CHICAGO FIRE BRICK COMPANY

Accountants' Report

Financial Statements - September 30, 1960

PEAT, MARWICK, MITCHELL & CO.

CERTIFIED PUBLIC ACCOUNTANTS

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
111 WEST MONROE STREET
CHICAGO 3, ILLINOIS

ACCOUNTANTS' REPORT

The Board of Directors
Chicago Fire Brick Company:

We have examined the balance sheet of Chicago Fire Brick Company as of September 30, 1960 and the related statements of earnings and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and retained earnings present fairly the financial position of Chicago Fire Brick Company at September 30, 1960 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Chicago, Illinois
November 28, 1960

Exhibit A

CHICAGO FIRE BRICK COMPANY

Balance Sheet

September 30, 1960 with comparative figures for 1959

Assets	1960	1959
Current assets:		
Cash	$ 76,994.43	292,732.00
Receivables:		
Trade accounts and note	374,622.14	284,860.92
Other	7,689.09	6,391.22
	382,311.23	291,252.14
Less allowance for doubtful receivables	10,000.00	10,000.00
Net receivables	372,311.23	281,252.14
Excess of accumulated costs on contracts in process (1960 - $139,889.60, 1959 - $9,018.63) over related progress billings	15,601.60	5,482.63
Inventories, at cost (first-in, first-out), not in excess of replacement market:		
Materials for resale	109,551.50	158,035.34
Finished goods	24,794.66	26,525.02
Raw materials	22,212.19	24,670.72
Supplies	8,559.28	9,055.90
Total inventories	165,117.63	218,286.98
Prepaid expenses	6,430.40	6,736.91
Total current assets	636,455.29	804,490.66
Investments:		
Mortgage note receivable due in monthly installments of $515.00, including interest at 4-1/2%, less current installments	33,921.79	38,463.78
Investment in stock of wholly-owned subsidiaries, at cost (note):		
Wellsville Fire Brick Company	206,050.07	206,050.07
New Florence Fire Brick Company	53,850.00	53,850.00
Miscellaneous real estate and equipment, at cost less accumulated depreciation, 1960 - $1,529.07, 1959 - $1,263.14	21,898.85	22,164.78
Cash surrender value of life insurance	12,762.42	11,914.14
Total investments	328,483.13	332,442.77
Property, plant, and equipment, at cost less depreciation:		
Land	121,190.23	113,137.23
Buildings and improvements	485,568.03	386,800.57
Machinery and equipment	242,151.97	207,966.35
Automobiles and trucks	93,767.58	92,912.58
Furniture and fixtures	26,316.85	24,365.05
	968,994.66	825,181.78
Less accumulated depreciation	422,534.07	375,742.35
Net property, plant, and equipment	546,460.59	449,439.43
	$ 1,511,399.01	1,586,372.86

Liabilities	1960	1959
Current liabilities:		
Notes payable:		
Bank	$ 65,000.00	65,000.00
Current maturities on mortgage note	-	10,050.00
Total notes payable	65,000.00	75,050.00
Accounts payable:		
Trade	116,644.84	112,794.71
Wellsville Fire Brick Company, net	132,939.22	196,115.17
Total accounts payable	249,584.06	308,909.88
Accrued expenses:		
Salaries, wages, and commissions	25,317.80	25,950.74
Property and sales taxes	24,952.06	21,602.08
Payroll taxes	2,015.90	1,633.14
Interest	1,033.31	-
Total accrued expenses	53,319.07	49,185.96
Excess of progress billings on contracts in process (1960 - $127,541.93, 1959 - $93,595.65) over related accumulated costs	2,681.50	22,257.61
Federal taxes on income, estimated	5,244.01	34,691.68
Total current liabilities	375,828.64	490,095.13
Long-term debt:		
3% notes payable to stockholders, due September 30, 1964	89,200.00	89,200.00
4% note payable to New Florence Fire Brick Company, due September 30, 1965	40,000.00	-
Total long-term debt	129,200.00	89,200.00
Deferred profit on sale of real estate	19,390.37	21,579.16
Stockholders' equity:		
Capital stock, no par value. Authorized 10,000 shares; issued 9,268 shares, at stated value	370,720.00	370,720.00
Additional paid-in capital	240,527.04	240,527.04
Retained earnings	380,682.96	379,201.53
	991,930.00	990,448.57
Less treasury stock - 66 shares, at cost	4,950.00	4,950.00
Net stockholders' equity	986,980.00	985,498.57
	$ 1,511,399.01	1,586,372.86

See accompanying note to financial statements.

Exhibit B

CHICAGO FIRE BRICK COMPANY

Statement of Earnings

Year ended September 30, 1960
with comparative figures for 1959

	1960	1959
Net sales	$ 1,892,506.48	2,059,046.09
Cost of sales	1,348,574.88	1,468,508.91
Gross profit	543,931.60	590,537.18
Engineering, warehousing, and delivery; selling; and administrative and general expenses	534,282.85	510,552.68
Operating profit	9,648.75	79,984.50
Other income, less other deductions	7,034.68	10,780.14
Earnings before federal taxes on income	16,683.43	90,764.64
Federal taxes on income, estimated	6,000.00	34,000.00
Net earnings	$ 10,683.43	56,764.64

Exhibit C

Statement of Retained Earnings

Year ended September 30, 1960
with comparative figures for 1959

	1960	1959
Balance at beginning of year	$ 379,201.53	331,638.89
Net earnings for the year	10,683.43	56,764.64
	389,884.96	388,403.53
Dividends paid - $1.00 per share each year	9,202.00	9,202.00
Balance at end of year	$ 380,682.96	379,201.53

See accompanying note to financial statements.

CHICAGO FIRE BRICK COMPANY

Note to Financial Statements

September 30, 1960

According to unaudited financial statements, the net assets at September 30, 1960 and 1959 and the net earnings for the years then ended of the wholly-owned subsidiary companies were as follows:

	1960	1959
Wellsville Fire Brick Company:		
Net assets	$ 1,637,325.09	1,584,528.97
Net earnings	57,128.62	156,975.51
New Florence Fire Brick Company:		
Net assets	$ 201,024.24	198,431.41
Net earnings	2,592.83	1,403.06