

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
APPLICATION FOR FINANCIAL ASSISTANCE**

Please answer all questions either by filling in the blanks or by attachment where necessary. All information will be kept confidential.

**A. APPLICANT DATA**

Company Name: **Johnston Paper Co. / REHC 5 Inc**

Address 1: 2 Eagle Drive

Address 2: PO Box 736

City/State/ZIP: Auburn NY 13021

Contact Person: Tom Lewis Title: Chief Financial Officer

Contact Telephone: (315)253-8435 ext 123 Contact Fax:

Contact Email: tom\_lewis@johnstonpaper.com

**Attorney:** John J. Hogan

Firm: Hogan & Rossi

Phone: 845 279-2986

Email:

**Accountant:** Jennifer Pysnack

Firm: Dermondy, Burke & Brown

Phone: (315) 253-6273

Email: jlp@dbbllc.com

Business Type: Public Corporation

If other, describe:

If a corporation, incorporated in what state? NY

Principal Officers, Partners or Shareholders with 15% or greater interest in Applicant organization:

Name	Mailing Address	Telephone #
Michael May	2 Eagle Drive, Auburn, NY 13021	(315) 253-8435

*Attach additional sheets if necessary.*



## B. PROJECT DATA

1. a. Provide a narrative description of your project. Include major elements such as new construction, acquisition of existing building, acquisition of equipment, and proposed product lines. Also, indicate square feet by usage (e.g., office, laboratory, manufacturing), type construction, etc. In the case of pollution control project, also indicate the type of pollutants to be treated or removed and the type of process to be employed. *Attach additional sheets if necessary.*

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Expansion project of 58,200 sf to our existing warehouse/office facility at 2 Eagle Drive; the warehouse addition will be approximately 36,200 sf and the office addition we be approximately 22,000 sf. The construction will be 8" reinforced concrete on a 4" to 6" reinforced concrete slab for the warehouse and office, respectively.

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- b. Is any component of this Project a retail operation? **No**

If yes, what percentage is considered retail? %

2. a) Location of project including the City, Town, or Village within which it is located.

Street Address: 2 Eagle Drive

City/State/ZIP: Auburn, NY 13021

Tax Map ID (if available): 114.00-2-28.1

- b) Attach map showing the general location of the project.

- c) If this project will result in closing or relocating from an existing facility, is the move necessary in order to remain competitive? **Select Yes or No**

3. Attach copies of preliminary plans or sketches of proposed construction, site plans or floor plans of existing facility.

4. Utilities on Site:

- |                        |           |                                    |
|------------------------|-----------|------------------------------------|
| a) Water Supply        | Municipal | <b>Describe source / supplier:</b> |
| b) Sewer               | Municipal | <b>Describe other:</b>             |
| c) Electricity Utility | NYSEG     | <b>Describe other: ReCharge NY</b> |
| d) Gas Utility         | NYSEG     | <b>Describe other: ESCO - UGI</b>  |

5. Who presently is legal owner of the project building or site described in # 2 above?

REHC 5 Inc

6. Is there an existing or proposed lease for the project? **No**. If yes, attach a copy of the lease.



### C. PAYROLL INFORMATION

1. Annual Payroll	\$8,506,600.00
Present Payroll	\$6,711,900.00
First Year After Completion of Project	\$9,491,200.00
Second Year After Completion of Project	\$9,952,153.00
2. Employment Plan- Complete Appendix I	

### D. PROJECT COSTS

1. Give an accurate estimate of the following costs:

Land	0
Building Construction	3,622,200
Site Work	946,700
Legal Fees (Other than Company's Attorney)	
Engineering Fees	250,000
Financial Charges	112,500
Machinery & Equipment	
Agency Fee	
Other (Describe: FF;Computers/electronics/office enhancements)	953,100
Subtotal:	5,884,500

2. Total Funds Required: \$0.00

Term: 0

3. Has the Applicant ever applied to this or any other issuer of Industrial Revenue Bonds for financing? No

If yes, explain:

### E. INDICATE THE TYPE(S) OF ASSISTANCE APPLIED FOR:

Yes	Real Property Tax Abatement
No	Issuance by the Agency of Tax Exempt Bonds
Yes	Mortgage Tax Exemption
Yes	Sales and Usage Tax Exemption

### F. PROJECT CONSTRUCTION SCHEDULE

1. Provide an accurate estimate of schedule to complete Project.

October 6, 2014 - June 15, 2015

2. At what times and in what estimated amounts will funds be required?

None



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**G. COMPANY FINANCIAL INFORMATION ATTACHMENTS:**

1. Copies of two most recent financial statements.
2. Copy of most recent Annual Report, or for new ventures, attach your business plan.
3. As available, sales and income projections for future years.

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**H. ENVIRONMENTAL INFORMATION**

Has a copy of the Environmental Assessment Form been completed and submitted? **Yes**

If yes, attach a copy.

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**I. REMARKS OR COMMENTS:**

Please feel free to provide additional information that might be of assistance to the Agency in making a decision on your application.

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**J. APPLICATION/PUBLIC HEARING FEES:**

After the application has been reviewed and the Agency has agreed to schedule a public hearing, the project will be scheduled to appear before the full Agency Board for action. At the time the application is submitted to the Agency Board, an application fee of \$250 is due.

Send your completed application to:

**CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

C/O Cayuga Economic Development Agency

2 State Street

Auburn, NY 13021

ATTENTION: Andrew Fish, Executive Director, CCIDA

Email Applications (scanned PDFs) may be sent to: [director@cayugaeda.org](mailto:director@cayugaeda.org)

Telephone: (315) 252-3500

**The Agency will collect a fee of three quarter of one percent at the time of closing.**



## K. ESTIMATED FINANCIAL BENEFITS TO COMPANY

*Note to Applicant:*

*CCIDA staff will work with applicants to identify potential IDA benefits upon receipt of a completed preliminary application and application fee, using the information contained in the preliminary application and discussions with the applicant. Therefore, please do not complete this section when submitting the application.*

*For information on town, city, school and special district tax rates, visit*

<http://www.cayugacounty.us/Portals/0/realproperty/Documents/ratechart.pdf>

### 1. Sales and Use Tax Exemption

- a. Amount of Project Cost Subject to Tax: \$ \_\_\_\_\_  
Applicable sales and use tax rate: x .08
- b. Financial benefit if fully exempt: \$ \_\_\_\_\_

### 2. Mortgage Recording Tax Exemption

- a. Projected amount of Mortgage: \$ \_\_\_\_\_  
Mortgage recording tax rate: \$\_\_ x .01 = \$
- b. Financial benefit if fully tax exempt: \$ \_\_\_\_\_

### 3. Payment of Lieu of Taxes (PILOT) \*

- a. Investment in real property \_\_\_\_\_
- b. Equalization rate \_\_\_\_\_
- c. Probable assessed value \_\_\_\_\_
- d. Total applicable tax rates per \$1000 \_\_\_\_\_
- e. Total taxes ( c x d ) \_\_\_\_\_
- f. Proposed exemption rates: \_\_\_\_\_ / \$1000
- g. PILOT payments ( e x f ) \_\_\_\_\_
- h. Financial benefit of PILOT ( e-g ) \_\_\_\_\_

\* Cayuga County IDA Staff will work with application to assess potential PILOT benefits.



## APPENDIX I - EMPLOYMENT PLAN (PART 1)

Company Name:	Johnston Paper Co. / REHC 5 Inc Johnston Paper Co.		
Address 1:	2 Eagle Drive2 Eagele Drive		
Address 2:	PO Box 736		
City/State/ZIP	Auburn,	NYNY	1302113021
Type of Business:	Select One		
Contact Person:	Tom LewisTom Lewis	Title:	Chief Financial OfficerCFO
Contact Telephone:	(315)253-8435 ext 123(315)253-8435 ext 123	Contact Fax:	
Contact Email:	tom_lewis@johnstonpaper.comtom_lewis@johnstonpaper.com		

1. Complete this chart describing your projected employment plan following receipt of financing.

Job Title of Current and Planned Full Time Occupations in Company	Current # Full Time Jobs per Occupation	Estimated # of Full Time Jobs after Completion of the Project		
		1st Year	2nd Year	3rd Year
<b>Officers</b>	2	2	2	2
<b>Sales &amp; Sales Support</b>	36	39	42	45
<b>Sales Service</b>	5	5	5	5
<b>Administrative</b>	27	29	29	29
<b>Warehouse/Logistics</b>	40	43	45	48
<b>REHC 5</b>	3	3	3	3
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0
	0	0	0	0

*Attach additional Sheets if required.*

2. Are the employees of your firm currently covered by a collective bargaining agreement? **No**

If yes, enter the Union Name and Local

List the union contact person, address, phone #:

3. Indicate whether labor pool in Cayuga County is adequate to fill new jobs. **Yes**

If no, explain why not:

Under New York State Municipal Law, an IDA must consider project elements like job creation and job retention when approving projects.

Prepared by: Thomas E. Lewis

Title: CFO

Signature: 

Date: 10/6/2014

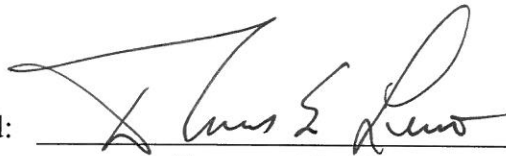


## APPENDIX I - EMPLOYMENT PLAN (PART II)

In consideration of the issuance of Industrial Development bonds by the Cayuga County Industrial Development Agency, **Johnston Paper Co. / REHC 5 Inc**, project beneficiary, agrees to cause any new employment opportunities created in connection with industrial or commercial projects financed by the proceeds of such obligations to be listed with the New York State Department of Labor Community Services Division (DOL) and with the Cayuga County Employment and Training Department.

**Johnston Paper Co. / REHC 5 Inc**, project beneficiary, also agrees to report to the Cayuga County Industrial Development Agency on or before September 1 of each year on the status of employment opportunities filed with DOL, including the number of new employment opportunities created, the number listed, and the number filled.

Signed: \_\_\_\_\_



(Company Officer)

Date: \_\_\_\_\_

10/6/14

Address: \_\_\_\_\_

2 Eagle Drive

Auburn, NY 13021

Phone: \_\_\_\_\_

(315) 253-8435

Email: \_\_\_\_\_

tom.lewis@johnstonpaper.com



## APPLICATION CERTIFICATION

### CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Each Applicant must complete one of the two certifications below (strike the section not used):

#### Corporate Applicants:

THOMAS E. LEWIS

Name

deposes and says that s/he is the

CFO

Title

of

Johnson Paper Company

Corporation Name

the corporation named in the attached application; s/he has read the foregoing and knows the contents thereof; that the same are true to his/her knowledge. S/he further deposes and says that s/he is authorized by the corporation (the "Applicant") to submit to application and incur the following legal obligations on its behalf.

#### Individual Applicants:

deposes and says that s/he is submitting

Name

this application on behalf of \_\_\_\_\_ (the Applicant) That s/he has read the foregoing and knows the contents thereof; that the same are true to his/her knowledge, or are the result of investigation, which deponent has caused to be made concerning the subject matter of the application.

All applicants do agree to the following:

Deponent acknowledges and agrees that the Applicant shall be and is responsible for all costs incurred by the Cayuga County Industrial Development Agency (Hereinafter referred to as the "Agency") in processing the application, in negotiating with the Applicant and others, in preparing necessary financing documents, and in taking any other action necessary or appropriate toward the issuance of Bonds to provide the financing requested in this application. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels, or neglects the application or if the Agency or Applicant is unable to find buyers willing to purchase the total Bond issue, then upon presentation of invoice, Applicant shall pay to the Agency, its agents, or assigns all actual costs incurred by the Agency with respect to the application, up to that date and time, including fees of bond counsel for the Agency and fees of general counsel for the Agency.

The costs incurred by the Agency and paid by the Applicant, including fees of the Agency's bond counsel and general counsel and the Agency fee, may be considered as a cost of the Project and included as part of the Bond issue to the extent provided by law.

Sworn to before me this 6<sup>th</sup>

day of October, 20 14

Paul T. Anderson

Notary Public

PAUL T. ANDERSON  
Notary Public in the State of New York  
Qualified in Cayuga Co. No. 4625712  
My Commission Expires Aug. 31, 2016



## APPLICANT OBLIGATIONS

### NEW YORK STATE FINANCIAL REPORTING REQUIREMENTS FOR INDUSTRIAL DEVELOPMENT AGENCIES

A. Chapter 692 of the Laws of 1989 require additional financial reporting requirements from all IDA's in New York State.

1. All bonds issued, outstanding or retired during the year must indicate the following; Month and Year issued, Interest rate at year-end, Outstanding beginning of year, Issued during the year, Principal payments during the year, Outstanding at end of year, and Final maturity date.

This information is required annually and will be requested from you in January each year.

2. All new bonds issued need the following supplemental information, Name of the project, Tax exemptions separated by State and local sales tax, County and school taxes, Mortgage recording tax, Payment of lieu of taxes, New tax revenue if no exceptions granted, Number of jobs created, and Other economic benefits.

This information is required annually and will be requested from you in September each year.

B. Chapter 356 and 357 of the Laws of 1993 require all entities appointed as agents of the CCIDA for sales tax purposes to file on an annual basis with the State Department of Taxation information as to all sales tax exemptions claimed by such agent or its subagents.

Please sign below to indicate that you have read and understood the above and will provide information on a timely basis.

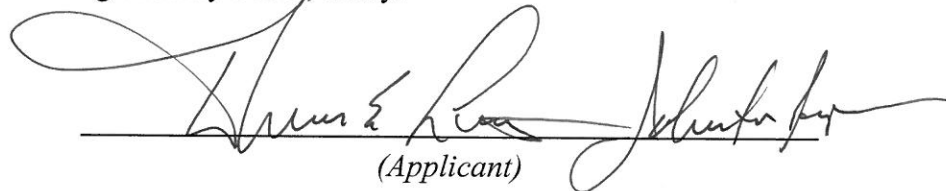
  
\_\_\_\_\_  
*Chief Executive Officer of Applicant*

  
\_\_\_\_\_  
*Date*



## HOLD HARMLESS AGREEMENT

Applicant hereby releases the Cayuga County Industrial Development Agency and its members, officers, servants, agents and employees thereof (the "Agency"), and agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached Application, regardless of whether or not the Application or Project described therein or the tax exemptions and other assistance requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction and /or installation of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorney's fees and any other expenses incurred without limiting the generality of the foregoing, all causes of actions and attorney's fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If for any reasons, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to reach final agreement with respect to the Project, then, and in the event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all costs incurred by the Agency in the processing of the application, including attorney's fees, if any.

  
(Applicant)

By:

Name:

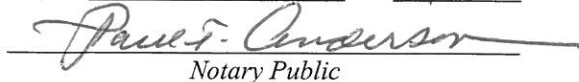
Thomas E. Lewis

Title:

CFO

Sworn to before me this 6<sup>th</sup>

day of October, 20 14

  
Notary Public

PAUL T. ANDERSON  
Notary Public in the State of New York  
Qualified in Cayuga Co. No. 4625712  
My Commission Expires Aug. 31, 2016



## Attachment Checklist

### Attachments:

- ☒ Map showing project location (sec B, 2, b)
- ☒ Preliminary plans or sketches of proposed construction; site plans / floor plans of existing facility
- ☒ Copies of two most recent financial statements. (sec G, 1)
- ☒ Copy of most recent Annual Report or for new businesses, attach your Business Plan. (sec G, 2)
- ☒ Sales and income projections for future years. (sec G, 3)
- ☒ Environmental Assessment Form (if applicable)
- ☒ \$250 Application fee

### Other Attachments: *(please specify)*

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_



**JOHNSTON PAPER COMPANY, INC.**

**Statements of Income**

**Eight Months Ended July 25, 2014 and July 26, 2013**

	<u>2014</u>	<u>Percent</u>	<u>2013</u>	<u>Percent</u>
Net Sales	\$ 45,503,684	100.00%	\$ 45,371,006	100.00%
Material Costs	35,742,880	78.55%	35,753,798	78.80%
Direct Costs (Schedule A)	<u>2,692,244</u>	5.92%	<u>2,714,104</u>	5.98%
Gross Profit	7,068,560	15.53%	6,903,104	15.21%
Operating Expenses (Schedule B)	<u>6,227,859</u>	13.69%	<u>5,479,771</u>	12.08%
Income from Operations	840,701	1.85%	1,423,333	3.14%
Other Income (Expenses)				
Interest Expense	(188,583)	-0.41%	(183,310)	-0.40%
Other Income	<u>108,840</u>	0.24%	<u>74,160</u>	0.16%
Net, Other Income (Expense)	(79,743)	-0.18%	(109,150)	-0.24%
Income Before Provision for Income Taxes	760,958	1.67%	1,314,183	2.90%
Provision for Income Taxes	<u>289,164</u>	0.64%	<u>499,390</u>	1.10%
Net Income (Loss)	<u>\$ 471,794</u>	1.04%	<u>\$ 814,793</u>	1.80%

**Direct Costs (Schedule A)**

Salaries	\$ 1,279,803	\$ 1,324,493
Equipment Rental	236,593	238,262
Rent	345,975	364,439
Fuel	216,455	197,918
Payroll Taxes	102,018	100,116
Depreciation	135,080	105,240
Repairs & Maintenance	156,560	171,808
Other	<u>219,760</u>	<u>211,828</u>
Total	<u>\$ 2,692,244</u>	<u>\$ 2,714,104</u>

**Operating Expenses (Schedule B)**

Payroll & Related Taxes	\$ 3,984,594	\$ 3,680,529
Insurance	492,948	496,868
Rent	88,340	85,816
Pension Expense	307,911	262,609
Repairs & Maintenance	43,957	44,964
Utilities	74,634	61,722
Computer Expense	149,900	120,615
Travel & Entertainment	259,248	204,433
Depreciation	220,400	178,896
Other	<u>605,927</u>	<u>343,319</u>
Total	<u>\$ 6,227,859</u>	<u>\$ 5,479,771</u>



JOHNSTON PAPER COMPANY, INC.  
Balance Sheets  
July 25, 2014 and July 26, 2013

	<u>2014</u>	<u>2013</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 4,928,235	\$ 4,604,558
Accounts Receivable	5,130,686	5,185,291
Inventory	4,738,763	4,824,877
Prepaid Expenses	<u>796,768</u>	<u>853,852</u>
Total Current Assets	15,594,452	15,468,578
<b>PROPERTY &amp; EQUIPMENT</b>		
Building	1,784,715	1,780,315
Warehouse Equipment	1,272,333	1,224,426
Furniture & Fixtures	910,679	904,934
Vehicles	2,317,780	2,243,654
Computer Hardware & Equipment	<u>2,308,222</u>	<u>2,175,596</u>
Total	8,593,729	8,328,925
Less: Accumulated Depreciation	<u>6,195,391</u>	<u>5,681,204</u>
Net Property & Equipment	2,398,338	2,647,721
<b>OTHER ASSETS</b>		
Note Receivable - Related Parties	1,450,281	1,386,645
CSV - Officers' Life Insurance	198,165	162,290
Other	<u>457,799</u>	<u>401,363</u>
Total Other Assets	2,106,245	1,950,298
<b>TOTAL ASSETS</b>	<u>\$ 20,099,035</u>	<u>\$ 20,066,597</u>
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 4,422,574	\$ 5,042,384
Current Portion - LTD	562,041	533,289
Accounts Payable	3,644,113	3,436,294
Accrued Expenses	<u>604,275</u>	<u>918,563</u>
Total Current Liabilities	9,233,003	9,930,530
<b>LONG TERM DEBT</b>	2,100,363	1,842,548
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, \$100 Par Value	26,250	26,250
Capital in Excess of Par Value	30,000	30,000
Retained Earnings	<u>8,709,419</u>	<u>8,237,269</u>
Total Stockholders' Equity	8,765,669	8,293,519
<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<u>\$ 20,099,035</u>	<u>\$ 20,066,597</u>



**Johnston Paper Co., Inc.**  
**Projected Income Statements**

	<b>PROJECTED 11/30/2015</b>	<b>PROJECTED 11/30/2016</b>	<b>PROJECTED 11/30/2017</b>
NET SALES	\$ 75,695,452	\$ 83,317,509	\$ 91,703,403
	7.1%	10.1%	10.1%
COST OF GOODS SOLD	\$ 59,323,086	\$ 65,381,673	\$ 72,053,993
GTM \$	\$ 16,372,366	\$ 17,935,836	\$ 19,649,410
	21.63%	21.53%	21.43%
OPERATING EXPENSES	\$ 15,071,676	\$ 16,264,246	\$ 17,087,060
DEPRECIATION/AMORTIZATION	\$ 561,493	\$ 568,805	\$ 221,242
	20.7%	20.2%	18.9%
INCOME (LOSS) FROM OPERATIONS	\$ 739,197	\$ 1,102,785	\$ 2,341,108
	-3.3%	-2.9%	-1.7%
Other Income(Expenses)			
Interest Expense	\$ (246,612)	\$ (256,831)	\$ (261,463)
Other Income	\$ 174,690	\$ 192,159	\$ 211,375
Total Other Income (Expenses)	\$ (71,923)	\$ (64,673)	\$ (50,089)
NET INCOME BEFORE TAXES	\$ 667,274	\$ 1,038,112	\$ 2,291,019
PROVISION FOR INCOME TAXES	\$ 260,237	\$ 404,864	\$ 893,497
NET INCOME	<u>\$ 407,037</u>	<u>\$ 633,248</u>	<u>\$ 1,397,522</u>



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**REVIEWED FINANCIAL STATEMENTS**

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**BALANCE SHEETS**

November 30, 2013 and 2012

**ASSETS**

	2013	2012
<b>CURRENT ASSETS</b>		
Cash	\$ 2,809,218	\$ 645,572
Marketable Securities	2,062,162	2,156,913
Accounts Receivable, Less Allowance for Doubtful Accounts of \$95,447 and \$93,008 in 2013 and 2012, Respectively	6,717,565	6,255,233
Inventory	5,087,356	4,907,806
Prepaid Expenses	305,286	205,674
Deferred Tax Asset	105,769	109,832
	<hr/>	<hr/>
Total Current Assets	17,087,356	14,281,030
<b>PROPERTY AND EQUIPMENT</b>		
Building	1,780,315	1,773,045
Warehouse Equipment	1,230,723	1,224,426
Furniture and Fixtures	904,934	889,410
Computer Hardware and Software	2,232,683	2,019,116
Vehicles	2,187,845	2,081,162
	<hr/>	<hr/>
	8,336,500	7,987,159
Less: Accumulated Depreciation	5,862,448	5,569,359
	<hr/>	<hr/>
Net Property and Equipment	2,474,052	2,417,800
<b>OTHER ASSETS</b>		
Cash Surrender Value - Officers' Life Insurance	178,665	315,072
Notes Receivable - Related Parties	1,427,203	1,532,284
Note Receivable - Employee	25,898	0
Deferred Tax Asset, Net	22,904	26,104
Other Investments	95,000	95,000
Corporate Investment, Net	16,471	18,206
	<hr/>	<hr/>
Total Other Assets	1,766,141	1,986,666
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 21,327,549</u>	<u>\$ 18,685,496</u>



## LIABILITIES AND STOCKHOLDERS' EQUITY

	2013	2012
CURRENT LIABILITIES		
Line-of-Credit	\$ 4,710,269	\$ 4,631,796
Cash Overdraft	844,382	1,151,245
Current Portion of Long-Term Debt	690,461	689,373
Accounts Payable	2,404,533	1,572,509
Accrued Expenses	657,453	475,016
Total Current Liabilities	9,307,098	8,519,939
LONG-TERM DEBT	2,444,568	1,863,495
OTHER LIABILITIES		
Deferred Compensation Plan	815,698	726,133
Deferred Income	175,063	0
Total Other Liabilities	990,761	726,133
Total Liabilities	12,742,427	11,109,567
STOCKHOLDERS' EQUITY		
Common Stock, \$100 Par Value, 1,000 Shares Authorized; 262.50 Shares Issued and Outstanding	26,250	26,250
Capital in Excess of Par Value	30,000	30,000
Accumulated Other Comprehensive Income	291,198	97,075
Retained Earnings	8,237,674	7,422,604
Total Stockholders' Equity	8,585,122	7,575,929
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 21,327,549	\$ 18,685,496

See notes to financial statements and accountants' report.



**JOHNSTON PAPER COMPANY, INC.**

**STATEMENTS OF INCOME, COMPREHENSIVE  
INCOME AND RETAINED EARNINGS**

Years Ended November 30, 2013 and 2012

	2013	Percent	2012	Percent
NET SALES	\$ 70,866,960	100.0	\$ 68,304,671	100.0
DIRECT COSTS	<u>59,458,615</u>	<u>83.9</u>	<u>57,059,878</u>	<u>83.6</u>
GROSS PROFIT	11,408,345	16.1	11,244,793	16.4
OPERATING EXPENSES	<u>10,653,467</u>	<u>15.0</u>	<u>10,129,156</u>	<u>15.1</u>
INCOME FROM OPERATIONS	754,878	1.1	1,115,637	1.3
OTHER INCOME (EXPENSE)				
Interest Expense	(276,807)	(0.4)	(270,502)	(0.4)
Other Income	<u>690,472</u>	<u>1.0</u>	<u>140,415</u>	<u>0.2</u>
Net Other Income (Expense)	<u>413,665</u>	<u>0.6</u>	<u>(130,087)</u>	<u>(0.2)</u>
Income Before Provision for Income Taxes	1,168,543	1.7	985,550	1.1
PROVISION FOR INCOME TAXES	<u>353,473</u>	<u>0.5</u>	<u>380,482</u>	<u>0.6</u>
NET INCOME	815,070	<u>1.2</u>	605,068	<u>0.5</u>
OTHER COMPREHENSIVE INCOME				
Unrealized Gain on Investments Available for Sale	<u>194,123</u>		<u>76,447</u>	
COMPREHENSIVE INCOME	<u>\$ 1,009,193</u>		<u>\$ 681,515</u>	
RETAINED EARNINGS				
Balance, Beginning of Year	\$ 7,422,604		\$ 6,817,536	
Net Income	<u>815,070</u>		<u>605,068</u>	
Balance, End of Year	<u>\$ 8,237,674</u>		<u>\$ 7,422,604</u>	

See notes to financial statements and accountants' report.



# Johnston Paper Company

Untitled layer

Untitled layer

2 Eagle Dr

Warehouse/Office location

