PROJECT NARRATIVE
CEDO – CREDC

[redacted] – Cannon Equipment Line
PIDA-SBF
Loan Committee on 10/17/2017

Project Costs:	OUR LOAN	Equity	Total
Purchase Cannon Equipment	$ 300,000	$ 81,000	$ 381,000
Working Capital expenditures		$ 219,000	$ 219,000
toward cannon line and IT help desk			$ -
			$ -
GRAND TOTALS:	**$ 300,000**	**$ 300,000**	**$ 600,000**
% of Project Total:	**50%**	**50%**	**100%**

Project Summary:
This financing request is to fund the purchase of Cannon Office equipment to support the office equipment rental portion of [redacted]. This business model change adds a line of business equipment to the inventory options for [redacted]'s customers AND supports increased rental income which will further support the IT division's growth and expansion. Cash flow from this line of business will support payroll associated with the IT Help Desk line of business which is expanding into temporary staffing for their customer base. The activities of the help desk and other related lines of business, including the staffing desk which this project supports are described below under Business Eligibility.

A list of the equipment being purchased with Commonwealth financing is included in the loan presentation package. The life cycle of this type of equipment is on average 5 years.

Project Structure:
Under PIDA's interest rate promotion, the loan structure and terms will include a 2% fixed interest for the entire term of the loan. The loan term is being proposed to be 5 years which matches the useful life of this type of equipment. The project will be taking a 1st lien on the equipment being purchased.

Business Eligibility:
[redacted] is a conglomerate of affiliated entities including [redacted]. The entity to which we are lending is [redacted] who performs services which qualify them as both a computer related enterprise and a recycling enterprise under the SBF guidelines. The other related entities will be required to provide corporate guarantees on this loan because of how closely connected they are and how money flows between each affiliate. The cash flow analysis has been performed on a consolidated basis using all affiliated entities as shown in the consolidated accountant prepared financial statements.

[redacted] qualifies as a computer related enterprise because of the predominant services they perform on a business to business basis. In years past, this company was not deemed to be eligible for SBF financing because their primary business line was as an office equipment supplier. They still do this line of business (under the affiliate name of [redacted]), but they use it as a supplemental cash flow source to support the growth of their other lines of business as described above. In the last several years they have made strategic changes to compete as a full service I.T. company providing software development, web based application development, and network development solutions which include server back up and hosting services. They have also moved their document storage business line into the growing electronic storage and back up line of business instead of just being a hard copy storage company. With what hard copy storage they still offer, they have developed their own software to help store the documents in a quickly and easily accessible manner which provides them with a competitive advantage over other companies.

Job Creation/Retention:

With the last PIDA loan received in 2014, the company promised to retain 60 full time jobs. This loan will require the creation of 6 full time employees within 6 years which matches the job creation ratio for PIDA. PIDA permits borrowing $50,000 for each full time job promised to be created within 3 years. Retained jobs may not be counted twice for a company, but jobs created with Commonwealth loan money can be later retained by Commonwealth money. In this case, the retained jobs remain part of the promise of this Borrower's last PIDA loan and this PIDA loan must promise 6 full time jobs to be created without regard to the 60 full time jobs they have promised to retain by the last lending project.

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
CENTER FOR BUSINESS FINANCING

EXHIBIT D

COMPANY PROFILE SHEET

(All information is confidential)

GENERAL INFORMATION

LEGAL NAME OF OPERATING ENTITY:		OWNERSHIP STRUCTURE *(Corporation, LLC, Partnership, Sole Proprietor, etc.)*:
[redacted]		LLC
DATE FOUNDED:	**STATE IN WHICH ORGANIZED** *(If Not Sole Proprietor)*:	**DATE OF INCORPORATION** *(If Corporation)*:
8/8/2001	PA	8/8/2001

OWNERSHIP OF OPERATING ENTITY

1. If operating as a **sole proprietorship** or **partnership**; List each individual's name and their percentage of ownership below.*
2. If operating as an **LP**, **LLC**, **Corporation**, etc.; List the legal name of the operating entity, each principal owner of the entity, and their percentage of ownership below.

Legal Name of Operating Entity: Higher Information Group, LLC

Name of Principal	Percentage of Ownership
[redacted]	100%

OWNERSHIP OF PROJECT REAL ESTATE

Complete if financing real estate related costs or if receiving a mortgage on the project real estate as collateral.

1. If real estate is owned /deeded individually; List each individual's name and their percentage of ownership below.
2. If real estate is owned / deeded in the name of an LP, LLC, Corporation, etc.; List the name of the real estate holding entity, each principal owner of the entity, and their percentage of ownership below.

Legal Name of Entity Owning Project Real Estate: N/A

Name of Principal	Percentage of Ownership

**Add additional sheets if necessary.*

DETAILED HISTORY OF OPERATING ENTITY:

[redacted] started as a company focused on managing information throughout the document life cycle. The company, [redacted], was founded in 1969 as a traditional business equipment company. They have evolved their business model, practices and expertise over time. In 2001, the company was purchased by [redacted], the current Owner and President of [redacted].

DETAILED DESCRIPTION OF PRODUCT AND PRIMARY BUSINESS OF OPERATING ENTITY:

Upon the change of ownership [redacted] researched markets and formulated new services in effort to provide their existing clients with services that help businesses manage information, maintain compliance and develop processes that increase efficiency throughout their organizations. Today, [redacted] is a growing company even in a down economy.
Along with Business Equipment Services, [redacted] also provides the following services; Information Technology Services, Hosting Solutions, Document and Data Management Services, Document Storage, Document Shredding and Corporate Printing. As was described in the project narrative and eligibility section of this application, the company's new service lines and predominant revenue makers are focused on 3 eligible areas for SBF funding: continued below:

WAGE RATE INFORMATION

To be completed if the operating entity is subject to full-time job retention or creation requirements.

Current, average annual salary for all full-time employees:	$ 60,000
Anticipated, average annual salary for all full-time jobs to be created:	$ 65,000
The percent (%) paid for an employee's benefits in comparison to the average annual salary listed above:	%

MANAGEMENT SUMMARY FOR THE OPERATING ENTITY'S MANAGEMENT TEAM

Provide names, titles, and a detailed summary outlining the qualifications and experience of each member of the operating entity's management team. *Attach additional sheets or respective resumes.*

Continued from above:
1) computer related services involving software development, IT/computer consutling, e-business application development and also advanced hosting services; 2) recycling services whereby the company collects hard copy documents and routine paper waste for secure destruction and recycling; 3) manufacturing through the sub category of commercial printing whereby the company runs a web order print service with a full service print shop on site.The company breaks out it's revenue categories as follows: Businesses Equipment 45%; IT 30%; Printing 10%; Shedding 10%; Storage 5%,. However all business equipment is run through [redacted] which is not the eligible entity to which we are lending money. [redacted] % of revenues would fall closer to the following: Business Equipment Sales (vs. Leasing) 10%; IT 50%; Printing 15%; Shredding 15%; Storage 10%.

Key Management include:
[redacted], V - President
[redacted] - Controller

Both have been with the company for over a decade, certainly [redacted] since the inception of the company. [redacted] oversees all operations as the President through competent managers throughout the company. [redacted] oversees all financial information for accurate reporting and compliance. The company's overall direction is dictated by [redacted], but with [redacted]'s financial knowledge as a guide.

MARKETING SUMMARY
CEDO – CREDC

[redacted] – Cannon Equipment Line
PIDA – SBF funding pool
Loan Committee on 10/17/2017

Geographic Marketing Area:
[redacted] predominantly covers the South Central PA Market including Dauphin, Cumberland, York, Adams, Franklin, Lancaster, Lebanon, and Berks. There are some instances where they go outside of this area especially for worthwhile computer consulting and services contracts.

Sales Method and Marketing Strategy:
This company employs a sales force for all product and service lines. This is how they drive sales. However these efforts are complimented by a good web presence, print marketing collateral for distribution and trade shows. .

Major Customers:

[redacted] – Lease & Doc Storage	8.8%
[redacted] – IT Support, Lease	4.8%
[redacted] – IT Support & Lease	2.7%

No Other concentration

[redacted] maintains a large concentration because of their immense size. They lease office equipment from [redacted] and they have many locations across the state and in the neighboring states. While a concentration such as this presents a risk, the upside is that the relationship requires a multi-year lease agreement which absorbs the cost of the equipment purchase with a guaranteed payment stream over multiple years. The timing of such would give the company time to adjust to reduced business from this particular customer. The concentration with HACC is the same scenario, multiple locations and buildings to supply with leased office equipment on a multiyear lease agreement.

Major Competitors:
For Document Management/Storage/Shredding:

[redacted]	Harrisburg, PA
[redacted]	National

For Commercial Printing:
[redacted], but what makes [redacted] different is their online ordering/submission and pick up system

For Computer Related Services:
[redacted], but most similar are:

[redacted]	Mechanicsburg, PA

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY & ECONOMIC DEVELOPMENT
CENTER FOR BUSINESS FINANCING

EXHIBIT F

SUMMARY OF TERMS AND CONDITIONS

Please complete a separate sheet for each PIDA credit facility being requested.

Borrower: [redacted]

Co-Borrower: None

Loan Amount: $300,000

Purpose: The proceeds of the PIDA loan will be used to finance machinery and equipment purchases.

Interest: 2.00 % computed on a 30 /360 basis.

Term: 60 months.

Payments: Principal and interest will be paid monthly beginning the first day of the second month after closing with an amortization schedule provided to the Borrower at closing.

Collateral Security: Security for this Loan:
As part of each collateral description below identify the following:

a. *The type of asset securing the loan & legal name of entity or individual(s) holding title to the asset*
b. *The lien position in favor of the certified provider / PIDA*
c. *The name of any lien holder that will be senior to or sharing the lien position with the certified provider/ PIDA along with their respective lien position*
d. *The filing amount / original loan amount associated with each lien holder and the current balance of the financing if payment has been made on the loan*

Overall Project Loan to Value = 79%

1. First lien on machinery and equipment purchased with the project.
Value of Specific Collateral: $381,000
Valuation Method: Purchase Price per quotes/invoices
Effective Date of Valuation: Date of quote or invoice

2. Taken as an abundance of caution, last lien on all business assets of [redacted] and affiliates subject to all other current and future lien holders

3 Unconditional and unlimited guarantee of [redacted]

4. Corporate guarantees of all affiliates including [redacted]

5. Subordination of any shareholder or inter-affiliate debt.

The above terms and conditions were approved by the Loan Review Committee / Corporation on the 17th day of October 20 17 in which a quorum was present.

Capital Region Economic Development Corporation

Signature: ______________________ Name, Title: Melissa Stone, VP

Attest: ______________________

[redacted]

Credit Analysis by CREDC for:
[redacted] - *Cannon Equipment Line*

Project Costs:	OUR LOAN	Equity	Total
Purchase Cannon Equipment	$ 300,000	$ 81,000	$ 381,000
Working Capital expenditures		$ 219,000	$ 219,000
toward cannon line and IT help desk			$ -
			$ -
GRAND TOTALS:	**$ 300,000**	**$ 300,000**	**$ 600,000**
% of Project Total:	**50%**	**50%**	**100%**

FINANCIAL SUMMARY AND COMMENTS

WE ARE IN RECEIPT OF:

Three years of accountant reviewed financail statements for the consolidated group including [redacted]. On the personal side, we have three years of personal tax returns and the most updated PFS available to us from the guarantor. This is a repeat client, whose financials were reviewed with the business' last application in 2013 and with a recent amendment request in the fall of 2017.

OPERATING RESULTS

When reviewed in 2013, the company had just switched to consolidated statements reflecting a company that was undergoing a product mix revamp and strong growth even through the end of the recession. Today, that growth trend continues as seen by increasing revenues of over $2.5MM in the three years examined representing a 24% increase from 2014 through 2016. Gross profits have improved in that time as well rising $2MM with a gross profit margin improving from 57% to 71% in that same time. Net profits increased from $96,000 in 2014 to over $450,000 in 2016 with a dip in 2015 down to a net profit of $22,000. The off year in 2015 is mostly attributed to activities between the affiliated companies and the main operating companies which resulted in eliminations in the consolidated statements.

CASH FLOW

Cash available to service debt increased over the three years examined from $925,000 in 2014 to over $1MM in 2016. 2015 dipped slightly to roughly $725,000 partially because of the slightly reduced net income in that year but mostly due to the owner's distribution that was needed to cover increasing personal tax obligations as is seen on the personal cash flow attachment. When calculating DCR, as has been done in all other credit presenations for this group, the repayment source for the company's equipment line is specifically identified as one particular asset line, that being Current Portion of Leases Payable. A note further explaining this is on the Company Cash Flow attached. Comparing all other debt service (other than those vehicle notes maturing in the next 12 mos) including the new debt service for this loan yields a DCR over 1:1 in all years but one, the most recent year being strong at 1.36:1 and the excess cash in any one year being more than enough to balance out the deficit of the one year. In addition to this look at cash flow, the owner and personal guarantor has strong excess personal cash flow after servicing personal debt to supplement the company when needed.

BALANCE SHEET

The companies' consolidated balance sheet shows the effect of the equipment leasing business most strongly. The company's liquidity ratios are less than we would typically desire, however this is the result of matching equiment finanacing with leases payable back to the company. It drives the current ratio to hover on average at 1:1. However, the company's debt to tangible net worth is improving year after year despite the ongoing equipment financing effect. Working capital levels are also lower than typically desired, but the owner and personal guarantor has a strong personal networth and personal liquidity range to add support to this company.

PERSONAL CASH FLOW AND FINANCIAL STATEMENT

[redacted], the owner and sole personal guarantor adds strength to this request. His adjusted personal networth is approaching $1MM and his personal liqudiity is approaching $300,000. His personal cash flow is very strong as well leaving excess cash flow available to support the company over $100,000 each year. You will note that [redacted] is providing a single named guarantee. His financial statemetn is accurately reflected in single name only despite his marriage to [redacted]. They have a prenup in place which has retained [redacted]'s single claim to many assets and cash flow.

AFFILIATES AND EFFECT

[redacted] is owned 100% by [redacted]. The affilaited companies include [redacted] which is the company through which business equipment leases are accounted; [redacted] which holds [redacted], the primary business location; [redacted] and [redacted] which holds another piece of real estate purchased for document storage. To address how interrelated these companies are, CREDC is lending to the eligilble entity, that being [redacted] but requiring the corporate guarantees of all affiliated entities mentioned above. There is also affiliated related debt between companies. while we are requiring all of the entities to guarantee, we have gone one step further to also require that those specific affiliate related notes be subordinate to our loan in payment and collateral position.

FINANCIAL CONTROLS

The complexity of this business model and the affiliated entities requires a full time controller to be on staff. [redacted] is the Controller for all companies. He has 30 years experience in accounting and controller roles from his start out of college doing 10 years at KPMG as a Sr Mgr to functioning as the Controller at Cleveland Brothers, Waggoner Construction and now [redacted].

STRENGTHS

1) Growign revneues and net profit as a result of business strategy changes
2) Business and global cash flow is strong for the past three years examined.
3) 1st lien position on equipment

CONCERNS

1) Balance sheet ratios, however they are reflective of the emerging business model from one that was solely office equipment rental to a diversified business service company focusing on document retention and electronic solutions including an IT support desk and staffing company.
2) Missing real estate collateral, but the remaining positions on real estate are subordinate where as our positionon this equipment is in sole first which gives us the ability to act quickly without consulting any other creditor involved.
3) Business in transition, however the past several years have shown that the new model has traction and is being managed appropriately.

ATTACHMENTS

1) Collateral Chart
2) Financial Spreads
3) Company debt schedule and DCR
4) Personal Financial Summary, Personal Debt Schedule and Personal Cash Flow

COLLATERAL EVALUATION

Additional Description	Gross	Adv.	Coll. Val.	Superior Liens	Superior $	Net
Equipment						Purchase Cost 2017
Located at: [redacted]					Owned by:	[redacted]
Cannon Equipment	$ 381,000	80%	$ 304,800			
				No Superior Liens	*$ -*	
Net Values:						$ 304,800

TOTAL EXCESS COLLATERAL:	**$ 304,800**
DCED Loan:	**$ (300,000)**
Excess Collateral:	**$ 4,800**
LTV in 1st position:	**79%**

CREDC's Loan Collateral Terms:

* *1st on equipment purchased*
* *Last lien on all other business assets as abundance of cuation always without regard to other creditor additions or changes*

Comments:

[redacted], CONSOLIDATED

Spreads For LRC 10/17/2017

Accountant: McKonly & Asbury	Review 12/31/2014		Review 12/31/2015		Review 12/31/2016		Co Prep 8/31/2017	
ASSETS Common Sized	$	%	$	%	$	%	$	%
Cash & Equivalents	12,314	0.1	496,041	3.4	53,689	0.4	115,903	0.8
Marketable Securities								
Trade Accounts Receivable	687,572	5.3	655,538	4.6	575,057	3 8	150,971	1.0
Less Allowance for Doubtful Accts.								
Net Accounts Receivable	687,572	5.3	655,538	4.6	575,057	3 8	150,971	1.0
Raw Materials								
Work in Process								
Finished Goods								
Inventory	2,209,035	16.9	2,239,200	15.5	1,939,671	12 8	2,403,901	16.5
Total Inventory	2,209,035	16.9	2,239,200	15.5	1,939,671	12 8	2,403,901	16.5
Prepaid Expenses	36,323	0.3	26,832	0.2	27,170	0 2	36,534	0.3
Costs in Excess of Billings								
Current por ion of min lease pymts rec.	2,975,280	22.8	3,201,390	22.2	3,604,371	23 8		
Other Current Assets								
Total Current Assets	**5,920,524**	**45.4**	**6,619,001**	**46.0**	**6,199,958**	**41.0**	**2,707,309**	**17.9**
Land	257,644	2.0	333,137	2.3	333,137	2 2		
Buildings	1,730,184	13.3	1,730,184	12.0	1,730,184	11.4		
Leasehold Improvements	622,140	4.8	641,909	4.5	641,909	4 2		
Machinery & Equipment	762,738	5.8	766,306	5.3	778,131	5.1		
Furniture & Fixtures	360,263	2.8	373,425	2.6	378,089	2.5		
Vehicles	916,867	7.0	972,836	6.8	1,130,485	7.5		
Computers	654,572	5.0	799,775	5.6	817,101	5.4		
Other Fixed Assets							1,745,490	12.0
Less Accumulated Depreciation	(1,854,140)	(14.2)	(2,343,076)	(16.3)	(2,774,035)	(18.3)		
Net Fixed Assets	3,450,268	26.5	3,274,496	22.7	3,035,001	20.1	1,745,490	12.0
Minimum lease pymts rec. less CP	3,319,096	25.5	3,815,054	26.5	4,809,303	31 8	10,100,518	69.4
Due from Employees								
Due from Affiliates								
Due from Officers/Stockholders								
Investments								
Prepaid Expenses - NonCurrent								
Deferred Charges	4,062	0.0						
Construction in process			348,638	2.4	742,272	4 9		
Intangibles	344,639	2.6	344,639	2.4	344,639	2 3		
TOTAL ASSETS	**13,038,589**	**100.0**	**14,401,828**	**100.0**	**15,131,173**	**100.0**	**14,553,317**	**100.0**
LIABILITIES Common Sized								
Overdrafts								
Notes Payable-Banks	939,280	7.2	1,000,000	6.9	775,732	5.1	734,649	5.0
Notes Payable								
Current Portion of Long Term Debt	3,134,578	24.0	3,293,107	22.9	3,736,635	24.7		
Current Portion Capital Leases								
Trade Accounts Payable	956,505	7.3	950,809	6.6	456,294	3 0	1,114,123	7.7
Accrued Expenses	68,851	0.5	38,432	0.3	77,431	0 5		
Due to Officers/Stockholders								
Taxes Payable								
Unearned inocme & Deferred maint rev.	1,068,136	8.2	1,232,008	8.6	1,145,931	7.6		
Customer Deposits								
Other Current Liabili ies							5,378,662	37.0
Other Current Liabili ies								
Total Current Liabilities	**6,167,350**	**47.3**	**6,514,356**	**45.2**	**6,192,023**	**40.9**	**7,227,434**	**49.7**
Long Term Debt	5,134,149	39.4	5,637,619	39.1	6,262,688	41.4	4,641,522	31.9
Capital Lease Obligations								
Due to Officers/Stockholders								
Other Long Term Liabilities								
Total Liabilities	**11,301,499**	**86.7**	**12,151,975**	**84.4**	**12,454,711**	**82.3**	**11,868,956**	**81.6**
Subordinated Debt/Other Equity								
Common Stock								
Paid in Capital	143,646	1.1	143,646	1.0	143,646	0 9		
Retained Earnings	366,972	2.8	207,459	1.4	470,098	3.1	631,821	4.3
Non controlling interests	1,226,472	9.4	1,898,748	13.2	2,062,718	13.6	2,052,540	14.1
Total Net Worth	1,737,090	13.3	2,249,853	15.6	2,676,462	17.7	2,684,361	18.4
TOTAL LIABILITIES & NET WORTH	**13,038,589**	**100.0**	**14,401,828**	**100.0**	**15,131,173**	**100.0**	**14,553,317**	**100.0**

[redacted], CONSOLIDATED

Spreads For LRC 10/17/2017

Accountant: McKonly & Asbury	Review 12/31/2014 12		Review 12/31/2015 12		Review 12/31/2016 12		Co Prep 8/31/2017 8	
INCOME STATEMENT	$	%	$	%	$	%	$	%
Sales	10,781,897	100.0	12,074,331	100.0	13,342,498	100 0	10,044,239	100.0
Sales								
Sales								
Sales								
Total Sales	**10,781,897**	**100.0**	**12,074,331**	**100.0**	**13,342,498**	**100.0**	**10,044,239**	**100.0**
Cost of Goods Sold	4,667,363	43.3	4,914,080	40.7	5,230,733	39 2	4,252,066	42.3
Depreciation in COGS								
Total Cost of Goods Sold	4,667,363	43.3	4,914,080	40.7	5,230,733	39 2	4,252,066	42.3
Gross Profit	6,114,534	56.7	7,160,251	59.3	8,111,765	60 8	5,792,173	57.7
Selling/General/Administrative	471,836	4.4	465,975	3.9	593,436	4.4		
Salaries, Wages, Payroll Taxes	3,296,450	30.6	3,692,598	30.6	4,247,027	31 8	3,298,479	32.8
Officers' Salaries								
Rent	42,000	0.4	45,873	0.4	64,719	0 5	33,023	0.3
Insurance	24,330	0.2	264,856	2.2	312,264	2 3	49,020	0.5
Repairs & Maintenance	53,314	0.5	124,194	1.0	321,847	2.4	241,979	2.4
Taxes and Licenses								
Advertising	40,016	0.4	7,998	0.1	58,585	0.4		
Pension, profit-sharing, etc, plans								
Employee Benefits							246,084	2.5
Other Expense	768,478	7.1	830,137	6.9	855,390	6.4	1,034,988	10.3
Bad Debts	51,094	0.5	286,992	2.4	12,617	0.1		
Depreciation	431,029	4.0	488,936	4.0	464,417	3.5	273,921	2.7
Amortization							139	0.0
Operating Expenses	5,178,547	48.0	6,207,559	51.4	6,930,302	51.9	5,177,633	51.5
Operating Profit	935,987	8.7	952,692	7.9	1,181,463	8.9	614,540	6.1
Interest Income								
Other Income	14,193	0.1	63,105	0.5	10,975	0.1	20,975	0.2
Other Income								
Gain (Loss) on Sale of Assets								
Total Other Income	14,193	0.1	63,105	0.5	10,975	0.1	20,975	0.2
Interest Expense	402,104	3.7	396,185	3.3	371,826	2 8	200,534	2.0
less inc attrib to noncontrolling interests	451,499	4.2	597,026	4.9	367,720	2 8		
Other Expense							40,031	0.4
Total Other Expenses	853,603	7.9	993,211	8.2	739,546	5 5	240,565	2.4
Profit Before Tax	96,577	0.9	22,586	0.2	452,892	3.4	394,950	3.9
Income Taxes								
Extraordinary Income (Expense)								
NET INCOME (LOSS)	**96,577**	**0.9**	**22,586**	**0.2**	**452,892**	**3.4**	**394,950**	**3.9**
RECON. OF TANGIBLE NET WORTH								
Beginning Tangible Net Worth	1,295,874		1,392,451		1,905,214		2,331,823	
Net Profit (Loss)	96,577		22,586		452,892		394,950	
Distributions			(182,099)		(190,253)			
Contributions of Capital								
Prior Period Adjustment								
Unexplained Adjustment								
Change in Sub. Debt/Other Equity								
Change in Common Stock								
Change in Paid In Capital							(143,646)	
Change in Treasury Stock			672,276		163,970		(10,178)	
Decrease (Increase) in Intangibles							344,639	
Ending Tangible Net Worth	**$ 1,392,451**		**$ 1,905,214**		**$ 2,331,823**		**$ 2,917,588**	

[redacted], CONSOLIDATED

Spreads For LRC 10/17/2017

Accountant: McKonly & Asbury	Review 12/31/2015	Review 12/31/2016	Co Prep 8/31/2017
UCA Cash Flow			
Net Sales	12,074,331	13,342,498	10,044,239
Change in Receivables	32,034	80,481	424,086
Cash From Sales	12,106,365	13,422,979	10,468,325
Cost of Goods Sold (Less Depr.)	(4,914,080)	(5,230,733)	(4,252,066)
Change in Inventories	(30,165)	299,529	(464,230)
Change in Accounts Payable	(5,696)	(494,515)	657,829
Cash Production Costs	(4,949,941)	(5,425,719)	(4,058,467)
GROSS CASH PROFIT	**7,156,424**	**7,997,260**	**6,409,858**
Selling, General & Admin. Expenses	(5,718,623)	(6,465,885)	(4,903,573)
Change in Prepaids	9,491	(338)	(9,364)
Change in Accrued Expenses	(30,419)	38,999	(77,431)
Change in Other Assets	(1,066,644)	(1,790,864)	(944,572)
Change in Other Liabilities	163,872	(86,077)	4,232,731
Cash Operating Costs	(6,642,323)	(8,304,165)	(1,702,209)
CASH AFTER OPERATIONS	**514,101**	**(306,905)**	**4,707,649**
Miscellaneous Cash Income (Exp.)	(533,921)	(356,745)	(19,056)
Income Taxes Paid	0	0	0
NET CASH AFTER OPERATIONS	**(19,820)**	**(663,650)**	**4,688,593**
Distributions	(182,099)	(190,253)	0
Interest Expense	(396,185)	(371,826)	(200,534)
Cash Financing Costs	(578,284)	(562,079)	(200,534)
CASH AFER FINANCING COSTS	**(598,104)**	**(1,225,729)**	**4,488,059**
Current Portion Long Term Debt	(3,134,578)	(3,293,107)	(3,736,635)
CASH AFTER DEBT AMORTIZATION	**(3,732,682)**	**(4,518,836)**	**751,424**
Capital Expenditures	(313,164)	(224,922)	1,015,590
Change in Long Term Investments	0	0	0
Change in Intangibles	0	0	344,500
Cash Used for Plant & Investments	(313,164)	(224,922)	1,360,090
FINANCING SURPLUS/REQUIREMENT	**(4,045,846)**	**(4,743,758)**	**2,111,514**
Change in Short Term Debt	60,720	(224,268)	(41,083)
Change in Long Term Debt	3,796,577	4,361,704	(1,621,166)
Contributed Capital	0	0	0
Other Changes in Retained Earnings	672,276	163,970	(153,824)
Total External Financing	4,529,573	4,301,406	(1,816,073)
CASH AFTER FINANCING	483,727	(442,352)	295,441
ACTUAL CHANGE IN CASH	483,727	(442,352)	62,214

[redacted], CONSOLIDATED

Spreads For LRC 10/17/2017

Accountant: McKonly & Asbury	Review 12/31/2014	Review 12/31/2015	Review 12/31/2016	Co Prep 8/31/2017
RATIOS				
Operating Ratios:				
Change In Sales ($)		**1,292,434**	**1,268,167**	**(3,298,259)**
Change In Sales (%)		**12.0%**	**10.5%**	**(24.72%)**
Change in Assets ($)		1,363,239	729,345	(577,856)
Change in Assets (%)		10.46%	5.06%	(3.82%)
Change in Liabilities ($)		850,476	302,736	(585,755)
Change in Liabilities (%)		7.53%	2.49%	(4.70%)
Change in Net Worth ($)		512,763	426,609	7,899
Change in Net Worth (%)		29.52%	18.96%	0.30%
Return on Tangible Assets (ROA)	0.76%	0.16%	3.06%	2.71%
Return on Tangible Equity (ROE)	6.94%	1.19%	19.42%	14.71%
Sales/Total Assets	0 83	0.84	0.88	0.69
Equity Position:				
Debt/Tangible Net Worth	**8.12**	**6.38**	**5.34**	**4.42**
Owner Equity/Assets	13.32%	15.62%	17.69%	18.45%
Creditor Equity/Assets	86.68%	84.38%	82.31%	81.55%
Net Fixed Assets/Long Term Debt	67 20%	58.08%	48.46%	37.61%
Liquidity:				
Current Ratio	**0.96**	**1.02**	**1.00**	**0.37**
Quick Ratio	0.11	0.18	0.10	0.04
Working Capital	(246,826)	104,645	7,935	(4,520,125)
Working Capital/Assets	(1.89%)	0.73%	0.05%	(31.06%)
Age of Receivables	23	20	16	5
Receivable Turnover	15.68	18.42	23.20	66.53
Days Supply in Inventory	173	166	135	206
Inventory Turnover	2.11	2.19	2.70	1.77
Age of Payables	75	71	32	96
Payable Turnover	4.88	5.17	11.46	3.82
Other:				
Interest Coverage (Income Statement)	1.24	1.06	2.22	2.97
Interest Coverage (UCA)		(0.51)	(2.30)	23.38
Principal & Interest Coverage (UCA)		(0.01)	(0.18)	1.19
Breakeven Sales (UCA)		18,372,119	20,881,650	8,866,759
Actual Sales/Breakeven Sales		0.66	0.64	1.13
Sustainable Growth Rate	7.24%	11.71%	36.90%	#REF!

COMPANY DEBT SCHEDULE

Creditor		Balance		Payment	Rate/Term/Collateral
EXISTING DEBT:					
M&T Bank term loan Matures Nov 2018	$	150,829	$	6,672	personal property and fixtures
M&T Bank mortgage loan mat Nov 2021	$	1,672,582	$	13,254	RE - [redacted]
SBF loan mat Jan 2019	$	58,000	$	3,462	SBF project equipement 1st lien
FNB vechicle loan, mat Oct 2019	$	20,072	$	624	vehicle
Nissan vehcicle loan Matures Oct 2019	$	18,491	$	571	vehicle
Ally vehicle loan matures Dec 2019	$	15,422	$	459	vehicle
Ally Vehicle loan matreus Feb 2021	$	19,916	$	446	vehicle
Members 1st vehicle matures May 2019	$	13,277	$	477	vehicle
FNB Mifflintown term matures July 2019	$	114,030	$	3,867	Business assets and a vehicle
FNB of Mifflintown term matures Aug 19	$	78,863	$	2,595	Business assets and a vehicle
Huntingtown vehicle matures Sept 2019	$	13,248	$	425	vehicle
Huntington vehicle matures Sept 2019	$	12,491	$	401	vehicle
FNB of Mifflintown term matures jul 18	$	32,799	$	1,787	equipment
FNB of Mifflintown vehicle mat Sep 2020	$	14,918	$	359	vehicle
FNB of Mifflintown vehicles mat aug 21	$	72,609	$	1,409	multiple vehiclees
BMO Harris vehicles mat Feb 22	$	87,759	$	1,577	multiple vehiclees
Fulton Bank equipment note	$	1,269,754	$	15,524	max payment - business assets
M&T mortgage	$	786,919	$	4,806	RE - [redacted]
NEW SBF NOTE	$	300,000	$	5,258	Cannon Equipment
TOTALS:	**$**	**4,751,979**	**$**	**63,973**	

COMPANY DEBT SERVICE COVEREAGE MODEL

		2014		2015		2016		2017 YTD
Gross Revenue	$	10,781,897	$	12,074,331	$	13,342,498	$	10,044,239
Gross Profit	$	6,114,534	$	7,160,251	$	8,111,765	$	5,792,173
Net Income	**$**	**96,577**	**$**	**22,586**	**$**	**452,892**	**$**	**394,950**
Add Depr/Amort:	$	431,029	$	488,936	$	464,417	$	274,060
Add Interest:	$	402,104	$	396,185	$	371,826	$	200,534
Deduct: Distributions	$	-	$	(182,099)	$	(190,253)	$	-
Add Bank Rent:	$	42,000	$	45,873	$	64,719	$	33,023
Other adjustments:	$	-	$	-	$	-	$	-
Other adjustments:	$	-	$	-	$	-	$	-
Available CF	**$**	**971,710**	**$**	**771,481**	**$**	**1,163,601**	**$**	**902,567**
DS:	**$**	**767,676**	**$**	**767,676**	**$**	**767,676**	**$**	**511,784**
Coverage/ (Shortage)	$	204,034	$	3,805	$	395,925	$	390,783
DSCR:		**1.26:1**		**1:1**		**1.51:1**		**1.76:1**

Notes:

> The largest note payable to M&T Bank of over $5MM is not refelcted in the debt service because of how the financials for this borrowing entity are preapred. The Borrower is [redacted] and the note is a pre-approved commitment line to support the leasing activities of the company. What is reported on the income statement is not the total cash transaction. The M&T note funds the purchase of equipment which increases the liabiity due to M&T for this note, but also increases inventory which is an asset. When that equipment is leased, then the liability balance due to M&T is reduced with each and every lease payment made back to [redacted]. The interest earned is top line revenue. And the interest paid on the M&T Note is interest expense.

> There was an error in the foot note on the M&T Mortgage for [redacted]…that monthly payment is corrected on this debt schedule

> Rent was added back because that was for the lease of property on [redacted] St and the lease expired earlier this year, 2017. The space is not needed for that purpose any longer

>

PERSONAL FINANCIAL STATEMENT SUMMARY

Name: [redacted]

Summary Balance Sheet		**12/31/2016**
Cash & Equivalents	$	39,630
Marketable Securities	$	225,000
Personal Residence	$	-
Other Real Estate	$	745,000
Cash Value Life Insurance	$	-
Other Investments	$	118,000
Retirement Funds	*$*	*265,522*
Closely Held Co's & N/R	*$*	*3,360,068*
Personal Property	*$*	*20,000*
Total Assets	**$**	**4,773,220**
Current Payables	$	-
Mortgage(s) on Personal Residence	$	-
Other Mortgage Loans	$	373,300
Other Term Debt	$	8,680
Other Liabilities	$	-
Total Liabilities	**$**	**381,980**
Net Worth	**$**	**4,391,240**
Adjusted Net Worth	***$***	***745,650***

Ratios		**12/31/2016**
Liquid Assets/Total Assets		5.5%
Equity in Personal Residence	$	-
LTV on Personal Residence		#N/A
Equity in Other Real Estate	$	371,700
LTV on Other Real Estate		50.1%
Debt to Worth		0.09x
Debt to Adjusted Net Worth		0.51x

Notes:

> The contingent liabilities shown on [redacted]'s PFS are all company related.

> Personally, his adjusted networth, which is the comparison of reasonably liquid assets to those matching liabilties is positive at $745K.

> The contingent liabilities balance which he has guaranteed related to [redacted] and all consolidated related entities is $10.5MM. The total assets of consolidated [redacted] and affiliated companies is $15.1MM or 1.4 times that of the debt.

> [redacted] has also provided a personal guarantee on debt UNRELATED to [redacted] and all consolidated related entities. These companies' financials are not being shared here. However, CREDC was part of the SBA 504 financing which supported those companies and can confirm that in real estate alone, those entities have asset values well exceeding that of the amount which [redacted] has personally guaranteed.

PERSONAL DEBT SCHEDULE

Name: [redacted]

CREDIT REPORT SUMMARY
10/15/17

	[redacted]	N/A
Bankruptcies	0	
Satisfactories:	29	
Past Dues:	0	
% Revolving Credit Available:	79%	
Transunion Fico Score:	807	

Debt Service	Monthly Payment	Annual Debt Svc.	Unpaid Balance
Mortgage Loans	$ 3,233	$ 38,796	$ 373,300
Auto & Other Installment Loans	$ 1,097	$ 13,164	$ 8,680
Credit Cards & Other Revolving Debt	$ 15	$ 180	$ 885
Business & Other Debt	$ -	$ -	$ -
Total Debt Service	**$ 4,345**	**$ 52,140**	**$ 382,865**

Mortgage Loans

	Bank	Monthly pymt	Balance
#1	Orrstown Bank - [redacted] Ave	$ 808	$ 77,900
#2	Centric Bank - [redacted] Ave	$ 2,425	$ 295,400
#3		$ -	$ -
#4		$ -	$ -
#5		$ -	$ -

Auto & Other Installment Loans

	Bank	Monthly pymt	Balance
#1	Land Rover loan	$ 1,097	$ 8,680
#2		$ -	$ -
#3		$ -	$ -
#4		$ -	$ -
#5		$ -	$ -

Credit Cards & Other Revolving Debt

	Bank	Monthly pymt	Balance
#1	PA Central FCU - personal line of credit $20,000	$ 15	$ 885
#2		$ -	$ -
#3		$ -	$ -
#4		$ -	$ -
#5		$ -	$ -

Business & Other Debt

	Bank	Monthly pymt	Balance
#1		$ -	$ -
#2		$ -	$ -
#3		$ -	$ -

PERSONAL CASH FLOW

Name: [redacted]
Tax Return: Joint Tax Return, but single named guarantee
Adjustments to PCF: None

		2014		2015		2016
Income						
Wages & Salaries	$	272,628	$	286,903	$	297,510
Interest Income (Taxable)	$	141	$	86	$	83
Interest Income (Tax-Exempt)	$	194	$	143	$	1,132
Dividends	$	463	$	1,863	$	2,184
Alimony Received	$	-	$	-	$	-
Business Income/(Loss) (Sch. C)	$	(10,382)	$	(7,826)	$	(53,129)
+ Depletion & Depreciation	$	2,418	$	10,935	$	10,248
+ Interest Expense	$	-	$	-	$	-
Capital Gains/(Losses), Etc. (Sch. D)	$	-	$	-	$	-
IRA Distributions, Pensions, Etc.	$	102,000	$	101,532	$	50,710
Real Estate Income (Sch.E.) king and princeton	$	26,240	$	29,757	$	31,620
+ Interest Expense	$	22,355	$	18,586	$	16,858
+ Depreciation & Amortization	$	14,091	$	14,091	$	14,091
Partnership Income (Sch. K-1)						
+ Withdrawals	$	-	$	-	$	-
+ Guaranteed Payments	$	-	$	-	$	-
- Capital Contributions	$	-	$	-	$	-
- Interest Income, Royalties, Etc.	$	-	$	-	$	-
S Corporation Income (Sch. K-1)						
+ Property Distributions	$	-	$	182,099	$	190,253
- Interest Income, Royalties, Etc.	$	-	$	-	$	-
Farm Income/(Loss)	$	-	$	-	$	-
+ Interest Expense	$	-	$	-	$	-
+ Depreciation	$	-	$	-	$	-
Unemployment Compensation	$	-	$	-	$	-
Social Security Benefits	$	-	$	-	$	-
Other Income	$	-	$	-	$	-
Gross Cash Flow:	**$**	**430,148**	**$**	**638,169**	**$**	**561,560**
Expenses/Deductions						
Adjustments to Gross Income	$	-	$	-	$	-
Tax Payments						
Federal Income Tax Withheld	$	74,863	$	78,867	$	98,087
Estimated Tax Payments	$	-	$	-	$	50,000
State/Local/Property Taxes	$	34,092	$	60,852	$	74,034
FICA Withheld (Est.)	$	16,903	$	17,788	$	18,446
Medicare Withheld (Est.)	$	4,089	$	4,304	$	4,463
- Taxable Refunds (State/Local)	$	-	$	-	$	-
Owed/(Refunded) from same yr	$	(3,690)	$	55,439	$	(30,904)
Non-Recurring Income	$	-	$	-	$	-
Other Adjustments	$	-	$	-	$	-
Total Expenses/Deductions:	**$**	**126,257**	**$**	**217,250**	**$**	**214,125**
% of Gross:		29.4%		34.0%		38.1%
Living Exp. - 20% of Gross not less than $20K	**$**	**86,030**	**$**	**127,634**	**$**	**112,312**
Personal CF before Debt Coverage:	**$**	**217,861**	**$**	**241,146**	**$**	**182,983**
Personal DS (from prior page):	**$**	**52,140**	**$**	**52,140**	**$**	**52,140**
Debt to Income Ratio - **DTI:**		**12.1%**		**8.2%**		**9.3%**
Personal DCR:		**4.18**		**4.62**		**3.51**
Cash excess/(shortage) for 1.25 DCR:	**$**	**152,686**	**$**	**175,971**	**$**	**117,808**