

REPORT OF MR. C. H. BOYER RELATING TO AUDIT OF THE
ANACONDA LEAD PRODUCTS COMPANY - EAST CHICAGO, INDIANA.

JUNE 9TH, 1927.

PERIOD COVERED BY AUDIT:

Cash Audit
 General Audit

Dec. 1st, 1926 to April 30th, 1927, inc.
 Nov. 1st, 1926 to March 31st, 1927, inc.

TIME REQUIRED FOR AUDIT:

9 Days

CASH:

Cash Book Balance - April 28th, 1927
 Cash on Hand - April 28th, 1927 - 10:00 A.M.
 Checks:
 4/26/27 - A. C. Horn Co.

\$ 643.50
 643.50
 =====

\$ 643.50

BOOKS AND RECORDS CHECKED:

CASH BOOK:

Footings	25%	Dec. 1st, 1926 to Feb. 28th, 1927, inc.
	Complete	Mar. 1st, 1927 to April 30th, 1927, inc.
Paid local bank checks to Cash Book		Mar. 1st, 1927 to April 30th, 1927, inc.
Postings to General Ledger		March 1927 and tests.
Postings to Customers Ledger		March 1927
Verified outstanding checks as of		April 30th, 1927.
Verified certificate of balance		
furnished by the First Calumet Trust		
and Savings Bank, East Chicago, Ind.		April 30th, 1927.

RECAPITULATION OF CASH BOOK - DEC. 1ST, 1926 TO APRIL 30TH, 1927, INC.

Cash Book Balance - December 1st, 1926 \$ 869.35

RECEIPTS:

New York Drafts deposited in East Chicago Bank	\$ 10,000.00	
New York Drafts drawn against vouchers	162,093.15	
Sundry Receipts	327,843.29	499,936.44
Total		\$ 500,805.79

DISBURSEMENTS:

New York Drafts drawn	\$ 162,093.15	
Local checks drawn	12,628.72	
Deposits to credit of Anaconda Copper Mining Co., New York	325,690.05	500,411.92
Cash Book Balance - April 30th, 1927		\$ 393.87

Made up as follows:

Cash on Hand - East Chicago Office	\$ None
First Calumet Trust and Savings Bank, East Chicago, Ind.	393.87

RECONCILIATION OF BANK STATEMENT:

FIRST CALUMET TRUST AND SAVINGS BANK, EAST CHICAGO, INDIANA.

Balance - December 1st, 1926		\$ 869.35
Add - New York Drafts deposited	\$ 10,000.00	
Other funds deposited	2,153.24	12,153.24
Total		\$ 13,022.59
Deduct - Checks Drawn		12,628.72
Balance - April 30th, 1927, as per Cash Book		\$ 393.87
Add - Outstanding Checks		406.54
Bank Balance - April 30th, 1927, as per certificate attached		\$ 800.41

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ERRORS AND DISCREPANCIES - CONTINUED:

FREIGHT ALLOWANCES:

It has been the practice to allow credits for freight deducted by customers through the Cash Book. I have suggested to Mr. Stolte that such items be covered by Credit Memorandums in the future. In this way all credits may be properly approved.

MONTHLY STATEMENTS TO CUSTOMERS:

Mr. Stolte has explained that monthly statements are not rendered to customers who discount their bills, but that they are sent out on all of the slow accounts. On April 30th, 1927 I asked him to have statements covering all accounts prepared for my use; these were not handed to me until May 10th. These were stamped with the auditor's stamp, compared with the books and mailed out to the customers on the same date.

In order for a monthly statement to be of much value, it seems to me they should reach the customer promptly after the first of each month.

TAXES:

As has been noted in previous reports, taxes are not set up on the books as they accrue.

The following taxes for year 1926, were paid in May 1927 and will be charged out against 1927 operations.

First installment of State, County, Township and School	\$ 541.65
East Chicago, Indiana City Taxes	323.81
	<u>\$ 865.46</u>

DEPRECIATION:

Reserve for Depreciation is being set up on a basis of \$.0025 per pound of White Lead Produced.

SHUT DOWN EXPENSES:

During the period Feb. 3rd to Feb. 16th, 1927, inclusive, the white lead plant was shut down.

Charges to "Shut Down Expenses" during this period amounted to	\$ 3,850.66

The white lead plant was again shut down May 1st, 1927 - it is expected to start the plant in operation on a curtailed production basis on or about July 1st, 1927.

ACCOUNTS RECEIVABLE:

Name	Balance Apr. 30, 1927
American Paint Corporation, Duluth, Minn.	\$ 969.00
2/14/27 Inv 292	\$ 969.00
New company headed by former employees of Glidden Co.	
Mr. Stolte feels assured that this company is reliable, they did not, however, make settlement on account after one month's extension of time. He wrote to them on May 31st, 1927 asking for a remittance.	
H. B. Davis Co., Baltimore, Md.	9,576.00
2/14/27 Inv 296	\$ 4,788.00 Paid 5/16/27
5/30/27 387	4,788.00 Due
Shipments amounting to \$9,861.00 were made to this company in May 1927. Considered good.	

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COST, SALES AND PROFIT STATEMENT:THREE MONTHS ENDING MARCH 31ST, 1927:

	<u>Pounds</u>	<u>Sales</u>	<u>Freight Etc.</u>	<u>Net Sales</u>	<u>Cost of Goods Sold</u>	<u>Gross Profit</u>	<u>Selling and General Expenses</u>	<u>Net Profit</u>
<u>White Lead:</u>								
Straight Sales from Plant	2,229,610	\$202,276.83	\$ 5,805.22	\$196,471.61	\$197,060.18	\$ 588.57		
<u>Sales from Agency Stocks:</u>								
Anaconda Lead Products Co.	54,600	5,162.96	120.95	5,042.01	4,819.48	222.53		
Anaconda Sales Company	729,800	69,699.23	3,664.91	66,034.32	64,700.64	1,333.68		
	3,014,010	\$277,139.02	\$ 9,591.08	\$267,547.94	\$266,580.30	\$ 967.64	\$ 7,623.24	\$ 6,655.60
Less - Discounts Allowed								
							4,583.43	
Plus - Shut Down Expenses								
							3,850.66	
Profit								
							\$15,389.69	

YEAR ENDING DECEMBER 31ST, 1926:

	12,085,104	\$1,176,085.87	\$1,079,924.91	\$33,765.17	\$62,395.79			
Less - Discounts Allowed								
							23,592.49	
Shut Down Expenses								
							27,003.59	
Profit								
							\$11,799.71	

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