is a measurement of profitability relative to its size. There are a few ways to increase ROE.

- **Use Financial leverage**
- **Increase profit margins**
- **Improve asset turnover**
- **Distribute idle cash**
- **Lower taxes**

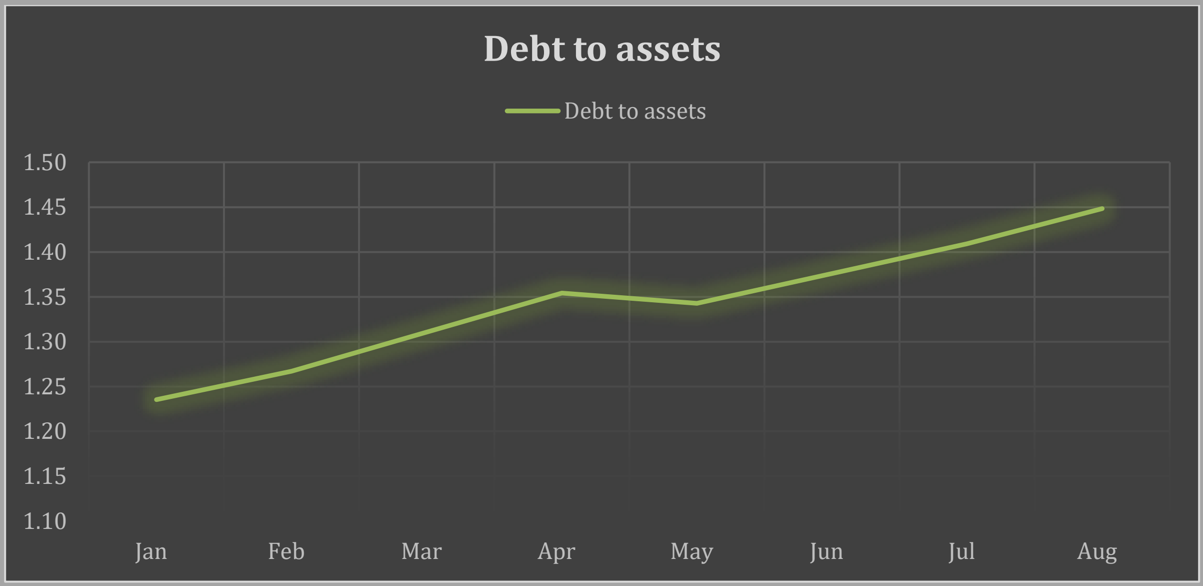


The ROE is decreasing but remains strong. As the company grows and matures more the ROE should stabilize.

Financial Leverage Analysis

DEBT TO ASSET RATIO

Debt to Asset ratio determines the financial risk of a company. It shows how much of your business is being financed. The lower the ratio the more stable and self-sustaining the business is.

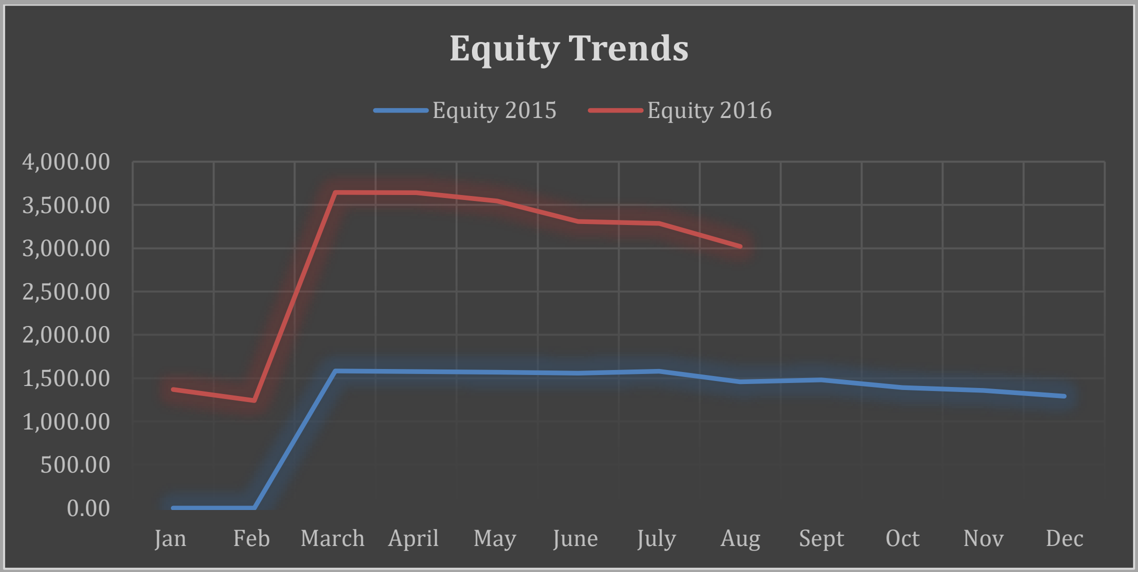


With the purchase and finance of new equipment the company's Debt to assets has been increasing over the current year.

Value

EQUITY

Equity of a company shows the overall value of a company. How much is vested in the company and how much of the profits are kept in company both effect the equity valuation of a company. A healthy trend to see in a company is an overall increasing trend. The saying that a company that is not growing is dying holds true from looking at this trend.



As noted above there are periods of investments in the company (spikes at the beginning of the year) then gradual decreases. These decreases are mainly depreciation of the company assets. Cash is not kept in the company paid or received directly of the company owner. Overall, the equity of the company appears to be healthy.

SAMPLE COMPANY

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