

**PUGET WESTERN, INC.**  
BALANCE SHEET  
DECEMBER 31, 2014

	PERIOD ENDED 12/31/2014	PERIOD ENDED 12/31/2013	\$ CHANGE FROM PRIOR YEAR END
<b>CURRENT ASSETS</b>			
Petty Cash	100	100	0
Cash - Money Market	1,808,292	2,557,559	(749,267)
Cash - MMkt Snoqualmie	88,374	88,344	30
Cash in Bank	126,624	55,334	71,290
Notes Receivable	273,000	0	273,000
Interest Receivable	796	0	796
Prepaid Rent	12,085	11,770	315
Prepaid Insurance	8,163	8,104	59
<b>Total Current Assets</b>	<b>2,317,434</b>	<b>2,721,211</b>	<b>(403,777)</b>
<b>Long-Term Assets</b>			
Furniture & Fixtures	298,267	288,108	10,159
Accum Depr FF&E	(285,573)	(284,238)	(1,335)
<b>Sub-total</b>	<b>12,694</b>	<b>3,870</b>	<b>8,824</b>
<b>Investments</b>			
Investment in Kinetic Ventures	88,630	92,469	(3,839)
Deferred Tax Asset-Kinetic	437,000	436,939	61
<b>Sub-total</b>	<b>525,630</b>	<b>529,408</b>	<b>(3,778)</b>
<b>Land Held for Sale or Development</b>			
Commercial Land	24,651,973	29,702,675	(5,050,702)
Project Development	3,912,404	4,104,529	(192,125)
<b>Total Long-Term Assets</b>	<b>29,102,701</b>	<b>34,340,482</b>	<b>(5,237,781)</b>
<b>TOTAL ASSETS</b>	<b>31,420,135</b>	<b>37,061,693</b>	<b>(5,641,558)</b>

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**BALANCE SHEET**  
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	PERIOD ENDED 12/31/2014	PERIOD ENDED 12/31/2013	\$ CHANGE FROM PRIOR YEAR END
<b>CURRENT LIABILITIES</b>			
Future Property Obligations	56,090	232,691	(176,601)
Salary & Wage Accrual	110,000	0	110,000
Interest Payable	50,848	50,848	0
Earnest Money Payable	2,000	0	2,000
Accounts Payable Accruals	45,000	45,000	0
<b>Total Current Liabilities</b>	<b>263,938</b>	<b>328,539</b>	<b>(64,601)</b>
<b>LONG-TERM LIABILITIES</b>			
Intercompany Payable to Parent-FIT	(1,052,061)	(2,058,597)	1,006,536
Notes Payable	2,411,777	2,411,777	0
Unearned Income	1,000	1,000	0
Deferred FIT	(69,932)	(86,679)	16,747
<b>Total Long-Term Liabilities</b>	<b>1,290,784</b>	<b>267,501</b>	<b>1,023,283</b>
<b>TOTAL LIABILITIES</b>	<b>1,554,722</b>	<b>596,040</b>	<b>958,682</b>
<b>EQUITY</b>			
Common Stock	10,200	10,200	0
Additional Paid-In-Capital	44,487,244	44,487,244	0
Retained Earnings	(16,531,791)	(6,923,507)	(9,608,284)
Y-T-D Net Profit (Loss)	1,899,760	(1,108,284)	3,008,044
<b>TOTAL EQUITY</b>	<b>29,865,413</b>	<b>36,465,653</b>	<b>(6,600,240)</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>31,420,135</b>	<b>37,061,693</b>	<b>(5,641,558)</b>

**Puget Western Inc**  
**Income Statement**  
FOR THE YEAR TO DATE ENDED  
DECEMBER 31, 2014

	ACTUAL YTD Ended 12/31/14	Budget YTD Ended 12/31/14	VARIANCE	ACTUAL YTD Ended 12/31/13	VARIANCE
<b>INCOME</b>					
Sales Revenue	\$10,589,000	\$15,000,000	(\$4,411,000)	\$1,866,500	\$8,722,500
Cost of Sale	5,711,347	9,505,000	\$3,793,653	1,673,812	\$4,037,535
Direct Selling Exp	807,124	1,200,000	\$392,876	140,763	\$666,361
<b>GROSS PROFIT ON SALES</b>	<b>4,070,529</b>	<b>4,295,000</b>	<b>(224,471)</b>	<b>51,925</b>	<b>4,018,604</b>
Rental Income	28,155	18,000	\$10,155	23,520	4,635
Interest Income	2,027	1,200	827	6,237	(4,210)
Earnest Money Revenue	5,000	-	5,000	-	-
Miscellaneous Income	253,313	-	253,313	800	252,513
<b>TOTAL INCOME</b>	<b>4,359,024</b>	<b>4,314,200</b>	<b>44,824</b>	<b>82,482</b>	<b>4,271,542</b>
<b>EXPENSE</b>					
North Creek Rent	90,182	96,000	5,818	88,406	1,776
Kinetic Value Adjustments	3,839	18,000	14,161	16,540	(12,701)
Consulting Fees	4,395	18,000	13,605	11,410	(7,015)
Legal Fees	-	6,000	6,000	-	0
Accounting Fees	26,065	30,000	3,935	25,131	934
Interest Expense	-	-	-	-	0
Bank Service Charges	6	1,200	1,194	25	(19)
B & O/Excise Taxes	-	1,200	1,200	-	0
Property Taxes	365,834	420,000	54,066	376,499	(10,565)
Snoqualmie Traffic Signal	-	-	-	375,360	(375,360)
Personal Property Tax	234	1,200	966	244	(10)
Marketing Expense	-	1,200	1,200	-	0
General & Admin. Expense	625,593	675,000	49,407	589,363	36,230
Depreciation Expense	1,335	1,200	(135)	554	781
Sub-Total	1,117,583	1,269,000	151,417	1,483,532	(365,949)
<b>OPERATING EXPENSE</b>					
Misc. Prop Mgmt Expense	22,706	60,000	37,294	41,091	(18,385)
Escrow/Title Fees	-	1,200	1,200	-	0
Employee Expense	-	1,200	1,200	-	0
Travel Expense	7,709	7,200	(509)	7,766	(57)
Training Expense	-	1,200	1,200	2,956	(2,956)
Meals & Entertainment	972	1,200	228	1,039	(67)
Office Supplies & Equipment	8,163	9,600	1,437	8,560	(397)
Utilities	208,210	192,000	(16,210)	178,825	29,385
Postage	408	1,200	792	253	155
Dues, Subscriptions, Manuals	755	1,200	445	831	(76)
Donations	500	1,200	700	685	(185)
Repairs & Maintenance	-	2,400	2,400	659	(659)
Leasing Expense	-	1,200	1,200	-	0
PSE Strander Lease Expense	54,860	54,000	(860)	46,420	8,440
Insurance Expense	13,935	18,000	4,065	13,892	43
Licenses	240	1,200	960	235	5
Property Option Expense	-	1,200	1,200	-	-
Miscellaneous	-	1,200	1,200	595	(595)
<b>TOTAL OPERATING EXP.</b>	<b>318,458</b>	<b>356,400</b>	<b>37,942</b>	<b>303,807</b>	<b>15,246</b>
<b>TOTAL EXPENSES</b>	<b>1,436,041</b>	<b>1,625,400</b>	<b>189,359</b>	<b>1,787,339</b>	<b>(351,298)</b>
<b>INCOME (LOSS) BEFORE FIT</b>	<b>2,922,983</b>	<b>2,688,800</b>	<b>234,183</b>	<b>(1,704,857)</b>	<b>4,622,245</b>
Federal Income Tax	1,023,223	942,400	(80,823)	(596,571)	1,619,794
<b>NET INCOME</b>	<b>1,899,760</b>	<b>1,746,400</b>	<b>153,360</b>	<b>(1,108,286)</b>	<b>3,008,046</b>