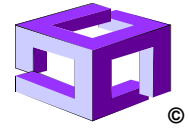


Insured **MASON'S MACHINE METHODS, INC.**
 Location **RIPPLING RIVER WI 53999**
 Insurance Co. **GALAXY ASSURANCE GROUP**
 Policy No. (s) **6844922-WC 87-34588-GL**
 Policy Period From: **01-Aug-2002** To: **01-Aug-2003**
 Federal "ID" Number: **39-1340474**

Job Number: **301234**
 Auditor: **PAIGE TURNER - 4877**
 Date of Audit: **29-Aug-2003**
 Original Audit: **Yes - First Report**
 ReAudit Report: **No**
 No. Calls Made: **One (1)**



SUMMARY OF AUDIT

Type of Policy: **Worker's Compensation & General Liability**

Code	Classification	State	Basis
Worker's Compensation			
3400	METAL	WI	\$ 395,718
8810	CLERICAL	WI	\$ 193,486

Code	Classification	State	Basis
General Liability			
56911	METAL GOOD	WI	\$ 1,369,342

AUDITOR'S REPORT

Audit Source

- > Individual Earning Records
- Payroll Journal
- > Payroll Summary
- > General Ledger
- Cash Disbursement Journal
- Check Book
- Form 1099's
- > State UC Report
- > Form 941 Reports
- > Other (Explain)

SALES JOURNAL

Verification To U.C.

**Or Form 941 Reports
(CALENDAR QUARTERS ONLY)**

-QTR-	- YEAR -	- AMT -
1st	2003	\$ 141,437
2nd	2003	\$ 156,969
3rd	2002	\$ 123,429
4th	2002	\$ 153,496
Quarterly Total :		\$ 575,331
Less:	JULY 02	\$ (43,231)
Add:	JULY 03	\$ 69,690
Adjusted Total:		\$ 601,790
"Control" Amount:		\$ 601,799
Difference:		\$ 9

Audit Location Information

Audit Location **MASON'S MACHINE METHODS, INC.**
 Audit Address **428 INDUSTRIAL ROAD**
 City, State Zip **RIPPLING RIVER WI 53999**
 Person Seen **LUCY LOVELACE - Controller**
 Telephone No. **(999) 555-1234**

Officers - Partners - Owners Analysis

Name:	Title & Duties Performed	% Stock Owned	WC Code	Amount Included	GL Code	Amount Included
1.) DOUGLAS MASON	PRESIDENT - GENERAL OFFICE DUTIES	N/A	8810	\$ 50,492	NIL	EXCLUDE
2.) LUCY LOVELACE	VICE-PRES - CONTROLLER	N/A	8810	\$ 16,124	NIL	EXCLUDE
3.)						
4.)						
5.)						

Description of Operations

INSURED ENTITY IS A SPECIALITY MACHINE SHOP. THEY PRODUCE COMPONENT PARTS FOR VARIOUS KINDS OF MANUFACTURING MACHINERY - PRODUCTION EQUIPMENT, SUCH AS PACKAGING MACHINES. THEY ALSO HAVE A STAMPING DEPARTMENT WHERE THEY SEVERAL REPEAT CUSTOMERS CONTINUE ORDERING DIP STICKS FOR VEHICLES, AND METAL BIRD FEEDER PARTS. PRODUCTION IS HIGHLY AUTOMATED SO THAT PRODUCTIVITY IS HIGH WHILE PLANT LABOR HAS NOT INCREASED; IN SOME AREAS REDUCED.

Business Entity

CORPORATION

Audit Remarks

- 1.) Overtime records properly maintained. Premium credited.
- 2.) No "Independent Contractor" exposure indicated during this contract period.