

PROJECT 1: SHARON WATSON, MD

Project 1 culminates the activities in Part 2 of the book: Peachtree Complete Accounting 2005 for Service Businesses. In this project the students set up a sole proprietorship, service business for Sharon Watson, MD. Dr. Watson started her medical practice on December 1, 2005, in Tempe, AZ. Dr. Watson has two employees who are independent contractors. In Chapter 14, payroll accounting is studied in detail.

It is the students' job to use PCA to set up Dr. Watson's business, edit the Chart of Accounts, enter Chart of Accounts beginning balances for November 1 through 30, 2005, and record the transactions for the month of December 2005. Students also complete account reconciliation, journalize and post adjusting entries, print financial statements, and close the fiscal year. Step-by-step instructions are provided for completing the Computer Accounting Cycle.

Checklist of Printouts, Project 1: Sharon Watson, MD	
	Chart of Accounts
	Account Reconciliation
	Cash Account Register
	General Ledger Trial Balance (unadjusted)
	December 31, 2005 General Journal
	Cash Receipts Journal
	Cash Disbursements Journal
	General Ledger Trial Balance (adjusted)
	General Ledger
	Balance Sheet
	Income Statement
	Statement of Retained Earnings
	Statement of Cash Flow
	Statement of Changes in Financial Position
	Post-Closing Trial Balance

**CHECK YOUR PROGRESS:
PROJECT 1, SHARON WATSON, MD**

- | | | |
|-----|---|---------------------|
| 1. | What are the total debit and credit balances on your unadjusted trial balance? | \$107,400.00 |
| 2. | What are the total debit and credit balances on your adjusted trial balance? | \$108,278.50 |
| 3. | According to your account reconciliation report, what is the Ending GL Balance? | \$31,774.80 |
| 4. | What is the depreciation expense for furniture and fixtures on December 31? | \$166.67 |
| 5. | What is the depreciation expense for computer equipment on December 31? | \$353.50 |
| 6. | What is the amount of total revenues as of December 31? | \$15,350.00 |
| 7. | How much net income (or net loss) is reported on December 31? | \$3,452.17 |
| 8. | What is the account balance in the Supplies account on December 31? | \$3,030.00 |
| 9. | What is the account balance in the Accounts Payable account on December 31? | \$11,200.00 |
| 10. | What is the total capital balance on December 31? | \$78,602.17 |
| 11. | Is there an Increase or Decrease in cash for the month of December? | Increase |
| 12. | Were any accounts payable incurred during the month of December? (Circle your answer) | No |

Project 1 (13)

Sharon Watson, MD Chart of Accounts As of Dec 31, 2005			
Filter Criteria includes: Report order is by ID. Report is printed with Accounts having Zero Amounts and in Detail Format.			
Account ID	Account Description	Active?	Account Type
1020	Tempe Bank	Yes	Cash
1100	Accounts Receivable	Yes	Accounts Receivable
1200	Inventory	Yes	Inventory
1400	Prepaid Rent	Yes	Other Current Assets
1450	Supplies	Yes	Other Current Assets
1500	Computer Equipment	Yes	Fixed Assets
1510	Furniture and Fixtures	Yes	Fixed Assets
1520	Automobile	Yes	Fixed Assets
1900	Accum. Depreciation - Comp Eq	Yes	Accumulated Depreciation
1910	Accum. Depreciation - Furn&Fix	Yes	Accumulated Depreciation
1920	Accum. Depreciation - Automobi	Yes	Accumulated Depreciation
2000	Accounts Payable	Yes	Accounts Payable
2380	Income Taxes Payable	Yes	Other Current Liabilities
2500	Notes Payable	Yes	Other Current Liabilities
3910	Retained Earnings	Yes	Equity-Retained Earnings
3920	Sharon Watson, Capital	Yes	Equity-doesn't close
3930	Sharon Watson, Draw	Yes	Equity-gets closed
4000	Medical Fees	Yes	Income
4050	Sales of Materials	Yes	Income
4100	Interest Income	Yes	Income
4200	Finance Charge Income	Yes	Income
4900	Sales/Fees Discounts	Yes	Income
5000	Cost of Sales	Yes	Cost of Sales
5400	Cost of Sales-Salary & Wage	Yes	Cost of Sales
6000	Wages Expense - Adm Asst	Yes	Expenses
6050	Wages Expense - Lab Tech	Yes	Expenses
6100	Payroll Tax Expense	Yes	Expenses
6150	Subscriptions Expense	Yes	Expenses
6200	Income Tax Expense	Yes	Expenses
6300	Rent or Lease Expense	Yes	Expenses
6350	Maintenance & Repairs Expense	Yes	Expenses
6400	Utilities Expense	Yes	Expenses
6450	Supplies Expense	Yes	Expenses
6500	Telephone Expense	Yes	Expenses
6550	Internet Service Provider	Yes	Expenses
6600	Advertising Expense	Yes	Expenses
6800	Freight Expense	Yes	Expenses
6850	Service Charge Expense	Yes	Expenses
6900	Purchase Disc-Expense Items	Yes	Expenses
6950	Insurance Expense	Yes	Expenses
7050	Deprec Exp - Comp Eq	Yes	Expenses
7060	Deprec. Exp.-Furn&Fix	Yes	Expenses
7070	Deprec. Exp.-Automobile	Yes	Expenses
7400	Postage Expense	Yes	Expenses

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Project 1 (18)

Sharon Watson, MD Account Reconciliation As of Dec 31, 2005 1020 - Tempe Bank Bank Statement Date: December 31, 2005			
Filter Criteria includes: Report is printed in Detail Format.			
Beginning GL Balance			27,000.00
Add: Cash Receipts			16,850.00
Less: Cash Disbursements			(12,050.20)
Add (Less) Other			(25.00)
Ending GL Balance			<u>31,774.80</u>
Ending Bank Balance			31,677.19
Add back deposits in transit	Dec 26, 2005	12/29/05	<u>1,500.00</u>
Total deposits in transit			1,500.00
(Less) outstanding checks	Dec 19, 2005	9009	(37.00)
	Dec 19, 2005	9010	(545.00)
	Dec 27, 2005	9015	(750.00)
	Dec 29, 2005	9016	<u>(70.39)</u>
Total outstanding checks			(1,402.39)
Add (Less) Other			_____
Total other			
Unreconciled difference			<u>0.00</u>
Ending GL Balance			<u><u>31,774.80</u></u>

Project 1: Sharon Watson, MD 119 - IMK

Project 1 (19)

Sharon Watson, MD Cash Account Register For the Period From Dec 1, 2005 to Dec 31, 2005 1020 - Tempe Bank								Page:
Filter Criteria includes: Report order is by Transaction Date.								
Date	Reference	Type	Payee/Paid By	Memo	Payment Am	Receipt Amt	Balance	
			Opening Balance			27,000.00	27,000.00	
12/1/05	Medical fees	Receipt		12/1/05		3,900.00	30,900.00	
12/1/05	9001	Wrt. Chks.			2,700.00		28,200.00	
12/1/05	9002	Wrt. Chks.			625.87		27,574.13	
12/6/05	9003	Wrt. Chks.			1,250.00		26,324.13	
12/6/05	9004	Wrt. Chks.			690.00		25,634.13	
12/11/05	9005	Wrt. Chks.			105.65		25,528.48	
12/13/05	9006	Wrt. Chks.			1,250.00		24,278.48	
12/13/05	9007	Wrt. Chks.			690.00		23,588.48	
12/15/05	Medical fees	Receipt		12/15/05		4,000.00	27,588.48	
12/17/05	9008	Wrt. Chks.			71.09		27,517.39	
12/19/05	9009	Wrt. Chks.			37.00		27,480.39	
12/19/05	9010	Wrt. Chks.			545.00		26,935.39	
12/20/05	9011	Wrt. Chks.			1,250.00		25,685.39	
12/20/05	9012	Wrt. Chks.			620.00		25,065.39	
12/23/05	Medical fees	Receipt		12/23/05		3,950.00	29,015.39	
12/24/05	9013	Wrt. Chks.			145.20		28,870.19	
12/26/05	Medical fees	Receipt		12/26/05		3,500.00	32,370.19	
12/27/05	9014	Wrt. Chks.			1,250.00		31,120.19	
12/27/05	9015	Wrt. Chks.			750.00		30,370.19	
12/29/05	On account	Receipt		12/29/05		1,500.00	31,870.19	
12/29/05	9016	Wrt. Chks.			70.39		31,799.80	
12/31/05	12/31/05	Gen. Jml.			25.00		31,774.80	
		Total			<u>12,075.20</u>	<u>16,850.00</u>		

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Project 1 (20) – Unadjusted Trial Balance

Sharon Watson, MD General Ledger Trial Balance As of Dec 31, 2005			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account ID	Account Description	Debit Amt	Credit Amt
1020	Tempe Bank	31,774.80	
1100	Accounts Receivable	9,850.00	
1400	Prepaid Rent	4,000.00	
1450	Supplies	3,405.65	
1500	Computer Equipment	13,225.87	
1510	Furniture and Fixtures	15,000.00	
1520	Automobile	21,500.00	
2000	Accounts Payable		11,200.00
2500	Notes Payable		5,700.00
3920	Sharon Watson, Capital		75,150.00
4000	Medical Fees		15,350.00
6000	Wages Expense - Adm Ass	5,000.00	
6050	Wages Expense - Lab Tech	2,750.00	
6150	Subscriptions Expense	545.00	
6400	Utilities Expense	145.20	
6500	Telephone Expense	71.09	
6550	Internet Service Provider	70.39	
6850	Service Charge Expense	25.00	
7400	Postage Expense	37.00	
	Total:	<u>107,400.00</u>	<u>107,400.00</u>

Project 1: Sharon Watson, MD 121 - IMK

Project 1 (23)

Sharon Watson, MD General Journal For the Period From Dec 31, 2005 to Dec 31, 2005					
<small>Filter Criteria includes: Report order is by Date. Report is printed with Accounts having Zero Amounts and with Truncated Transaction Descriptions and in Detail Format.</small>					
Date	Account ID	Reference	Trans Description	Debit Amt	Credit Amt
12/31/05	6450		Supplies Expense	375.65	
	1450		Supplies		375.65
	7050		Deprec. Exp - Comp Eq	353.50	
	1900		Accum. Depreciation - Comp Eq		353.50
	7060		Deprec. Exp.-Furn&Fix	166.67	
	1910		Accum. Depreciation-Furn&Fix		166.67
	7070		Deprec. Exp.-Automobile	358.33	
	1920		Accum. Depreciation-Automobile		358.33
	6300		Rent or Lease Expense	2,000.00	
	1400		Prepaid Rent		2,000.00
12/31/05	1020	12/31/05	Service Charge		25.00
	6850		Service Charge	25.00	
		Total		3,279.15	3,279.15

Project 1 (23) (continued)

Sharon Watson, MD Cash Receipts Journal For the Period From Dec 1, 2005 to Dec 31, 2005					
Page: 1					
<small>Filter Criteria includes: Report order is by Check Date. Report is printed in Detail Format.</small>					
Date	Account ID	Transaction Ref	Line Description	Debit Amnt	Credit Amnt
12/1/05	4000	Medical fees	Medical Fees		3,900.00
	1020		Deposit	3,900.00	
12/15/05	4000	Medical fees	Medical Fees		4,000.00
	1020		Deposit	4,000.00	
12/23/05	4000	Medical fees	Medical Fees		3,950.00
	1020		Deposit	3,950.00	
12/26/05	4000	Medical fees	Medical Fees		3,500.00
	1020		Deposit	3,500.00	
12/29/05	1100	On account	Payment received from patient		1,500.00
	1020		on account Deposit	1,500.00	
				16,850.00	16,850.00

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Project 1 (23) (Concluded)

Sharon Watson, MD Cash Disbursements Journal For the Period From Dec 1, 2005 to Dec 31, 2005					
Filter Criteria includes: Report order is by Date. Report is printed in Detail Format.					
Date	Check #	Account ID	Line Description	Debit Amount	Credit Amount
12/1/05	9001	2500 1020	Notes Payable Bank Corp.	2,700.00	2,700.00
12/1/05	9002	1500 1020	Computer Equipment The Office Store	625.87	625.87
12/6/05	9003	6000 1020	Wages Expense - Adm Asst Administrative Asst.	1,250.00	1,250.00
12/6/05	9004	6050 1020	Wages Expense - Lab Tech Lab Technician	690.00	690.00
12/11/05	9005	1450 1020	Supplies Tempe Office Supplies	105.65	105.65
12/13/05	9006	6000 1020	Wages Expense - Adm Asst Administrative Asst.	1,250.00	1,250.00
12/13/05	9007	6050 1020	Wages Expense - Lab Tech Lab Technician	690.00	690.00
12/17/05	9008	6500 1020	Telephone Expense Western Telephone	71.09	71.09
12/19/05	9009	7400 1020	Postage Expense U.S. Post Office	37.00	37.00
12/19/05	9010	6150 1020	Subscriptions Expense Journal of Medicine	545.00	545.00
12/20/05	9011	6000 1020	Wages Expense - Adm Asst Administrative Asst.	1,250.00	1,250.00
12/20/05	9012	6050 1020	Wages Expense - Lab Tech Lab Technician	620.00	620.00
12/24/05	9013	6400 1020	Utilities Expense Pima Electric Co.	145.20	145.20
12/27/05	9014	6000 1020	Wages Expense - Adm Asst Administrative Asst.	1,250.00	1,250.00
12/27/05	9015	6050 1020	Wages Expense - Lab Tech Lab Technician	750.00	750.00
12/29/05	9016	6550 1020	Internet Service Provider Internet Service Provider	70.39	70.39
	Total			12,050.20	12,050.20

Project 1 (24) – Adjusted Trial Balance

Sharon Watson, MD General Ledger Trial Balance As of Dec 31, 2005			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account ID	Account Description	Debit Amt	Credit Amt
1020	Tempe Bank	31,774.80	
1100	Accounts Receivable	9,850.00	
1400	Prepaid Rent	2,000.00	
1450	Supplies	3,030.00	
1500	Computer Equipment	13,225.87	
1510	Furniture and Fixtures	15,000.00	
1520	Automobile	21,500.00	
1900	Accum. Depreciation - Comp Eq		353.50
1910	Accum. Depreciation - Furn&Fix		166.67
1920	Accum. Depreciation - Automobi		358.33
2000	Accounts Payable		11,200.00
2500	Notes Payable		5,700.00
3920	Sharon Watson, Capital		75,150.00
4000	Medical Fees		15,350.00
6000	Wages Expense - Adm Asst	5,000.00	
6050	Wages Expense - Lab Tech	2,750.00	
6150	Subscriptions Expense	545.00	
6300	Rent or Lease Expense	2,000.00	
6400	Utilities Expense	145.20	
6450	Supplies Expense	375.65	
6500	Telephone Expense	71.09	
6550	Internet Service Provider	70.39	
6850	Service Charge Expense	25.00	
7050	Deprec Exp - Comp Eq	353.50	
7060	Deprec. Exp.-Furn&Fix	166.67	
7070	Deprec. Exp.-Automobile	358.33	
7400	Postage Expense	37.00	
	Total:	108,278.50	108,278.50

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Project 1 (25)

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**Sharon Watson, MD
General Ledger
For the Period From Dec 1, 2005 to Dec 31, 2005**

Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1020 Tempe Bank	12/1/05			Beginning Balance			27,000.00
	12/1/05	Medical fee	CRJ	Deposit	3,900.00		
	12/1/05	9001	CDJ	Bank Corp.		2,700.00	
	12/1/05	9002	CDJ	The Office Store		625.87	
	12/6/05	9003	CDJ	Administrative Asst		1,250.00	
	12/6/05	9004	CDJ	Lab Technician		690.00	
	12/11/05	9005	CDJ	Tempe Office Supp		105.65	
	12/13/05	9006	CDJ	Administrative Asst		1,250.00	
	12/13/05	9007	CDJ	Lab Technician		690.00	
	12/15/05	Medical fee	CRJ	Deposit	4,000.00		
	12/17/05	9008	CDJ	Western Telephone		71.09	
	12/19/05	9009	CDJ	U.S. Post Office		37.00	
	12/19/05	9010	CDJ	Journal of Medicine		545.00	
	12/20/05	9011	CDJ	Administrative Asst		1,250.00	
	12/20/05	9012	CDJ	Lab Technician		620.00	
	12/23/05	Medical fee	CRJ	Deposit	3,950.00		
	12/24/05	9013	CDJ	Pima Electric Co.		145.20	
	12/26/05	Medical fee	CRJ	Deposit	3,500.00		
	12/27/05	9014	CDJ	Administrative Asst		1,250.00	
	12/27/05	9015	CDJ	Lab Technician		750.00	
	12/29/05	On account	CRJ	Deposit	1,500.00		
	12/29/05	9016	CDJ	Internet Service Pr		70.39	
	12/31/05	12/31/05	GEN	Service Charge		25.00	
				Current Period Cha	16,850.00	12,075.20	4,774.80
	12/31/05			Ending Balance			31,774.80
1100 Accounts Receivable	12/1/05			Beginning Balance			11,350.00
	12/29/05	On account	CRJ	Deposit - Payment		1,500.00	
				Current Period Cha		1,500.00	-1,500.00
	12/31/05			Ending Balance			9,850.00
1400 Prepaid Rent	12/1/05			Beginning Balance			4,000.00
	12/31/05		GEN	Prepaid Rent		2,000.00	
				Current Period Cha		2,000.00	-2,000.00
	12/31/05			Ending Balance			2,000.00
1450 Supplies	12/1/05			Beginning Balance			3,300.00
	12/11/05	9005	CDJ	Tempe Office Supp	105.65		
	12/31/05		GEN	Supplies		375.65	
				Current Period Cha	105.65	375.65	-270.00
	12/31/05			Ending Balance			3,030.00
1500 Computer Equipment	12/1/05			Beginning Balance			12,600.00
	12/1/05	9002	CDJ	The Office Store -	625.87		
				Current Period Cha	625.87		625.87
	12/31/05			Ending Balance			13,225.87
1510 Furniture and Fixtures	12/1/05			Beginning Balance			15,000.00
	12/31/05			Ending Balance			15,000.00
1520 Automobile	12/1/05			Beginning Balance			21,500.00
	12/31/05			Ending Balance			21,500.00
1900 Accum. Depreciation -	12/1/05			Beginning Balance			
	12/31/05		GEN	Accum. Depreciatio		353.50	

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Project 1 (25) (Continued)

Sharon Watson, MD General Ledger For the Period From Dec 1, 2005 to Dec 31, 2005							Page: 2
Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.							
Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
1900 (cont.)				Current Period Cha		353.50	-353.50
	12/31/05			Ending Balance			-353.50
1910	12/1/05			Beginning Balance			
Accum. Depreciation -	12/31/05		GEN	Accum. Depreciatio		166.67	-166.67
				Current Period Cha		166.67	
	12/31/05			Ending Balance			-166.67
1920	12/1/05			Beginning Balance			
Accum. Depreciation -	12/31/05		GEN	Accum. Depreciatio		358.33	-358.33
				Current Period Cha		358.33	
	12/31/05			Ending Balance			-358.33
2000	12/1/05			Beginning Balance			-11,200.00
Accounts Payable							
	12/31/05			Ending Balance			-11,200.00
2500	12/1/05			Beginning Balance			-8,400.00
Notes Payable	12/1/05	9001	CDJ	Bank Corp. - Notes	2,700.00		
				Current Period Cha	2,700.00		2,700.00
	12/31/05			Ending Balance			-5,700.00
3920	12/1/05			Beginning Balance			-75,150.00
Sharon Watson, Capit							
	12/31/05			Ending Balance			-75,150.00
4000	12/1/05			Beginning Balance			
Medical Fees	12/1/05		CRJ	Deposit - Medical F		3,900.00	
	12/15/05	Medical fee	CRJ	Deposit - Medical F		4,000.00	
	12/23/05	Medical fee	CRJ	Deposit - Medical F		3,950.00	
	12/26/05	Medical fee	CRJ	Deposit - Medical F		3,500.00	
				Current Period Cha		15,350.00	-15,350.00
	12/31/05			Ending Balance			-15,350.00
6000	12/1/05			Beginning Balance			
Wages Expense - Ad	12/6/05	9003	CDJ	Administrative Asst	1,250.00		
	12/13/05	9006	CDJ	Administrative Asst	1,250.00		
	12/20/05	9011	CDJ	Administrative Asst	1,250.00		
	12/27/05	9014	CDJ	Administrative Asst	1,250.00		
				Current Period Cha	5,000.00		5,000.00
	12/31/05			Ending Balance			5,000.00
6050	12/1/05			Beginning Balance			
Wages Expense - Lab	12/6/05	9004	CDJ	Lab Technician - W	690.00		
	12/13/05	9007	CDJ	Lab Technician - W	690.00		
	12/20/05	9012	CDJ	Lab Technician - W	620.00		
	12/27/05	9015	CDJ	Lab Technician - W	750.00		
				Current Period Cha	2,750.00		2,750.00
	12/31/05			Ending Balance			2,750.00
6150	12/1/05			Beginning Balance			
Subscriptions Expens	12/19/05	9010	CDJ	Journal of Medicine	545.00		
				Current Period Cha	545.00		545.00
	12/31/05			Ending Balance			545.00

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Project 1 (25) (Concluded)

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Sharon Watson, MD
General Ledger
For the Period From Dec 1, 2005 to Dec 31, 2005

Filter Criteria includes: Report order is by ID. Report is printed with Truncated Transaction Descriptions and in Detail Format.

Account ID Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
6300	12/1/05			Beginning Balance			
Rent or Lease Expens	12/31/05		GEN	Rent or Lease Exp	2,000.00		
				Current Period Cha	2,000.00		2,000.00
	12/31/05			Ending Balance			2,000.00
6400	12/1/05			Beginning Balance			
Utilities Expense	12/24/05	9013	CDJ	Pima Electric Co. -	145.20		
				Current Period Cha	145.20		145.20
	12/31/05			Ending Balance			145.20
6450	12/1/05			Beginning Balance			
Supplies Expense	12/31/05		GEN	Supplies Expense	375.65		
				Current Period Cha	375.65		375.65
	12/31/05			Ending Balance			375.65
6500	12/1/05			Beginning Balance			
Telephone Expense	12/17/05	9008	CDJ	Western Telephon	71.09		
				Current Period Cha	71.09		71.09
	12/31/05			Ending Balance			71.09
6550	12/1/05			Beginning Balance			
Internet Service Provi	12/29/05	9016	CDJ	Internet Service Pr	70.39		
				Current Period Cha	70.39		70.39
	12/31/05			Ending Balance			70.39
6850	12/1/05			Beginning Balance			
Service Charge Expen	12/31/05	12/31/05	GEN	Service Charge	25.00		
				Current Period Cha	25.00		25.00
	12/31/05			Ending Balance			25.00
7050	12/1/05			Beginning Balance			
Deprec Exp - Comp E	12/31/05		GEN	Deprec. Exp - Com	353.50		
				Current Period Cha	353.50		353.50
	12/31/05			Ending Balance			353.50
7060	12/1/05			Beginning Balance			
Deprec. Exp.-Furn&Fi	12/31/05		GEN	Deprec. Exp.-Furn	166.67		
				Current Period Cha	166.67		166.67
	12/31/05			Ending Balance			166.67
7070	12/1/05			Beginning Balance			
Deprec. Exp.-Automo	12/31/05		GEN	Deprec. Exp.-Auto	358.33		
				Current Period Cha	358.33		358.33
	12/31/05			Ending Balance			358.33
7400	12/1/05			Beginning Balance			
Postage Expense	12/19/05	9009	CDJ	U.S. Post Office - P	37.00		
				Current Period Cha	37.00		37.00
	12/31/05			Ending Balance			37.00

Project 1: Sharon Watson, MD 127 - IMK

Project 1 (26)

Sharon Watson, MD Balance Sheet December 31, 2005		
ASSETS		
Current Assets		
Tempe Bank	\$ 31,774.80	
Accounts Receivable	9,850.00	
Prepaid Rent	2,000.00	
Supplies	3,030.00	
Total Current Assets		46,654.80
Property and Equipment		
Computer Equipment	13,225.87	
Furniture and Fixtures	15,000.00	
Automobile	21,500.00	
Accum. Depreciation - Comp Eq	(353.50)	
Accum. Depreciation - Furn&Fix	(166.67)	
Accum. Depreciation - Automobi	(358.33)	
Total Property and Equipment		48,847.37
Other Assets		
Total Other Assets		0.00
Total Assets	\$	95,502.17
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$ 11,200.00	
Notes Payable	5,700.00	
Total Current Liabilities		16,900.00
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		16,900.00
Capital		
Sharon Watson, Capital	75,150.00	
Net Income	3,452.17	
Total Capital		78,602.17
Total Liabilities & Capital	\$	95,502.17

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Project 1 (26) (Continued)

Sharon Watson, MD Income Statement For the Twelve Months Ending December 31, 2005				
	Current Month		Year to Date	
Revenues				
Medical Fees	\$ 15,350.00	100.00	\$ 15,350.00	100.00
Total Revenues	<u>15,350.00</u>	<u>100.00</u>	<u>15,350.00</u>	<u>100.00</u>
Cost of Sales				
Total Cost of Sales	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Gross Profit	<u>15,350.00</u>	<u>100.00</u>	<u>15,350.00</u>	<u>100.00</u>
Expenses				
Wages Expense - Adm Asst	5,000.00	32.57	5,000.00	32.57
Wages Expense - Lab Tech	2,750.00	17.92	2,750.00	17.92
Subscriptions Expense	545.00	3.55	545.00	3.55
Rent or Lease Expense	2,000.00	13.03	2,000.00	13.03
Utilities Expense	145.20	0.95	145.20	0.95
Supplies Expense	375.65	2.45	375.65	2.45
Telephone Expense	71.09	0.46	71.09	0.46
Internet Service Provider	70.39	0.46	70.39	0.46
Service Charge Expense	25.00	0.16	25.00	0.16
Deprec Exp - Comp Eq	353.50	2.30	353.50	2.30
Deprec. Exp.-Furn&Fix	166.67	1.09	166.67	1.09
Deprec. Exp.-Automobile	358.33	2.33	358.33	2.33
Postage Expense	37.00	0.24	37.00	0.24
Total Expenses	<u>11,897.83</u>	<u>77.51</u>	<u>11,897.83</u>	<u>77.51</u>
Net Income	<u>\$ 3,452.17</u>	<u>22.49</u>	<u>\$ 3,452.17</u>	<u>22.49</u>

Project 1 (26) (Continued)

Sharon Watson, MD Statement of Retained Earnings For the Twelve Months Ending December 31, 2005	
Beginning Retained Earnings	\$ 0.00
Adjustments To Date	0.00
Net Income	<u>3,452.17</u>
Subtotal	<u>3,452.17</u>
Ending Retained Earnings	<u>\$ 3,452.17</u>

Project 1 (26) (Continued)

Sharon Watson, MD Statement of Cash Flow For the twelve Months Ended December 31, 2005		
	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ 3,452.17	\$ 3,452.17
Adjustments to reconcile net income to net cash provided by operating activities		
Accum. Depreciation - Comp Eq	353.50	353.50
Accum. Depreciation - Furn&Fix	166.67	166.67
Accum. Depreciation - Automobi	358.33	358.33
Accounts Receivable	1,500.00	(9,850.00)
Prepaid Rent	2,000.00	(2,000.00)
Supplies	270.00	(3,030.00)
Accounts Payable	0.00	11,200.00
Notes Payable	(2,700.00)	5,700.00
	<u>1,948.50</u>	<u>2,898.50</u>
Total Adjustments		
Net Cash provided by Operations	<u>5,400.67</u>	<u>6,350.67</u>
Cash Flows from investing activities		
Used For		
Computer Equipment	(625.87)	(13,225.87)
Furniture and Fixtures	0.00	(15,000.00)
Automobile	0.00	(21,500.00)
	<u>(625.87)</u>	<u>(49,725.87)</u>
Net cash used in investing		
Cash Flows from financing activities		
Proceeds From		
Sharon Watson, Capital	0.00	75,150.00
Used For		
	<u>0.00</u>	<u>75,150.00</u>
Net cash used in financing		
Net increase <decrease> in cash	<u>\$ 4,774.80</u>	<u>\$ 31,774.80</u>
Summary		
Cash Balance at End of Period	\$ 31,774.80	\$ 31,774.80
Cash Balance at Beg of Period	<u>(27,000.00)</u>	<u>0.00</u>
Net Increase <Decrease> in Cash	<u>\$ 4,774.80</u>	<u>\$ 31,774.80</u>

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Project 1 (26) (Concluded)

Sharon Watson, MD Statement of Changes in Financial Position For the twelve months ended December 31, 2005		
	Current Month	Year To Date
Sources of Working Capital		
Net Income	\$ 3,452.17	\$ 3,452.17
Add back items not requiring working capital		
Accum. Depreciation - Comp Eq	353.50	353.50
Accum. Depreciation - Furn&Fix	166.67	166.67
Accum. Depreciation - Automobi	358.33	358.33
	<u>4,330.67</u>	<u>4,330.67</u>
Working capital from operations		
Other sources		
Sharon Watson, Capital	0.00	75,150.00
	<u>4,330.67</u>	<u>79,480.67</u>
Total sources		
	<u>4,330.67</u>	<u>79,480.67</u>
Uses of working capital		
Computer Equipment	(625.87)	(13,225.87)
Furniture and Fixtures	0.00	(15,000.00)
Automobile	0.00	(21,500.00)
	<u>(625.87)</u>	<u>(49,725.87)</u>
Total uses		
	<u>(625.87)</u>	<u>(49,725.87)</u>
Net change	<u>\$ 3,704.80</u>	<u>\$ 29,754.80</u>
Analysis of componants of changes		
Increase <Decrease> in Current Assets		
Tempe Bank	\$ 4,774.80	\$ 31,774.80
Accounts Receivable	(1,500.00)	9,850.00
Prepaid Rent	(2,000.00)	2,000.00
Supplies	(270.00)	3,030.00
<Increase> Decrease in Current Liabilities		
Accounts Payable	0.00	(11,200.00)
Notes Payable	2,700.00	(5,700.00)
	<u>2,700.00</u>	<u>(5,700.00)</u>
Net change	<u>\$ 3,704.80</u>	<u>\$ 29,754.80</u>

Project 1 (29) – Post-Closing Trial Balance

Sharon Watson, MD General Ledger Trial Balance As of Jan 31, 2006			
Filter Criteria includes: Report order is by ID. Report is printed in Detail Format.			
Account ID	Account Description	Debit Amt	Credit Amt
1020	Tempe Bank	31,774.80	
1100	Accounts Receivable	9,850.00	
1400	Prepaid Rent	2,000.00	
1450	Supplies	3,030.00	
1500	Computer Equipment	13,225.87	
1510	Furniture and Fixtures	15,000.00	
1520	Automobile	21,500.00	
1900	Accum. Depreciation - Comp Eq		353.50
1910	Accum. Depreciation - Furn&Fix		166.67
1920	Accum. Depreciation - Automobi		358.33
2000	Accounts Payable		11,200.00
2500	Notes Payable		5,700.00
3910	Retained Earnings		3,452.17
3920	Sharon Watson, Capital		75,150.00
	Total:	96,380.67	96,380.67