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U.S. War relocation authority Heart Mountain

Aug 2, 20

AUDIT REPORT
FOR THE PERIOD

PAID
JUL 17 1944

Northwest Cooperative Auditing & Service Association
[INCORPORATED UNDER COOPERATIVE LAWS OF THE STATE OF WASHINGTON]
502-504 Baker Building
WALLA WALLA, WASHINGTON

U.S. War Relocation authority. Hart Mountain,
HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

REPORT OF AUDIT

July 31, 1943

TYPED FROM AUDITOR'S REPORT BY:
NORTHWEST COOPERATIVE AUDITING & SERVICE ASS'N.
WALLA WALLA, WASHINGTON

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

TABLE OF CONTENTS

	<u>Page:</u>
Organization	1
Auditor's Comments	2
Comparative Balance Sheet - Assets	Exhibit "A" 6
Comparative Balance Sheet - Liabilities & Surplus	Exhibit "A" 7
Statement of Income & Expense	Exhibit "B" 8
Administrative Expense	Exhibit "B-1" 10
Other Income	Exhibit "B-2" 10
Other Expense	Exhibit "B-3" 11
Warehouse Control & Expense	Exhibit "C" 11
Retail Control	Exhibit "D" 12
Cash on Hand - Mercantile & Service Department	Schedule 1 13
The Shoshone National Bank - Cody, Wyoming	Schedule 2 14
Receivables - Mercantile & Service Department	Schedule 3 15
Summary of Merchandise Inventory	Schedule 4 15
Fixed Assets & Depreciations	Schedule 5 16
Insurance & Prepaid Premiums	Schedule 6 18
Accounts Payable	Schedule 7 19

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

ORGANIZATION

Name: Heart Mountain Community Enterprises.

Address: Heart Mountain, Wyoming.

Purpose: None stated in trust declaration.

Date Organized: Operations Started August 12, 1942.

Trust Declaration made January 29, 1943.

Charter Expires: No Charter.

Fiscal Year Ends On: July 31st.

Authorized Capital Stock: None authorized.

Capital Stock Outstanding: None.

Other Working Funds Provided by Members:

Consists entirely of earnings that have not been paid out as patronage refunds.

Trustees: Chairman - Thomas T. Sashihara.
Sec'y.-Treasurer - Arata Shibayama.
Trustee - Kenneth T. Sato.
Trustee - Jim I. Uyemura.
Trustee - Chobei Tsujimura.
Trustee - Rikio Tomo.
Trustee - Henry T. Horiuchi.

List of Major Employees:

General Manager - Thomas T. Sashihara.
Sr. Accountant & Office Manager - Ted Okumoto.
Head Cashier - Morio Sera.
Buyer - Arata Shibayama.
Warehouse Foreman - George Hamamura.
Manager Store No. 1 - Henry Horiuchi.
Manager Store No. 2 - Jim Uyemura.
Manager Store No. 3 - Chobei Tsujimura.
Manager Shoe Repair Shop - Kamataro Nakashima.

Northwest Cooperative Auditing & Service Association

[INCORPORATED UNDER COOPERATIVE LAWS OF THE STATE OF WASHINGTON]

502-504 Baker Building

WALLA WALLA, WASHINGTON

P. O. Box 158

Board of Trustees

Heart Mountain Community Enterprises

Heart Mountain, Wyoming

Gentlemen:

In accordance with your request received through the Northwest Cooperative Auditing and Service Association, I have audited your books and records for the period August 12, 1942 to July 31, 1943. Since an audit was prepared by Mr. Charles Y. Hisatomi, of the staff of W.R.A., for the period August 12, 1942 to December 31, 1942 checking was confined principally to the period January 1, 1943 to July 31, 1943.

Scope of Audit

A verification of the assets owned and of outstanding obligations was made in accordance with accepted practices of auditing procedure, except that a physical inventory was not taken under the supervision of the auditor. Verification of the inventory was made by check of the internal control by inspection of the inventories during the course of the audit by detailed check of the retail control and by test-checking of the inventory pricing and extensions. Operations were tested sufficiently to assure the auditor of their essential correctness.

The accounts payable were circularized as of September 30, 1943. The results were not known in time to include in this audit.

System

In general, the bookkeeping system is functioning well with adequate records, internal control and accuracy. Improvement could be made, however, if the cash registers were not cleared daily and the key to the register totals kept in the office. Also, your organization would function smoother by the addition of a general manager through whom major policies of your organization could be carried out.

Public Relations

In an organization as large as yours and in consideration of its nature it is important that the public understand its functioning and its purpose. Therefore some method should be provided for furnishing information to the Sentinel, for store publicity and to block meetings, at which suggestions may be received, questions answered and other information provided. For example, the matter of cash dividends is a vital problem facing you at the present time. You should have a means of presenting the problem of capitalization of your organization to the public.

Organization

Some changes seem desirable in the Declaration of Trust under which you are operating. These changes have been discussed with you and with the legal department of W.R.A. Further study and legal consideration will have to be made before the final changes are agreed upon.

Taxation

Mr. Phillip M. Glick, solicitor of the War Relocation Authority in Washington, has issued opinions upon most of the various types of taxes. The amount due on these taxes up to July 31, 1943 has been set-up in the liability section of the Balance Sheet presented here. It is important that all taxes be paid promptly in order to avoid interest and penalties.

You are subject to income taxes on the income from sales for which patronage tickets are not returned. For the period January 1, 1943 to July 31, 1943 tickets were returned against 89.22% of sales. This is relatively good for the initial period of operations but this fact should not prevent you from attempting to get 100.00% returns in the future.

A letter of inquiry has been written the Wyoming State Board of Equalization in regard to the return of sales tax on patronage refunds. No answer had been received at the conclusion of the audit. Since any return of the tax would be a liability to the patron, therefore, not affecting the status of the Balance Sheet, this contingent receivable has not been set-up.

Those taxes which should be brought up to date include: Federal Excise Tax, State Unemployment Tax, Federal Unemployment Tax, Federal Capital Stock Tax.

Retail Control

Exhibit "D" shows the results of the operations of the retail control system. Goods are billed to the stores from the warehouse at selling prices, from this is deducted the amount of sales and the result is the retail price of the inventory on hand. A physical inventory at retail is then taken and the difference listed as shortage or overage.

Since sizeable differences resulted in stores number 2 and 3 suggestions were made to your store managers as to possible sources of error. Consequently they checked their ice cream sales and found difference between the price billed them and their sales of between \$10.00 and \$15.00 per day. Assuming that the loss was constant per gallon sold this one item would account for a difference of \$9,427.60 in the two stores.

In order to correct this loss you should either charge 10¢ per cone or cut the quantity of cream put in each cone in half.

Patronage Refunds

As of July 31st. you had \$1,645.90 in the bank with which to pay \$73,485.92 in patronage refunds. Earnings up to the date of payment will provide some additional cash, but the balance will remain entirely out of proportion. Your patrons have provided no capital for inventory and fixed assets other than the earnings retained in the business, therefore, there must be sufficient lag between the earnings and the payment of those earnings sufficient to provide the capital to operate on. In your present situation you might issue certificates payable at some future time in lieu of cash refunds.

Inventory

The difficulties of buying under present market conditions have forced you to carry larger inventories than are normally carried in retail units. In consideration of the fact that much of the merchandise turns over daily an annual turnover of $4\frac{1}{2}$ (cost of goods sold \$548,308.98 divided by inventory at cost \$121,208.22) appears too low. Turnover by stores not including warehouse stock was as follows:

Store Number 1	2.9 Times
Store Number 2	8.6 Times
Store Number 3	8.6 Times

This means that Store Number 1 is carrying enough merchandise on hand to take care of all sales for four months. Purchases of seasonable merchandise should be watched carefully and steps taken to prevent carry-overs of this type of merchandise. The number of brands or styles carried on like items might be reduced thereby increasing the turnover on those carried and the storage of extra stock in the warehouse would provide a more even distribution of merchandise between stores and give the buyer greater control over the stocks of merchandise.

Warehousing

Due to the lack of warehouse space you have been overloading the storage rooms of the retail stores. Now that more warehouse space is available more of the extra stock should be kept in the warehouse where the merchandise will be safer and can be more easily handled. This policy will be limited, of course, by the availability of transportation from the warehouse to the stores.

Miscellaneous Balance Sheet Comments

Petty cash funds being distributed to the various cash registers were not counted by the auditor. Mr. Sera, head cashier, stated that he counts them periodically.

Cash in the bank was verified by correspondence with the depository. Receivables were verified either by reference to subsequent payments or as in the case of Montgomery Ward Mail Order Commissions by the correspondence in relation to the receivable.

Depreciation schedules were revised according to rates allowed by the Bureau of Internal Revenue.

Contracts Payable consist of the following:

	<u>Original:</u>	<u>Payment:</u>	<u>Balance:</u>
National Cash Register	\$4,855.50	\$1,830.00	\$3,025.50
Burroughs Adding Machine Co.	1,093.93	879.74	214.19
			<u>\$3,239.69</u>

The note payable W.R.A. was substantiated by a letter from Mr. V. J. Ryan. It was made to cover:

Continued on Next Page

Wages of Evacuees	\$6,279.86
Clothing Grants	1,432.50
Rental of Government Buildings from initial occupancy to February 28, 1943	<u>1,386.11</u>
<u>Total</u>	<u>\$9,098.47</u>

The note is dated March 1, 1943 and matures February 1, 1944 with interest at the rate of 3% per annum and is secured by a chattel mortgage.

Patronage refunds payable out of 1942-43 income have been computed according to a schedule attached to your income tax report. The amount shown payable consists of the distribution of \$89,745.57 less the amount paid in cash during April of 1943 of \$16,405.67.

Earnings

Your net income of \$100,115.20 represents 12.22% on total sales of \$819,268.98. This was derived as follows:

Gross Income	18.46%
Expenses	<u>6.41%</u>
Net Operating Income	12.05%
Other Income & Expense	<u>.17%</u>
<u>Net Income</u>	<u>12.22%</u>

Miscellaneous

Minor bookkeeping improvements that could be made consist of:

1. Arranging the stock cards in alphabetical order according to products.
2. Tying up all purchase orders with suppliers invoices.
3. Consolidating cash received from the various stores into a consolidated Daily Cash Report with one deposit to cover the days sales in all departments.

I appreciate the cooperation given me by the members of the staff and by Mr. Taggart during the preparation of this audit.

As qualified by any comments listed in this report I believe that the Balance Sheet as of July 31, 1943 presents a true statement of financial condition on that date and that the Statement of Income and Expense for the period August 12, 1942 to July 31, 1943 shows a true picture of operations.

Respectfully Submitted,

E. W. Rector
E. W. Rector,
Public Accountant and Auditor.

October 20, 1943
Walla Walla, Washington
EWR/rz

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

EXHIBIT "A"

COMPARATIVE BALANCE SHEET

July 31, 1943 - December 31, 1942

ASSETS

<u>Current:</u>		<u>Condition July 31, 1943:</u>	<u>Condition 12-31-42:</u>
Petty Cash Funds - Schedule 1	\$ 1,525.00		
Cash in Shoshone Nat'l. Bank - Schedule 2	<u>1,645.90</u>	\$ 3,170.90	\$ 54,218.61
Returned Checks		10.00	16.98
Accounts Receivable - Schedule 3		5,814.56	1,847.90
Merchandise Inventory at Cost - Sch. 4		121,208.22	73,247.34
Loan to War Saving Staff		<u>50.00</u>	<u>-</u>
<u>Total Current Assets</u>		<u>\$130,253.68</u>	<u>\$129,330.83</u>
<u>Fixed Assets: Schedule 5</u>			
Cost of Fixtures & Equipment	\$15,666.92		\$ 14,053.27
Less: Reserve for Depreciation	<u>2,138.59</u>		<u>202.26</u>
<u>Book Value of Fixed Assets</u>		13,528.33	<u>\$ 13,851.01</u>
<u>Prepaid Expense & Deferred Charges:</u>			
Unexpired Insurance Premium - Schedule 6	\$ 223.81		\$ 164.01
Store and Office Supplies	9,791.69		2,222.85
Deferred Installation Expense in Barber and Beauty Shops	<u>315.38</u>		<u>234.89</u>
<u>Total Prepaid Expense & Deferred Chges.</u>		<u>10,330.88</u>	<u>\$ 2,621.75</u>
<u>TOTAL ASSETS</u>		<u>\$154,112.89</u>	<u>\$145,803.59</u>

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

COMPARATIVE BALANCE SHEET

EXHIBIT "A"

July 31, 1943 - December 31, 1942

LIABILITIES & SURPLUS

<u>Current:</u>		<u>Condition July 31, 1943:</u>	<u>Condition 12-31-42:</u>
Accounts Payable - Trade - Schedule 7	\$ 48,426.47		
Accounts Payable - Other	2,864.35	\$ 51,290.82	\$ 81,945.28
Contracts Payable on Equipment Purchased		3,239.69	5,804.75
Note Payable W.R.A.		9,098.47	8,593.05
Mail Order Collections			1,566.57
W.R.A. Recreation Dept.			794.19
Newspaper Subscriptions Rec'd. in Advance			76.76
Accruals:			
Income Tax	\$ 4,217.88		
Sales Tax Collected*	864.39		1,413.10
Federal Excise Tax	2,070.71		
Federal & State Social Security Taxes	969.70		
Property Taxes	680.42		
Insurance Premiums	437.71		
Montgomery Ward Catalogues	591.31		
Other Expenses	1,014.13	10,846.24	552.50
<u>Total Current Liabilities</u>		<u>\$ 74,475.22</u>	<u>\$100,746.20</u>
<u>Patronage Refunds Payable:</u>			
Coupons Outstanding	\$ 146.02		
Payable on 1942-43 Earnings	73,339.90	73,485.92	
<u>Surplus:</u>			
Net Income	\$100,115.20		45,057.39
Less: Income Tax	(4,217.88)		
Patronage Refunds	(89,745.57)	6,151.75	
<u>TOTAL LIABILITIES & SURPLUS</u>		<u>\$154,112.89</u>	<u>\$145,803.59</u>

Note: Information has been requested concerning sales tax due the patrons based on refunds made from earnings. The amount payable the patron will be receivable from the state, affecting no change in the relationship between assets and liabilities.

EXHIBIT "B"

STATEMENT OF INCOME & EXPENSE

	Store 1:	Store 2:	Store 3:	Radio Shop:	Shoe Repair Shop:	Barber Shop 8:	Barber Shop 17:	Barber Shop 22:
Gross Sales	\$253,388.38	\$212,796.35	\$222,128.78	\$1,336.41	\$8,575.21	\$821.65	\$693.85	\$883.30
Less: Sales Returns	117.84	23.09		2.84				
Net Sales	<u>\$253,240.54</u>	<u>\$212,773.26</u>	<u>\$222,128.78</u>	<u>\$1,333.57</u>	<u>\$8,575.21</u>	<u>\$821.65</u>	<u>\$693.85</u>	<u>\$883.30</u>
Cost of Goods Sold:								
Purchases or Transfers	\$252,291.44	\$197,011.96	\$204,529.29	\$1,115.98				
Less: Inventory, 7-31-43	64,468.64	20,468.89	21,257.13	445.03				
	<u>\$187,822.80</u>	<u>\$176,543.07</u>	<u>\$183,272.16</u>	<u>\$ 670.95</u>				
Warehouse Expense	1,200.88	1,128.73	1,171.67	4.22	\$ 14.08			
Freight & Postage	6,899.22	1,158.24	1,158.33		353.59	\$ 3.42	\$ 3.42	\$ 3.43
Cost of Goods Sold	<u>\$195,922.90</u>	<u>\$178,830.04</u>	<u>\$185,602.16</u>	<u>\$ 675.17</u>	<u>\$ 367.87</u>	<u>\$ 3.42</u>	<u>\$ 3.42</u>	<u>\$ 3.43</u>
Gross Operating Income	<u>\$ 57,317.64</u>	<u>\$ 33,943.22</u>	<u>\$ 36,526.62</u>	<u>\$ 658.40</u>	<u>\$8,207.54</u>	<u>\$818.23</u>	<u>\$690.43</u>	<u>\$879.87</u>
Percent of Gross	22.63%	15.95%	16.44%	49.37%				
Selling Expense:								
Salaries	\$ 7,230.61	\$ 3,784.84	\$ 3,742.77	\$ 621.79	\$1,681.16	\$483.09	\$456.53	\$512.32
Payroll Taxes	359.90	189.24	187.13	31.09	84.05	24.41	22.79	25.42
Store Supplies	1,840.34	1,957.12	2,133.48	28.35	2,194.34	181.61	147.74	200.03
Spoilage & Damage	44.25	119.87	178.82					
Advertising	570.00	285.00	285.00					
Total Selling Expense	<u>\$ 10,045.10</u>	<u>\$ 6,336.07</u>	<u>\$ 6,527.20</u>	<u>\$ 681.23</u>	<u>\$3,959.55</u>	<u>\$689.11</u>	<u>\$627.06</u>	<u>\$737.77</u>
General Expense:								
Rent	\$ 535.15	\$ 536.00	\$ 467.73	\$ 24.78	\$ 243.90	\$ 29.70	\$ 29.70	\$ 29.70
Taxes & Licenses	253.71	895.92	580.89	3.23	37.02	10.43	10.43	10.43
Property Tax	155.34	148.40	117.46	4.37				
Insurance & Bonds	301.13	167.60	152.37	5.45	15.75	1.95	1.94	1.95
Workmans Compensation	15.47	11.37	23.75	26.82	61.49			
Excise Tax	549.35	718.93	802.43					
Depreciation	270.33	137.61	177.67	12.07	171.57	66.13	76.70	82.30
Cash Shortage (Overage)	(51.39)	28.73	(4.73)	(.08)	17.80		.24	.01
Miscellaneous	14.15		40.58	32.26	12.68	1.25		1.35
Installation Expense						37.85	37.84	37.85
Laundry			12.84		14.56	52.23	22.77	45.57
Total General Expense	<u>\$ 2,043.24</u>	<u>\$ 2,644.56</u>	<u>\$ 2,370.99</u>	<u>\$ 108.90</u>	<u>\$ 574.77</u>	<u>\$199.54</u>	<u>\$179.62</u>	<u>\$209.16</u>
Administrative Expense:	<u>\$ 2,230.64</u>	<u>\$ 1,874.19</u>	<u>\$ 1,956.59</u>	<u>\$ 11.75</u>	<u>\$ 75.53</u>	<u>\$ 7.24</u>	<u>\$ 6.11</u>	<u>\$ 7.78</u>
Total Expense	<u>\$ 14,318.98</u>	<u>\$ 10,854.82</u>	<u>\$ 10,854.78</u>	<u>\$ 801.88</u>	<u>\$4,609.85</u>	<u>\$895.89</u>	<u>\$812.79</u>	<u>\$954.71</u>
OPERATING INCOME	<u>\$ 42,998.66</u>	<u>\$ 23,088.40</u>	<u>\$ 25,671.84</u>	<u>\$ (143.48)</u>	<u>\$3,597.69</u>	<u>\$ (77.66)</u>	<u>\$ (122.36)</u>	<u>\$ (74.84)</u>

Continued on Next Page

STATEMENT OF INCOME & EXPENSE

EXHIBIT "B"

Beauty Shop 8:	Beauty Shop 25:	Optometry Dept:	Vending Machine Dept:	Mail Order Dept:	Klindt's Dry Cleaning:	Leos Dry Cleaning:	Billings Laundry:	Insurance Dept:	CT Mail Order:	Total All Depts:
\$1,373.09	\$1,558.20	\$9,045.08	\$11.85	\$93,221.71	\$3,803.28	\$6,261.75	\$240.42	\$2,090.10	\$1,213.34	\$819,442.75
<u>\$1,373.09</u>	<u>\$1,558.20</u>	<u>\$9,045.08</u>	<u>\$11.85</u>	<u>\$93,221.71</u>	<u>\$3,803.28</u>	<u>\$6,261.75</u>	<u>\$240.42</u>	<u>\$2,090.10</u>	<u>\$1,213.34</u>	<u>\$819,268.98</u>
		\$7,903.42	\$10.80	\$86,215.41	\$3,422.89	\$5,635.55	\$215.99	\$1,877.52	\$1,126.84	\$761,357.09
		<u>\$7,903.42</u>	<u>\$10.80</u>							<u>106,639.69</u>
										<u>\$654,717.40</u>
\$ 11.77	\$ 11.85	38.13		170.87			.55	.49	1.02	3,519.58
<u>\$ 11.77</u>	<u>\$ 11.85</u>	<u>\$7,941.55</u>	<u>\$10.80</u>	<u>\$86,386.28</u>	<u>\$3,422.89</u>	<u>\$5,635.55</u>	<u>\$216.54</u>	<u>\$1,878.01</u>	<u>\$1,127.86</u>	<u>9,814.33</u>
\$1,361.32	\$1,546.35	\$1,103.53	\$ 1.05	\$ 6,835.43	\$ 380.39	\$ 626.20	\$ 23.88	\$ 212.09	\$ 85.48	\$151,217.67
\$ 555.60	\$ 612.45			\$ 1,823.32	\$ 249.64	\$ 249.69	\$ 43.17	\$ 239.38	\$ 45.37	\$ 22,331.73
27.79	30.62			91.17	12.48	12.48	2.16	11.98	2.27	1,114.98
653.58	670.54	\$ 166.47		761.57	2.22	2.30	.26			10,939.95
										342.94
										<u>1,140.00</u>
<u>\$1,236.97</u>	<u>\$1,313.61</u>	<u>\$ 166.47</u>		<u>\$ 2,676.06</u>	<u>\$ 264.34</u>	<u>\$ 264.47</u>	<u>\$ 45.59</u>	<u>\$ 251.36</u>	<u>\$ 47.64</u>	<u>\$ 35,869.60</u>
\$ 29.70	\$ 29.70			\$ 165.52	\$ 40.63	\$ 40.63	\$ 5.62	\$ 15.10		\$ 2,223.56
32.37	32.38	\$ 24.75		19.61	2.18	2.18				1,915.53
										425.57
2.92	2.92				.98	.98				655.93
										138.90
160.70	170.87		\$11.08	112.62	34.18	34.18				2,070.71
(.65)	(1.55)	15.68		(13.22)	(4.21)	3.10		(.09)	(2.35)	1,518.01
1.25	1.25	23.00		.82						(12.71)
37.85	37.85									128.59
.11	.66									189.24
<u>\$ 264.25</u>	<u>\$ 274.08</u>	<u>\$ 63.43</u>	<u>\$11.08</u>	<u>\$ 285.35</u>	<u>\$ 73.75</u>	<u>\$ 81.07</u>	<u>\$ 5.62</u>	<u>\$ 15.01</u>	<u>\$ (2.35)</u>	<u>\$ 9,402.07</u>
\$ 12.09	\$ 13.73	\$ 79.67	\$.10	\$ 821.13	\$ 33.50	\$ 55.16	\$ 2.12	\$ 18.41	\$ 10.69	\$ 7,216.43
<u>\$1,513.31</u>	<u>\$1,601.42</u>	<u>\$ 309.57</u>	<u>\$11.18</u>	<u>\$ 3,782.54</u>	<u>\$ 371.59</u>	<u>\$ 400.70</u>	<u>\$ 53.33</u>	<u>\$ 284.78</u>	<u>\$ 55.98</u>	<u>\$ 52,488.10</u>
\$ (151.99)	\$ (55.07)	\$ 793.96	(\$10.13)	\$ 3,052.89	\$ 8.80	\$ 225.50	\$(29.45)	\$(72.69)	\$ 29.50	\$ 98,729.57

Continued on Next Page

STATEMENT OF INCOME AND EXPENSE - (Continued)

Operating Income - (Brought Forward)

\$ 98,729.57

Other Income and Expense:

Other Income

\$2,426.90

Other Expense

1,041.27

Net Other Income

1,385.63

TOTAL NET INCOME

\$100,115.20

ADMINISTRATIVE EXPENSE

EXHIBIT "B-1"

Salaries

\$4,245.32

Rent

195.85

Office Supplies

1,191.21

Postage

177.76

Telephone & Telegraph

119.23

Rent on Office Equipment

73.26

Taxes & Licenses

14.45

Travel

244.62

Coupon Books

177.00

Donation

53.33

Bonds

19.02

Depr. Office Equipment

151.19

Social Security Taxes

212.28

Robbery Insurance

47.80

Fire Insurance

13.63

General Liability Insurance

29.25

Depr. on Stored Fixt.

251.23

TOTAL

\$7,216.43

OTHER INCOME

EXHIBIT "B-2"

Mdse:

Service:

Total:

Purchase Discounts

\$2,184.55

\$154.45

\$2,339.00

Purchase Rebate

77.18

77.18

Interest Earned

.02

.02

Misc. Income

1.56

9.14

10.70

\$2,263.31

\$163.59

\$2,426.90

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

OTHER EXPENSE

EXHIBIT "B-3"

Interest	\$ 162.57
Check Exchange	819.76
Education	58.94
<u>TOTAL</u>	<u>\$1,041.27</u>

WAREHOUSE CONTROL & EXPENSE

EXHIBIT "C"

Purchases at Cost, August 12, 1942 to July 31, 1943	\$683,775.62
Transfers at Cost	\$668,787.42
Inventory - July 31, 1943	<u>14,568.53</u>
Merchandise Accounted For	683,355.95
Merchandise Shortage	\$ 419.67

Expense:

Salaries	\$ 848.64
Social Security Taxes	42.43
Rent	644.22
Workman's Compensation	35.40
Property Taxes	254.84
Other Taxes and Licenses	74.15
Supplies	29.85
Trucking Expense	754.99
Insurance	197.23
Depreciation	<u>218.16</u>
<u>Total Expense</u>	<u>3,099.91</u>

TOTAL EXPENSE & SHORTAGE

\$3,519.58

Distribution of Expense

	<u>Transfers:</u>	<u>% of Total:</u>	<u>Portion of Expense:</u>
Store #1	\$187,822.80	34.12%	\$1,200.88
Store #2	176,543.07	32.07%	1,128.73
Store #3	183,272.16	33.29%	1,171.67
Radio Repair Shop	670.95	.12%	4.22
Shoe Repair Shop	<u>2,194.34</u>	<u>.40%</u>	<u>14.08</u>
<u>TOTALS</u>	<u>\$550,503.32</u>	<u>100.00%</u>	<u>\$3,519.58</u>

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

RETAIL CONTROL

EXHIBIT "D"

	<u>Store #1 & 4:</u>	<u>Store #2:</u>	<u>Store #3:</u>	<u>Radio Repair Shop:</u>	<u>Total:</u>
Purchases-October 12, 1942 to July 31, 1943	\$339,643.09	\$220,680.04	\$240,130.43	\$1,985.84	\$802,439.40
Less: Sales	<u>250,893.09</u>	<u>187,306.65</u>	<u>210,009.89</u>	<u>1,146.12</u>	<u>649,355.75</u>
Book Inventory - July 31, 1943 @ Retail	\$ 88,750.00	\$ 33,373.39	\$ 30,120.54	\$ 839.72	\$153,083.65
Physical Inventory - July 31, 1943 @ Retail	<u>89,796.83</u>	<u>26,066.01</u>	<u>27,078.95</u>	<u>774.80</u>	<u>143,716.59</u>
Merchandise Shortage (Overage)	\$ (1,046.83)	\$ 7,307.38	\$ 3,041.59	\$ 64.92	\$ 9,367.06
Percent to Sales	(.42%)	3.90%	1.45%	5.66%	1.44%

Note: Checks made on ice cream sales for September 29 and 30, 1943 in both #2 and #3 stores showed an approximate loss of 40¢ per gallon between the billed price and the sales price. Sales of ice cream from August 12, 1942 to July 31, 1943 were 23,569 gallons. If the loss per gallon remained constant during this period then the loss would have been approximately \$9,427.60 in the two stores. Sales by the gallon would not show a loss, therefore, the actual loss would be somewhat smaller than this figure. The loss in gross margin would be approximately 2/5ths. of \$9,427.60.

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

CASH ON HAND

SCHEDULE 1

Merchandise Dept.

Central Office Petty Cash	\$ 100.00
Store No. 1	600.00
Store No. 2	300.00
Store No. 3	300.00
Radio Repair Shop	25.00
<u>TOTAL</u>	<u>\$1,325.00</u>

Service Dept'ment

Shoe Repair Shop	\$ 50.00
Cleaning & Laundry	50.00
Barber Shop #22	25.00
Barber Shop #17	25.00
Beauty Shop #8	25.00
Beauty Shop #25	25.00
<u>TOTAL</u>	<u>\$ 200.00</u>

<u>TOTAL ALL DEPTS.</u>	<u>\$1,525.00</u>
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HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

THE SHOSHONE NATIONAL BANK

SCHEDULE 2

Cody, Wyoming

Balance per Bank Statement - July 31, 1943				\$15,196.50
Add: Deposits in Transit:	\$291.17, \$7.80, \$13.75, \$10.50, \$362.43,			
	\$16.40, \$5.24, \$4.65, \$6.80, \$2.34, \$382.90, \$3.54, \$75.29,			
	\$8.60, \$5.15, \$29.09, \$14.44, \$20.47, \$16.25 & \$28.20			
			1,305.01	
			<u>\$16,501.51</u>	
Less: Outstanding Checks:				
# 663	\$ 3.93	#1975	\$ 505.00	
697	4.00	1976	34.19	
787	16.00	1979	414.13	
1920	11.13	1980	2.78	
1924	152.90	1981	27.81	
1937	332.44	1982	1.05	
1939	100.00	1983	13.25	
1941	3.00	1985	163.85	
1942	3.00	1986	54.40	
1943	299.05	1987	97.75	
1944	664.69	1988	210.60	
1945	568.88	1989	75.54	
1947	3,025.31	1990	362.75	
1950	1.75	1991	90.00	
1951	5.03	1992	278.50	
1952	155.10	1993	120.24	
1953	6.42	1994	204.44	
1955	7.80	1995	31.55	
1957	145.29	1997	52.88	
1958	7.60	1998	146.00	
1959	14.91	1999	192.95	
1960	35.41	2001	88.50	
1961	155.61	2002	4.38	
1963	.72	2003	4.00	
1964	419.38	2004	18.50	
1965	30.00	2006	332.07	
1966	64.80	2007	121.11	
1967	488.00	2008	846.13	
1970	11.31	2009	155.60	
1971	1,505.70	2012	507.94	
1973	43.05	2013	78.13	
1974	1,054.63	2014	282.75	
			<u>14,855.61</u>	
		<u>BALANCE PER BOOKS</u>		<u>\$ 1,645.90</u>

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

RECEIVABLES

SCHEDULE 3

Mercantile Department

James Caldwell
W.R.A. Carpenter Shop

\$4,308.89
46.08
\$4,354.97

Service Department

Montgomery Ward Mail Order Commissions
Repaired Shoes
Insurance Commissions

\$1,084.06
369.00
6.53
1,459.59

TOTAL RECEIVABLE

\$5,814.56

SUMMARY OF MERCHANDISE INVENTORY

SCHEDULE 4

Central Warehouse
Store No. 1
Store No. 2
Store No. 3
Radio Repair Shop

\$ 14,568.53
64,468.64
20,468.89
21,257.13
445.03

TOTAL

\$121,208.22

Note: Store #1 Inventory:
Inventory in Store #1
Inventory in Store #4
Inventory in Warehouse #11

\$31,166.62
29,146.62
4,155.40

Total

\$64,468.64

Service Department:
Shoe Repair Shop
Barber Shop
Beauty Shop
Vending Machine Div.

\$ 8,906.99
92.34
643.16
149.20

Total

\$ 9,791.69

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

FIXED ASSETS & DEPRECIATIONS

SCHEDULE 5

<u>Items:</u>	<u>Dept. to be Chgd:</u>	<u>Cost:</u>	<u>Rate:</u>	<u>Depr. to 7-31-43:</u>	<u>Book Value 7-31-43:</u>
Equipment Stored in Warehouse #11	Administrative Expense	\$ 2,440.18	20%	\$ 251.23	\$ -
	M. W. M. O. Dept.			76.23	2,112.72
Delivery Equip.	Warehouse Expense	1,377.50	25%	215.66	1,161.84
	Warehouse Expense	30.05	50%	2.50	27.55
Office Equipment	Central Office	480.80	25%	96.33	384.47
	Central Office	593.17	20%	40.61	552.56
	Central Office	57.09	100%	14.25	42.84
Store Equipment	Store #1	87.22	100%	72.70	14.52
	Store #1	45.00	25%	8.43	36.57
	Store #1	25.00	50%	9.38	15.62
	Store #1	1,340.17	20%	176.20	-
	M. W. M. O. Dept.		20%	3.66	1,160.31
Store Equipment	Store #2	64.26	25%	13.37	50.89
	Store #2	20.00	50%	7.51	12.49
	Store #2	907.55	20%	116.73	-
	M. W. M. O. Dept.		20%	3.66	787.16
Store Equipment	Store #3	1,125.29	20%	145.76	-
	M. W. M. O. Dept.		20%	3.66	975.87
	Store #3	37.50	50%	14.06	23.44
	Store #3	85.68	25%	17.85	67.83
Store Equipment	M. W. M. O. Dept.	217.75	20%	25.41	-
	Store #4		20%	3.62	188.72
Machy. & Equip.	Radio Repair Shop	317.75	20%	12.07	305.68
Machy. & Equip.	Shoe Repair Shop	1,367.75	20%	171.57	1,196.18
Equipment	Barber Shop #17	255.91	20%	21.35	234.56
	Barber Shop #22	323.38	20%	26.95	296.43
	Barber Shop #8	258.72	20%	10.78	-
Equipment	Beauty Shop #8	-	20%	10.79	237.15
Equipment	Barber Shop #17	840.04	20%	22.56	-
	Barber Shop #22	-	20%	22.56	-
	Barber Shop #8	-	20%	22.56	772.36

Continued on Next Page

FIXED ASSETS & DEPRECIATIONS - (Continued)

<u>Item:</u>	<u>Dept. to be Chgd:</u>	<u>Cost:</u>	<u>Rate:</u>	<u>Depr.to 7-31-43:</u>	<u>Book Value 7-31-43:</u>
Equipment	Barber Shop #17	\$ 242.71	100%	\$ 32.79	\$ -
	Barber Shop #22	-	100%	32.79	-
	Barber Shop #8	-	100%	32.79	114.34
Equipment	Beauty Shop #25	255.92	20%	21.30	234.62
	Beauty Shop #8	8.00	50%	.33	7.67
	Beauty Shop #25	2,001.00	20%	83.36	-
	Beauty Shop #8	-	20%	83.37	1,834.27
	Beauty Shop #25	317.82	100%	66.21	-
	Beauty Shop #8	-	100%	66.21	185.40
Equipment	Klindt's Dry Cleaners	55.00	25%	5.15	-
	Leo's Dry Cleaning	-	25%	5.15	44.70
	Klindt's Dry Cleaners	217.75	20%	29.03	188.72
	Leo's Dry Cleaning	217.75	20%	29.03	188.72
Vending Machine	Vendors Department	<u>53.21</u>	50%	<u>11.08</u>	<u>42.13</u>
	<u>TOTALS</u>	<u>\$15,666.92</u>		<u>\$2,138.59</u>	<u>\$13,528.33</u>

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

INSURANCE & PREPAID PREMIUMS

SCHEDULE 6

<u>Company:</u>	<u>Policy Number:</u>	<u>Type:</u>	<u>Covers:</u>	<u>Amount:</u>	<u>Term:</u>	<u>Expires:</u>	<u>Premium:</u>	<u>Prepaid:</u>
No. British Merc. Ins. Co.	488792	Fire	\$25,000.00 of mdse. at each of Stores #1, 2 & 3-Whse. #11, Central Whse., Radio Repair Shop & Garage	\$25,000.00	1 Yr.	8-17-43	*\$324.52	\$ -
No. British Merc. Ins. Co.	332433	Fire	Mdse., Furn. & Fixt.	16,000.00	1 Yr.	8-1-44	1,224.00	-
American Surety Co.	505818G	Messenger & Rob. Safe Burglary	Outside Messenger Office Safe and Outside Messenger	2,500.00 5,000.00 9,000.00	1 Yr.	9-17-43	55.92	8.15
No. British Merc. Ins. Co.	332430	Fire	Contents of Shoe Repair Shop Furniture & Fixt. in all Buildings	2,500.00 7,000.00	1 Yr.	12-18-43	96.90	36.35
Employers Liability Assur.	632810	Public Liab.	All Premises	5-10,000	1 Yr.	3-8-44	75.00	45.75
Employers Liability Assur.	2164357	Fire, Theft, Public Liab. & P. Dam.	1941 Chrolet & 1938 Dodge	5-10,000	1 Yr.	6-16-44	57.60	50.40
American Surety Co.	745604K	Fidelity	Scott Taggart	5,000.00	Dated 12-10-42	Cont.	12.50	1.74
American Surety Co.	779203K	Fidelity	**21 Store Messengers & Cashiers	\$500 & 1,000	Dated 4-1-43	Cont.	121.45	81.42
<u>TOTAL PREPAID INSURANCE</u>								<u>\$223.81</u>

* Coverage was enlarged in October of 1942 and again in December of 1942. This is a monthly reporting policy. The premium of \$324.52 paid to April 1, 1943.

**It is recommended that, Mr. Sera, Mr. Sarhihara and Mr. Okumoto be bonded also.

Note: Consideration might be given to robbery insurance covering the premises of Community Enterprises.

HEART MOUNTAIN COMMUNITY ENTERPRISES

Heart Mountain, Wyoming

ACCOUNTS PAYABLE

SCHEDULE 7

Leo Adler	\$ 622.25
The American News Co.	407.26
Anderson's Grocery	422.70
Albert Given Mfg. Co.	324.76
American Sporting Goods Co.	1.84
Billings Gazette	50.94
Blair Drug	17.34
Butler Bros.	3,968.13
Brauer-Gressman Co.	372.00
Chicago Tribune	45.65
Denver Post	222.79
Endicott Johnson	7,262.27
Food Essence Products Co.	108.00
T. Fukui	4.40
H. B. Glover Co.	37.50
B. W. Harris Mfg. Co.	165.00
Henry Kelly Trading Co.	(62.55)
Hughes-Bozarth-Anderson Co.	30.79
Keil Co.	2,554.70
K. D. Knapp	(61.66)
London Handkerchief Co.	284.50
H. D. Lee Mercantile Co.	242.06
L. A. Times	7.15
McKesson & Robbins	1,322.61
Meadow Gold Dairies	1,290.73
Marx & Haas-Korrekt Co.	218.15
Mills Sales Co.	(100.00)
Minneapolis Star Journal	3.10
Modern Food Products	140.00
National Biscuit Co.	396.72
New York Times	(5.60)
The Nolde & Horst Co.	3.40
Pacific Citizen	24.00
Prairie Publishing Co.	104.00
Ryan Fruit Co.	6,905.02
Ryan Grocery	1,626.26
Rothenberg & Schloss Cigar	1,838.67
Rice-Stix	3,056.21
Rocky Mountain Food Brokerage Co.	228.80
Steward Creamery	4,385.20
The Spool Cotton Co.	640.50
Scott Baking Co.	345.90
Lucien A. Sauvage	1,100.00
Soya Bean Products Co.	315.00

Continued on Next Page

ACCOUNTS PAYABLE - (Continued)

J. P. Smith Shoe Co.	\$ 81.79
Taguchi Grocery	228.25
Van's Candy & Tobacco Co.	1,889.65
Wigwam Bakery	1,748.44
Wilson Bros.	41.60
Western Drug Co.	32.40
Walbrooke Clothes	219.95
Yale Oil Corp.	75.60
Buerger Bros. Supply Co.	56.40
Montana Leather Co.	2,458.15
Yellowstone Beauty Supply	<u>727.75</u>
<u>TOTAL</u>	<u>\$48,426.47</u>

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