

From: John Price
To: kathy_nealy@msn.com
Sent: 11/7/2007 8:44:43 AM
Subject: Fwd: Cyberdyne Systems

>>> Virginia Porter 11/06/2007 5:26:02 PM >>>
Re: Cyberdyne Systems

We reviewed the financial information presented.. Our review was not extensive, but the following anomalies were noted and may need some response from the proposed vendor.

1. FY2006 income is 1.9 M, with assets increasing only 800k.
2. FY2005 retained earnings declined 1.2 M indicating a distribution to owner. (also see #1)
3. FY2006 payroll averages \$45,000 for 64 employees (potentially reasonable if majority employees are computer maintenance techie)
4. FY2006 payroll increased 20% vs. FY2005, but insurance costs did not increase by a conservative industry average of 10% - did number of employees increase or remain constant?.
5. FY2005 and FY2006 property tax payments are \$2,087 but County's UGSA indicates payment of \$3,155 and another \$3,500 should have been paid for Carrolton/Farmers Branch ISD -[those not collected by the county]
6. FY2005 and FY2006 workers comp insurance totals only 1,742. That amount is extremely low.
7. FY2006 DCAD valued property at \$265,880 but the financial statements reflect a value of \$1,682,000 (inventory of 1,330,000 and fixed assets of 352,000)
8. FY2006 income statement appears to be a projection based on percentage estimates of FY2005. It is unusual for costs to continue at the same percentage from year to year.
9. A internet query listed est. annual sales at \$13,200,000 [from D&B] but the income statements indicate FY2006 total revenue at 15M. (unsure what year intended for the 13.2M)

You may be able to gain additional information for comparison by requesting the proposed vendor provide copies of their 941, annual sales tax returns and income tax statements.

The above comparisons and notes were determined from review of available information. We have not performed any assurance testing. Results of comparison may change if additional more complete data is presented. Please let us know if further review is needed.

Virginia

GOVERNMENT
EXHIBIT NO.

341

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