

Petters Company, Inc.
 Balance Sheet
 December, 1995

Internal Statement- Subject to Revision

**GOVERNMENT
 EXHIBIT**
 23
 08cr364(RHK/AJB)

ASSETS

Current Assets

Petty Cash	\$	791	
American Bank	\$	(641)	
T/C Federal Bank	\$	293	
Riverside Bank	\$	20,261	
Inventory	\$	3,985,816	
Accounts Receivable-Inventory	\$	25,000	
Accounts Receivable-Other	\$	970,959	
Loan Receivable- Tom Petters	\$	35,668	
TOTAL CURRENT ASSETS			\$ 5,038,146

Fixed Assets

Furniture & Fixtures	\$	13,157	
Accumulated Depreciation	\$	(2,002)	
Equipment	\$	11,841	
Accumulated Depreciation	\$	(1,579)	
Vehicles	\$	11,483	
Accumulated Depreciation	\$	(5,409)	
Leasehold Improvements	\$	3,038	
Accumulated Amortization	\$	(310)	
TOTAL FIXED ASSETS			\$ 30,219

Other Assets

Investment- Petters Warehouse Direct	\$	1,400,000	
TOTAL OTHER ASSETS			\$ 1,400,000

Combined Total Assets: \$ 6,468,365

LIABILITIES & EQUITY

Current Liabilities

Notes Payable-Investors	\$	5,284,500	
Accounts Payable- Other	\$	7,455	
TOTAL CURRENT LIABILITIES			\$ 5,291,955

Equity

Common Stock	\$	5,000	
Retained Earnings-Prior	\$	(68,059)	
Retained Earnings-Current Year	\$	1,239,470	
TOTAL EQUITY			\$ 1,176,410

Total Liabilities & Equity: \$ 6,468,365

Petters Company, Inc.

Income Statement

December, 1995

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Revenue			
Sales-Merchandise	\$	28,017,458	
Sales-Other	\$	15,582	
Freight Rebates	\$	832	
TOTAL REVENUE			\$ 28,033,872
Cost of Sales			
Purchases-Merchandise	\$	23,520,335	
Freight-in	\$	26,852	
Warehouse Expense	\$	1,550	
TOTAL COST OF SALES			\$ 23,548,737
	Gross Profit:		\$ 4,485,135
Operating Expenses			
Auto Expense	\$	11,917	
Amortization Expense	\$	310	
Accounting & Legal Expense	\$	17,655	
Advertising	\$	20,650	
Bank Charges	\$	5,731	
Service Charges	\$	721	
Business Meeting Expense	\$	9,928	
Credit Expense	\$	475	
Depreciation Expense	\$	6,030	
Dues & Subscriptions	\$	377	
Insurance - General	\$	10,347	
Insurance - Life / Medical	\$	17,941	
Insurance - Vehicle	\$	3,555	
Insurance - Boat	\$	1,184	
Insurance - Product	\$	15,114	
Interest & Commissions	\$	2,915,201	
Taxes & Licenses	\$	586	
Miscellaneous	\$	1,673	
Office Expense	\$	12,454	
Postage	\$	3,705	
Courier	\$	486	
Promotions & Gifts	\$	725	
Rent - Equipment	\$	1,553	
Rent - Building	\$	34,646	
Telephone	\$	32,786	
Repairs & Maintenance - Equip.	\$	2,843	
Salaries - Office	\$	150	
Consulting	\$	12,675	
Trade Show Expense	\$	18,520	
Travel & Lodging	\$	85,646	
Utilities	\$	81	
TOTAL OPERATING EXPENSES			\$ 3,245,664
	Net Income From Operations:		\$ 1,239,470
	Earnings Before Income Tax:		\$ 1,239,470
	Profit / (Loss) Before Taxes:		\$ 1,239,470

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ASSETS

Current Assets

Petty Cash	\$	288		
American Bank	\$	1,015		
Highland Bank	\$	151,241		
Highland Bank-CD	\$	80,000		
Norwest Bank	\$	4,813		
Riverside Bank	\$	5,279		
Inventory	\$	2,809,633		
Accounts Receivable-Inventory	\$	8,530,187		
Accounts Receivable-Other	\$	2,019,944		
Loan Receivable- Tom Petters	\$	40,129		
TOTAL CURRENT ASSETS		13,642,528	\$	13,642,528

Fixed Assets

Investment-Marketable Securities	\$	155,264		
Furniture & Fixtures	\$	48,613		
Accumulated Depreciation	\$	(2,002)		
Equipment	\$	11,841		
Accumulated Depreciation	\$	(1,579)		
Vehicles	\$	48,170		
Accumulated Depreciation	\$	(5,409)		
Leasehold Improvements	\$	3,163		
Accumulated Amortization	\$	(310)		
TOTAL FIXED ASSETS		257,751	\$	257,751

Other Assets

Investment- Petters Warehouse Direct	\$	3,800,154		
Investment- Real Estate Development	\$	60,000		
TOTAL OTHER ASSETS		3,860,154	\$	3,860,154

Combined Total Assets: \$ 17,760,433

LIABILITIES & EQUITY

Current Liabilities

Notes Payable-Investors	\$	12,158,632		
Note Payable-Line of Credit	\$	1,000,000		
TOTAL CURRENT LIABILITIES		13,158,632	\$	13,158,632

Equity

Common Stock	\$	5,000		
Retained Earnings-Prior	\$	1,239,470		
Retained Earnings-Current Year	\$	3,357,332		
TOTAL EQUITY		4,601,802	\$	4,601,802

Total Liabilities & Equity: \$ 17,760,433

Petters Company, Inc.
Income Statement
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Revenue		
Sales-Merchandise	\$	69,658,992
Sales-Other	\$	21,554
Returns & Allowance	\$	<u>(246,325)</u>
TOTAL REVENUE	\$	69,434,221

Cost of Sales		
Purchases-Merchandise	\$	57,829,772
Freight-in	\$	114,353
Warehouse Expense	\$	<u>67,751</u>
TOTAL COST OF SALES	\$	<u>58,011,876</u>

Gross Profit: \$ 11,422,345

Operating Expenses		
Auto Expense	\$	8,500
Accounting & Legal Expense	\$	24,508
Advertising	\$	11,478
Bank Charges	\$	16,126
Service Charges	\$	593
Business Meeting Expense	\$	2,001
Credit Expense	\$	75
Contract Labor	\$	7,705
Dues & Subscriptions	\$	1,307
Insurance - General	\$	14,141
Insurance - Life / Medical	\$	72,578
Insurance - Vehicle	\$	1,947
Insurance - Product	\$	14,174
Interest & Commissions	\$	7,181,340
Taxes & Licenses	\$	1,295
Meals & Entertainment	\$	2,755
Miscellaneous	\$	241
Payroll Taxes - FICA / Med	\$	13,493
Payroll Taxes - MN	\$	4,802
Payroll Taxes - Federal	\$	1,158
Office Expense	\$	10,891
Postage	\$	15,856
Courier	\$	1,112
Promotions & Gifts	\$	6,217
Rent - Building	\$	52,472
Telephone	\$	42,019
Repairs & Maintenance - Equip.	\$	576
Salaries - Office	\$	436,731
Consulting	\$	14,340
Trade Show Expense	\$	5
Travel & Lodging	\$	104,154
Utilities	\$	125
Misc. Taxes	\$	<u>300</u>
TOTAL OPERATING EXPENSES	\$	<u>8,065,014</u>

Int. Comm.
~~7,181,340~~
5,298,589.32
 \$ 1,882,750.22

Net Income From Operations: \$ 3,357,331
Earnings Before Income Tax: \$ 3,357,331

Profit / (Loss) Before Taxes: \$ 3,357,331

Petters Company, Inc.
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ASSETS

Current Assets

Petty Cash	\$	413	
SCNB	\$	255	
Highland Bank	\$	129,721	
Highland Bank-CD	\$	1,080,000	
Norwest Bank	\$	1,068	
Accounts Receivable-Inventory	\$	25,191,210	
Accounts Receivable-Other	\$	1,603,940	
Loan Receivable- Tom Petters	\$	51,089	
TOTAL CURRENT ASSETS		\$	28,057,696

Fixed Assets

Security Deposit	\$	2,088	
Investment-Marketable Securities	\$	155,264	
Furniture & Fixtures	\$	61,527	
Accumulated Depreciation	\$	(2,002)	
Equipment	\$	11,841	
Accumulated Depreciation	\$	(1,579)	
Vehicles	\$	48,170	
Accumulated Depreciation	\$	(5,409)	
Leaschold Improvements	\$	10,639	
Accumulated Amortization	\$	(310)	
TOTAL FIXED ASSETS		\$	280,229

Other Assets

Investment- Petters Warehouse Direct	\$	3,800,154	
Investment- Real Estate Development	\$	60,000	
TOTAL OTHER ASSETS		\$	3,860,154

Combined Total Assets: \$ 32,216,079

LIABILITIES & EQUITY

Current Liabilities

Accounts Payable	\$	18,965	
Other Payable	\$	1,856,234	
Notes Payable-Investors	\$	21,466,850	
Note Payable-Line of Credit	\$	1,000,000	
TOTAL CURRENT LIABILITIES		\$	24,342,049

Equity

Common Stock	\$	5,000	
Retained Earnings-Prior	\$	4,596,802	
Retained Earnings-Current Year	\$	3,272,228	
TOTAL EQUITY		\$	7,874,030

Total Liabilities & Equity: \$ 32,216,079

Petters Company, Inc.
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Revenue

Sales-Merchandise	\$	120,743,899	
Sales-Other	\$	14,058	
Returns & Allowance	\$	(46,832)	
TOTAL REVENUE		\$	120,711,125

Cost of Sales

Purchases-Merchandise	\$	101,893,539	
Freight-in	\$	128,955	
Warehouse Expense	\$	169,961	
TOTAL COST OF SALES		\$	102,192,455

Gross Profit: \$ 18,518,670

Operating Expenses

Auto Expense	\$	25,322	
Accounting & Legal Expense	\$	22,968	
Advertising	\$	8,103	
Bank Charges	\$	2,292	
Business Meeting Expense	\$	6,722	
Credit Expense	\$	204	
Contract Labor	\$	21,865	
Dues & Subscriptions	\$	698	
Insurance - General	\$	15,788	
Insurance - Life / Medical	\$	21,533	
Insurance - Vehicle	\$	3,045	
Insurance - Product	\$	16,000	
Interest & Commissions	\$	14,154,936	
Payroll Taxes - FICA / Med	\$	33,809	
Payroll Taxes - MN	\$	28,620	
Payroll Taxes - Federal	\$	76,903	
Office Expense	\$	7,965	
Postage	\$	4,125	
Courier	\$	3,140	
Promotions & Gifts	\$	7,708	
Rent - Building	\$	185,450	
Telephone	\$	38,996	
Repairs & Maintenance - Equip.	\$	6,339	
Salaries - Office	\$	492,239	
Travel & Lodging	\$	61,672	
TOTAL OPERATING EXPENSES		\$	15,246,442

Interest + Comm.
 ← 14,154,936 \$ 8,351,403.80
 ↓
 \$ 5,803,532.80

Net Income From Operations: \$ 3,272,228
Earnings Before Income Tax: \$ 3,272,228

Profit / (Loss) Before Taxes: \$ 3,272,228