

## INSTRUCTIONS FOR FINANCIAL STATEMENTS AND ANALYSIS

### SCHEDULE A STATEMENT OF INCOME AND EXPENSES

The purpose of this schedule is to show all income produced and expenses incurred in Tennessee by the reporting entity during the period covered by the report.

**INCOME:** If the reporting entity's books are kept on a cash basis, these items will show the actual charges collected. If the records are kept on an accrual basis, these items will show the charges earned.

#### **Column 1:** (Title Pledge)

- (1) Title Pledge Fees and Interest Income Collected and/or Earned - This account must report total title pledge fees and interest charged and/or earned in Tennessee pursuant to Tennessee Code Annotated § 45-15-111(a).
- (2) Automobile Club Membership Fees Collected and/or Earned - This account must report total automobile club membership fees charged and/or earned in Tennessee pursuant to Tennessee Code Annotated § 45-15-115(11) as defined in § 55-18-101.
- (3) Repossession Charges Collected and/or Earned - This account must report total repossession charges collected and/or earned as reimbursement from the customer for towing charges pursuant to Tennessee Code Annotated § 45-15-111(b).

Total Income – Add line 1 through line 3 under column 1.

#### **Column 2:**

- (4) Other Business - This account must report total income collected and/or earned from other lines of business.
- (5) Total Income – Line 4 under column 2.

**EXPENSES:** Unless specifically associated with a particular line of business, expenses may be allocated based on income. This report is designed to capture all expenses relating to Tennessee operations.

#### **Direct Variable Expenses:**

- (6) Advertising - This account must show the amount incurred during the year for promoting the business of the reporting entity. Show only the amount for purchases of advertising supplies or outside services.
- (7) Bad Debts - This account must show the entity's bad debts that are uncollectible and written off.
- (8) Expenses associated with the Repossession, Storage, and Resale of pledged property:  
These could include expenses incurred to locate and retrieve pledged property and costs to store repossessed property. Property must be sold in a commercially reasonable manner and preparation expenses may include new battery, cleaning, tire replacement, etc.
- (9) Total Variable Expenses - Add line 6 through line 8

## **General & Administrative Expenses:**

- (10) Total Compensation of Officers, Owners, Partners, & LLC Members – This account must report all compensation, including but not limited to salaries, bonuses, wages, dividends, pensions, distributions and/or withdrawals. For licensees having locations in multiple states, this item may be prorated. If so, please attach an explanation as to how this amount was determined for Tennessee.
- (11) Total Compensation of Employees – This item must include all employee wages, salaries, bonuses, and pensions paid during the year.
- (12) Legal and Professional Fees – This account must report legal, accounting, and other professional fees.
- (13) Litigation/Settlements – This account must report all legal settlements, including any other expenses associated with litigation or lawsuits.
- (14) Interest Expense - This item includes all interest paid on borrowed funds.
- (15) Rent Expense - Rental expenses for office space or building.
- (16) Utilities – Natural gas, electricity, water, etc.
- (17) Depreciation Expense - This account must show the amount of depreciation expense for fixed assets, including furniture, fixtures and buildings.
- (18) Surety and Fidelity Bond Expense - This account must show the amount expended by the reporting entity during the year for bonding requirements.
- (19) Insurance Expense - Property insurance, liability insurance and other business related insurance expenses.
- (20) State and Local Taxes – The entry must report all business related state and local taxes. This line item should not include federal income tax.
- (21) License Fees – This line item under column 1 should include license fees for title pledge lending. All other licensing fees should be reported under column 2.
- (22) General Office Expenses – Must include printing, office supplies, facsimiles, telephone, internet, janitorial, and other general office expenses.
- (23) Miscellaneous Expenses – Other business expenses not reported above.
- (24) Total General & Administrative Expenses – Add line 10 through line 23.
- (25) Total Expenses – Add line 9 and line 24.
- (26) Income Before Tax- Subtract line 25 from line 5.
- (27) Income Taxes (Federal) – This item must show the amount of federal income taxes.
- (28) Net Income After Tax – Subtract line 27 from line 26.

**SCHEDULE B**  
**BALANCE SHEET OF THE REPORTING ENTITY**

**ASSETS:**

**Current Assets:**

- (1) Cash and Cash Equivalents – This account must include all business cash on hand, cash deposits in bank, i.e., checking accounts, savings accounts, certificates of deposits and cash maintained in other institutions, i.e., credit unions, savings & loan, etc.
- (2) Securities – This account must report the amount of investments in securities.
- (3) Accounts Receivable – This account must reflect the balance due from customers.  
Less: Allowance for bad debt
- (4) Notes Receivable – Self Explanatory.
- (5) Life Insurance Cash Surrender Value on Officers, Stockholders, & Business Owners – This account must report the cash surrender value, not the face amount, of life insurance policies carried by the reporting entity.
- (6) Prepaid Expenses – This account must show the total payment of expenses in advance.
  - a. Prepaid Rent
  - b. Prepaid Insurance
  - c. Other Prepaid Expenses – Please identify any other prepaid expenses.
- (7) Total Current Assets – Add line 1 through line 6.

**Fixed Assets:**

- (8) Furniture, Fixtures & Equipment – This account must report the cost of tangible assets, such as furniture, computers, office equipment, signs and other fixtures less accumulated depreciation used in the business by the reporting entity.
- (9) Buildings – This account must show the cost of the building(s) less accumulated depreciation owned by the reporting entity.
- (10) Leasehold Improvements – This account must show the cost of improvements to leased property, such as buildings, walkways, landscaping, etc., less accumulated depreciation.
- (11) Land – This account must show the value of the land owned by the reporting entity.
- (12) Total Fixed Assets – Add line 8 through line 11.
- (13) Other Assets (Net) – If Applicable, please identify any other assets less depreciation.
- (14) Total Intangible Assets – Total intangible assets less accumulated amortization.
- (15) Total Assets – Add lines 7, 12, 13 and 14.

## **LIABILITIES:**

### **Current Liabilities:**

- (16) Accounts Payable – This account must report the balance due to creditors on current accounts.
- (17) Salaries/Wages Payable – This account must report the amount of wages, salaries or other compensation due to employee(s) of the reporting entity.
- (18) Rent Payable – This account must report the rent or lease payments due in the current year.
- (19) Current Tax Liabilities – This account must report the amount of all federal, state, local, payroll, and any other taxes due in the current year.
- (20) Current Portion of Long-Term Debt – This account must report the current maturities, payable in less than 12 months, on long-term liabilities. (Mortgage payable, Interest payable on Notes/Bonds)
- (21) Other Current Liabilities – Please identify other current liabilities.
- (22) Total Current Liabilities – Add line 16 through line 21.

### **Non-Current Liabilities:**

- (23) Mortgage Payable – This account must report the amount of long-term obligations, payable in 12 months or more.
- (24) Notes Payable – This account must report the amount of long-term obligations, payable in 12 months or more.
- (25) Bonds Payable – This account must report the amount of long-term obligations, payable in 12 months or more.
- (26) Other Long-Term Liabilities – This account must include other long-term liabilities, such as deferred taxes and other obligations that will not be paid out of current assets. Also, please identify any other long-term liabilities.
- (27) Total Non-Current Liabilities – Add line 23 through line 26.
- (28) Total Liabilities – Add line 22 and line 27.

## **NET WORTH:**

- (29) Owners Capital – This account must report the amount of capital of the corporation, limited liability company, partnership or proprietorship. If applicable, this account must report the total number of common and preferred shares issued and outstanding, as well as the total par value.
- (30) Retained Earnings – This account must show the accumulated earnings retained by the entity.
- (31) Total Net Worth – Add line 29 and line 30e.
- (32) Total Liabilities and Net Worth – Add line 28 and line 31.

**SCHEDULE C**  
**ANALYSIS OF REGULATED BUSINESS ACTIVITY IN TENNESSEE**

- (1) Agreements Outstanding as of January 1, 2010 – This item must report the total number of agreements on hand as of January 1, 2010, as well as the total dollar amount of the agreements. A title pledge agreement is a thirty-day contract that may provide for automatic thirty-day renewals. For purposes of this report, renewals do not count as separate agreements, but rather make up one agreement as extensions of the initial thirty-day contract.
- (2) New Agreements Entered Into Since January 1, 2010 – This item must show the total number of new agreements after January 1, 2010, as well as the total dollar amount of all agreements originated by the reporting entity during the year.
- (3) Agreements Purchased from Other Lenders Since January 1, 2010 – This item must show the total number of agreements acquired from other entities since January 1, 2010, as well as the total dollar amount of the agreements.
- (4) Total – Add line 1 through line 3.
- (5) Agreement Balances Charged-Off During Calendar Year 2010 – This item must report the total number and total dollar amount of all agreements charged or written-off since January 1, 2010.
- (6) Agreement Balances Sold to Other Lenders During Calendar Year 2010 – This item must show the number of agreements sold since January 1, 2010, as well as the total dollar amount of the agreements.
- (7) Agreements Paid-in Full – This item must show total collections from agreements paid-in full.
- (8) Total – Add line 5 through line 7.
- (9) Agreements Outstanding as of December 31, 2010 – Subtract line 8 from line 4.
- (10) Renewals – Of the agreements paid-in full in 2010, please group them according to the number of times each was renewed from the beginning and report in the appropriate space.
- (11) Number of Defaults – Total number of customer defaults during calendar year 2010.
- (12) Number of Vehicles Repossessed / Total Repossession Costs – This item must show the total number of vehicles repossessed for the period January 1, 2010 through December 31, 2010, and the total dollar amount of repossession costs collected pursuant to Tennessee Code Annotated § 45-15-111(b).
- (13) Number of Repossessed Vehicle Sales Resulting in a Surplus / Amount of Surplus Returned to Pledgor - This item must show the total number of vehicles repossessed for the period January 1, 2010 through December 31, 2010, whose sale resulted in a surplus as well as the total dollar amount of surplus returned to the pledgor pursuant to Tennessee Code Ann. § 45-15-114(b)(2).
- (14) Distribution of New Title Pledge Agreements – Report the total number of agreements entered into during 2010. As noted in (1) renewals do not count as separate agreements.
- (15) – (17) Please provide as requested.

# ANNUAL REPORT

FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010

## LICENSEES ENGAGED IN THE BUSINESS OF TITLE PLEDGE LENDING IN THE STATE OF TENNESSEE

*READ THE INSTRUCTIONS CAREFULLY BEFORE COMPLETING THIS REPORT*

This form must be completed for each licensed office, unless a company or affiliate operates more than one licensed title pledge office in this state, in which case you may file a composite report.

### REPORTING ENTITY

1 Name of Licensee \_\_\_\_\_

Number of Locations in Tennessee \_\_\_\_\_

2 Business Type:

a)  Corporation    b)  Partnership    c)  Proprietorship

d)  Limited Liability Company    e)  Other \_\_\_\_\_

### Prepared Information: Independent Certified Public Accountant (CPA)

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

License # \_\_\_\_\_

Phone # \_\_\_\_\_

*(continued on next page)*

REPORTING ENTITY (continued)

3. Names and addresses of all persons owning controlling interest (25% or more) in the Title Pledge Business

Name	_____	Name	_____
Title	_____	Title	_____
Address	_____	Address	_____
	_____		_____

Name	_____	Name	_____
Title	_____	Title	_____
Address	_____	Address	_____
	_____		_____

Name	_____	Name	_____
Title	_____	Title	_____
Address	_____	Address	_____
	_____		_____

Name	_____	Name	_____
Title	_____	Title	_____
Address	_____	Address	_____
	_____		_____

Name	_____	Name	_____
Title	_____	Title	_____
Address	_____	Address	_____
	_____		_____

(continued on next page)

REPORTING ENTITY (continued)

4. Provide the addresses of all places of business operated by the title pledge lender and describe the nature of the business conducted at each location. If necessary please use additional pages.

Address	_____	Address	_____
	_____		_____
Descriptions	_____	Descriptions	_____
	_____		_____
Address	_____	Address	_____
	_____		_____
Descriptions	_____	Descriptions	_____
	_____		_____

5. Names and addresses of all affiliated entities regulated under the Tennessee Title Pledge Act, doing business in this state. If necessary please use additional pages.

Name	_____	Name	_____
Address	_____	Address	_____
	_____		_____
Name	_____	Name	_____
Address	_____	Address	_____
	_____		_____

6. The interest rate and fee the title pledge lender charges in Tennessee on all title pledge or property pledge agreements as a percentage (%).

**Minimum:** Interest \_\_\_\_\_% Fee \_\_\_\_\_% APR \_\_\_\_\_%

**Maximum:** Interest \_\_\_\_\_% Fee \_\_\_\_\_% APR \_\_\_\_\_%

**SCHEDULE A**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010**

	<b>Tennessee Title Pledge <u>Business</u> Column 1</b>	<b><u>Other Business</u> Column 2</b>	<b><u>Combined</u> Column 3</b>
<b><u>INCOME</u></b>			
<b>Column 1:</b>			
<b>1</b> Title Pledge Fees and Interest Income Collected and/or Earned			
<b>2</b> Automobile Club Membership Fees Collected and/ or Earned			
<b>3</b> Repossession Charges Collected And/ or Earned			
<b>Column 2:</b>			
<b>4</b> Other Business Income			
<b>5 Total Income (Columns 1,2,3)</b>	5)		
<b><u>EXPENSES</u></b>			
<b>Direct Variable Expenses</b>			
<b>6</b> Advertising Expenses			
<b>7</b> Bad Debts Expense			
<b>8</b> Expenses associated w/Repossession, Storage, and Resale of Pledged Property			
<b>9 Total Variable Expenses</b> (Add: Line 6 through Line 8)	9)		
<b>General &amp; Administrative Expenses</b>			
<b>10</b> Total Compensation of Officers, Owners, Partners & LLC Members			
<b>11</b> Total Compensation of Employees			
<b>12</b> Legal and Professional Fees			
<b>13</b> Litigation/Settlements			
<b>14</b> Interest Expense			
<b>15</b> Rent Expense			
<b>16</b> Utilities			
<b>17</b> Depreciation Expense			
<b>18</b> Surety and Fidelity Bond Expense			
<b>19</b> Insurance Expense			
<b>20</b> Taxes (State and Local)			
<b>21</b> License Fees			
<b>22</b> General Office Expenses			
<b>23</b> Miscellaneous Expenses			

*(Schedule A continued on next page)*

**SCHEDULE A (continued)**  
**STATEMENT OF INCOME AND EXPENSES**  
**FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010**

<b>24 Total General &amp; Administrative Expenses</b> (Add: Line 10 through Line 23)	24)			
<b>25 Total Expenses</b> (Add: Line 9 and Line 24)	25)			
<b>26 Income Before Tax</b> (Subtract: Line 25 from Line 5)	26)			
<b>27 Income Tax (Federal)</b>	27)			
<b>28 Net Income After Tax</b> (Subtract: Line 27 from Line 26)	28)			

**SCHEDULE B**  
**BALANCE SHEET**  
**DECEMBER 31, 2010**

**ASSETS**

**Current Assets**

<b>1</b>	Cash and Cash Equivalents		
<b>2</b>	Securities		
<b>3</b>	Accounts Receivable		
	Less: Allowance for Bad Debt	(                    )	
<b>4</b>	Notes Receivable		
<b>5</b>	Cash Surrender Value of Life Insurance on Officers, Stockholders, & Owners		
<b>6</b>	<b>Prepaid Expenses</b>		
	a. Prepaid Rent		
	b. Prepaid Insurance		
	c. Other Prepaid Expenses		
	Total Prepaid Expenses	6)	
<b>7</b>	<b>Total Current Assets</b> (Add: Line 1 through Line 6)		7)
	<b>Fixed Assets</b>		
<b>8</b>	Furniture, Fixtures & Equipment		
	Less: accumulated depreciation	(                    )	
<b>9</b>	Buildings		
	Less: accumulated depreciation	(                    )	
<b>10</b>	Leasehold Improvements		
	Less: accumulated depreciation	(                    )	
<b>11</b>	Land		
<b>12</b>	<b>Total Fixed Assets</b> (Add: Line 8 through Line 11)		12)
<b>13</b>	<b>Other Assets (Net)</b>		13)
<b>14</b>	<b>Total Intangible Assets</b>		
	Less: Accumulated Amortization	(                    )	14)
<b>15</b>	<b>TOTAL ASSETS</b> (Add: Lines 7, 12, 13 and 14)		15)

*(Schedule B continued on next page)*

**SCHEDULE B** (continued)

**BALANCE SHEET: DECEMBER 31, 2010**

**LIABILITIES & NET WORTH**

**Current Liabilities**

<b>16</b>	Accounts Payable	_____	
<b>17</b>	Salaries/Wages Payable	_____	
<b>18</b>	Rent Payable	_____	
<b>19</b>	Current Tax Liabilities		
	a. Federal Tax	_____	
	b. State/Local Tax	_____	
	c. Payroll Tax	_____	
	d. Other Tax	_____	
	Total Current Tax Liabilities		19) _____
<b>20</b>	Current portion of Long-term debt		
	a. Mortgage Payable	_____	
	b. Interest Payable (Notes/Bonds)	_____	
	Total Current portion of Long-term Debt		20) _____
<b>21</b>	Other Current Liabilities	_____	
<b>22</b>	<b>TOTAL CURRENT LIABILITIES</b> (Add: Line 16 through Line 21)		22) _____

**Non-Current Liabilities**

<b>23</b>	Mortgage Payable	_____	
<b>24</b>	Notes Payable	_____	
<b>25</b>	Bonds Payable	_____	
<b>26</b>	Other Long-Term Liabilities	_____	
<b>27</b>	<b>TOTAL NON-CURRENT LIABILITIES</b> (Add: Line 23 through Line 26)		27) _____
<b>28</b>	<b>TOTAL LIABILITIES</b> (Add: Line 22 and Line 27)		28) _____

**NET WORTH**

<b>29</b>	Owners Capital	_____	29) _____
<b>30</b>	Retained Earnings		
	a. Beginning Retained Earnings (January 1, 2010)	_____	
	b. <u>Add</u> : Net Income After Tax (Also Schedule A, = Line 28, Column 3)	_____	
	c. <u>Less</u> : Distributions	( _____ )	
	d. <u>Add</u> : Cumulative effects of change in accounting principle net of income tax (include explanation)	_____	
	e. Ending Retained Earnings (December 31, 2010)		30e) _____
<b>31</b>	<b>TOTAL NET WORTH</b> (Add: Line 29 and Line 30e)		31) _____
<b>32</b>	<b>TOTAL LIABILITIES &amp; NET WORTH</b> (Add: Line 28 and Line 31)		32) _____

**SCHEDULE C**  
**ANALYSIS OF REGULATED BUSINESS ACTIVITY IN TENNESSEE**  
**FOR THE PERIOD FROM JANUARY 1, 2010 TO DECEMBER 31, 2010**

	<u>Number</u> Column 1	<u>Tennessee</u> <u>Title Pledge Business</u> <u>Dollar Amount</u> Column 2
1 Agreements outstanding as of January 1, 2010	_____	\$ _____
2 New agreements entered into since January 1, 2010	_____	\$ _____
3 Agreements purchased from other lenders since January 1, 2010	_____	\$ _____
4 <b>TOTAL</b> (Add: Line 1 through Line 3)	_____	\$ _____
5 Agreement balances charged-off during calendar year 2010	( _____ )	( \$ _____ )
6 Agreement balances sold to other lenders during calendar year 2010	( _____ )	( \$ _____ )
7 Agreements paid-in full during calendar year 2010	( _____ )	( \$ _____ )
8 <b>TOTAL</b> (Add: Line 5 through Line 7)	( _____ )	( \$ _____ )
9 Agreements outstanding as of December 31, 2010 (Subtract: Line 8 from Line 4)	_____	\$ _____
10 Of the agreements paid-in full from Line 7, Column 1;  Renewal Number:		
A _____ were paid in full after 30 days without renewing		
B _____ were renewed 1 time		
C _____ were renewed 2 times		
D _____ were renewed 3 times		
E _____ were renewed 4 times		
F _____ were renewed 5 times		
G _____ were renewed 6 times		
H _____ were renewed 7 times		
I _____ were renewed 8 times		
J _____ were renewed 9 times		
K _____ were renewed 10 times		
L _____ were renewed 11 times		
M _____ were renewed 12 times		
N _____ were renewed 13 times		
O _____ were renewed 14 times		
P _____ were renewed 15 times		
Q _____ were renewed 16 times		
R _____ were renewed 17 times		

*(Schedule C continued on next page)*

**SCHEDULE C (continued)**

**S** \_\_\_\_\_ were renewed 18 times

**T** \_\_\_\_\_ were renewed 19 times

**U** \_\_\_\_\_ were renewed 20 times

**V** \_\_\_\_\_ were renewed 21 times

**W** \_\_\_\_\_ were renewed 22 times

\_\_\_\_\_ **TOTAL AGREEMENTS PAID IN FULL IN 2010**

**11** Number of defaults in 2010 / Dollar amount of defaults \_\_\_\_\_ \$ \_\_\_\_\_

**12** Number of vehicles repossessed / Total repossession costs \_\_\_\_\_ \$ \_\_\_\_\_

**13** Number of repossessed vehicle sales resulting in a surplus / Amount of surplus returned to the pledgor \_\_\_\_\_ \$ \_\_\_\_\_

**14** Distribution of **NEW** title pledge agreements entered into during 2010 Number

(a) \$250 or less \_\_\_\_\_

(b) \$251 to \$500 \_\_\_\_\_

(c) \$501 to \$750 \_\_\_\_\_

(d) \$751 to \$1,000 \_\_\_\_\_

(e) \$1,001 to \$1,250 \_\_\_\_\_

(f) \$1,251 to \$1,500 \_\_\_\_\_

(g) \$1,501 to \$1,750 \_\_\_\_\_

(h) \$1,751 to \$2,000 \_\_\_\_\_

(i) \$2,001 to \$2,250 \_\_\_\_\_

(j) \$2,251 to \$2,500 \_\_\_\_\_

**TOTAL** (must agree with Line 2, Column 1) \_\_\_\_\_

**15** Number of pledgors (customers) as of December 31, 2010 \_\_\_\_\_

**16** Number of pledgors (customers) that deferred a principal reduction payment during calendar year 2010 \_\_\_\_\_

**17** Average number of principal reduction payments deferred during calendar year 2010 \_\_\_\_\_

**END**