

5	Note Receivable from Affiliate	200,000
6	Investments	330,000
7	Total Current Assets	2,010,000
8	Property and Equipment, net	500,000
9	Amount Due from Owner	170,000
10	Goodwill	80,000
11	Organization Costs	70,000
12	Deposits	60,000
13	Total Assets	2,890,000
14	Accounts Payable	200,000
15	Accrued Expenses	330,000
16	Current Portion of Long-Term Debt	120,000
17	Deferred Revenue	650,000
18	Total Current Liabilities	1,300,000
19	Long-Term Debt, net of Current Portion	330,000
20	Total Liabilities	1,630,000
21	Contributed Capital	440,000
22	Retained Earnings	820,000
23	Total Owner's Equity	1,260,000
24	Total Liabilities and Owner's Equity	2,890,000

29	Administrative Expenses	2,600,000
30	Depreciation Expense	60,000
31	Interest Expense	40,000
32	Total Expenses	9,500,000
33	Other: Gain on Sale of Investments	10,000
34	Net Income Before Taxes	510,000
35	Federal Income Taxes	153,000
36	Net Income After Taxes	357,000
37	Extraordinary Loss, net of tax	800,000
38	Net Income	(443,000)
39	Retained Earnings, beginning of year	1,263,000
22	Retained Earnings, end of year	820,000

$$\text{Primary Reserve Ratio} = \frac{\text{(lines 23-5-9-10-8 + (16+19)*)}}{32} = \frac{\$ 760,000}{\$9,500,000} = 0.080$$

$$\text{Equity Ratio} = \frac{\text{(lines 23-5-9-10)}}{13-5-9-10} = \frac{\$ 810,000}{\$2,440,000} = 0.332$$

$$\text{Net Income Ratio} = \frac{\text{(lines 34)}}{27+33} = \frac{\$ 510,000}{\$10,010,000} = 0.051$$

*Long-Term Debt (lines 16+19) cannot exceed Property and Equipment (line 8) in this formula