

## CONFIRMED CHANGES TO FORECAST 9/15/11

### 1 PAYROLL

#### A. CONFIRMED EMPLOYMENT & SALARIES THROUGH AUGUST

#### B. ADDED

1. Farnham + \$5k annual starting 9/15
2. Altom + \$5k annual starting 9/15
3. Added Stacy contractor \$7k/mo starting 9/1
4. Added Valentine contractor \$10k/mo starting 9/1
5. Confirmed Rorie Sparkman at \$7500/mo remainder of 2011
6. Raises Op Center starting Oct 1
  - a. Wilson + \$8k annual
  - b. Colley + \$10k annual
  - c. French + \$5k annual
7. Move Subside to FT employee starting 9/1
8. Confirmed replacement for Trent and added new desktop person
9. Confirmed a total of 15 ADP positions

### 2 CAPEX

- A. TOTAL OF \$40K FORECASTED Q4, HAVE NOT HEARD FROM FRANK

### 3 REVENUE

- A. Added \$50k/mo extra in Q4 for total of \$150k for Consumer Billings (\$150k up since last forecast), not sure this is accurate from Darryl's comment
- B. Added \$34k Oct billing for Marines
- C. Added \$75k TUSIAD billing in Sept
- D. Added \$12,500 Ebs for Sept









**Strategic Forecasting, Inc.**  
**Financials for the 8 Months**  
**Income Statement**

	7,482,088	6,636,000			7,153,050		
	Forecast	Budget	Variance		Forecast 2 (6/15/11)	Variance	
	YTD 2011	2011	Forecast 3 over Budget		2011	Forecast 3 over Forecast 2	
<b>REVENUE</b>							
47000 · Membership Sales							
New Free List Sales	1,623,848	1,290,000	333,848	25.88%	1,598,738	25,110	1.57%
New Walk-Up Sales	938,979	670,000	268,979	40.15%	974,078	(35,099)	-3.60%
Paid List Sales	1,149,254	1,140,000	9,254	0.81%	928,112	221,142	23.83%
New Partnership Individual Sales	231,882	134,000	97,882	73.05%	201,412	30,470	15.13%
Re-Charges - Individual Memberships	341,693	338,000	3,693	1.09%	338,190	3,503	1.04%
Renewals - Individual Memberships	3,143,067	3,040,000	103,067	3.39%	3,007,676	135,391	4.50%
Total Consumer Sales-Billed (per Dashboard)	7,428,722	6,612,000	816,722	12.35%	7,048,206	380,516	5.40%
Adjustment to Earned	(599,921)	(535,195)	(64,726)	12.09%	(463,699)	(136,222)	29.38%
Total Consumer Sales-Earned	6,828,801	6,076,805	751,996	12.37%	6,584,507	244,294	3.71%
NEW Enterprise	395,422	180,000	215,422	119.68%	323,253	72,169	22.33%
STRATFOR Pro Sales	-	230,000	(230,000)	-100.00%	-	-	#DIV/0!
Renewals - Institutional Memberships	1,692,905	1,516,410	176,495	11.64%	1,574,324	118,581	7.53%
Total Institutional - Billed	2,088,327	1,926,410	161,917	8.41%	1,897,577	190,750	10.05%
Adjustment to Earned	33,667	99,192	(65,525)	-66.06%	130,643	(96,976)	-74.23%
Total Institutional Sales-Earned	2,121,994	2,025,602	96,392	4.76%	2,028,220	93,774	4.62%
Total Memberships Billed	9,517,049	8,538,410	978,639	11.46%	8,945,783	571,266	6.39%
Total Adjustment to Earned	(566,255)	(436,003)	(130,252)	29.87%	(333,056)	(233,199)	70.02%
Total Memberships Earned	8,950,795	8,102,407	848,388	10.47%	8,612,727	338,068	3.93%
44000 · Consulting Revenue-Billed							
PI - Cedar Hill Capital	-	-	-	-	-	-	-
PI - Dell	96,000	8,000	88,000	1100.00%	96,000	-	0.00%
PI - Deloitte	35,910	35,910	-	0.00%	35,910	-	0.00%
PI - Emerson	9,000	9,000	-	0.00%	9,000	-	0.00%
PI - Pritzker	36,000	36,000	-	0.00%	36,000	-	0.00%
PI - VCU Qatar	33,000	36,000	(3,000)	-8.33%	33,000	-	0.00%
PI - Wal-Mart	-	-	-	-	-	-	-
PI - Ziff Brothers	18,000	18,000	-	0.00%	18,000	-	0.00%
GV - Coca Cola	-	-	-	-	-	-	-
GV - Hunt Oil	42,394	40,375	2,019	5.00%	40,375	2,019	5.00%
GV - Intel	33,895	32,305	1,590	4.92%	32,305	1,590	4.92%
GV - Northrop-Grumman (TASC)	25,875	22,000	3,875	17.61%	25,875	-	0.00%
GV - Chevron LATAM	81,700	79,120	2,580	3.26%	81,700	-	0.00%
Executive Briefings (\$230k booked @ Jan 31)	573,000	443,250	129,750	29.27%	550,500	22,500	4.09%
INTL - NOV	458,333	550,000	(91,667)	-16.67%	550,000	(91,667)	-16.67%
INTL - OSCAR	280,000	480,000	(200,000)	-41.67%	480,000	(200,000)	-41.67%
NEW - UNIDENTIFIED	268,000	790,000	(522,000)	-66.08%	224,000	44,000	19.64%
Other	-	-	-	-	-	-	-
Total Consulting Revenue-Billed	1,991,107	2,579,960	(588,853)	-20.83%	2,212,665	(221,558)	#DIV/0!
Adjustment to Earned	211,132	(32,977)	244,109	-740.24%	77,394	133,738	172.80%
Total Consulting Revenue-Earned	2,202,239	2,546,983	(344,744)	-13.54%	2,290,059	(87,820)	-3.83%
45000 · Other Revenue-Billed							
45050 · Sponsorship Revenue	3,946	8,000	(4,054)	-50.68%	2,877	1,069	37.15%
45100 · Publishing Partner Fees	19,832	-	19,832	-	13,582	6,250	46.01%
45200 · Book Sale Royalties	20,051	-	20,051	-	-	20,051	-

**Strategic Forecasting, Inc.**  
**Financials for the 8 Months**  
**Income Statement**

	7,482,088	6,636,000			7,153,050		
	Forecast	Budget	Variance		Forecast 2 (6/15/11)	Variance	
	YTD 2011	2011	Forecast 3 over Budget		2011	Forecast 3 over Forecast 2	
45500 · Reimbursable Travel (net)	2,772	-	2,772		-	2,772	
45600 · iPhone Application Revenue	6,765	16,000	(9,235)	-57.72%	3,487	3,278	94.01%
	53,366	24,000	29,366	122.36%	19,946	33,420	167.55%
Adjustment to Earned	-	-	-		-	-	
Total Other Revenue-Earned	53,366	24,000	29,366	122.36%	19,946	33,420	167.55%
<b>Total Revenue-Billed (Mgmt)</b>	<b>11,561,522</b>	<b>11,142,370</b>	<b>419,152</b>	<b>3.76%</b>	<b>11,178,394</b>	<b>383,128</b>	<b>3.43%</b>
<b>Adjustment to Earned</b>	<b>(355,123)</b>	<b>(468,980)</b>	<b>113,857</b>	<b>-24.28%</b>	<b>(255,662)</b>	<b>(99,461)</b>	<b>38.90%</b>
<b>Total Revenue (GAAP)</b>	<b>11,206,399</b>	<b>10,673,390</b>	<b>533,009</b>	<b>4.99%</b>	<b>10,922,732</b>	<b>283,667</b>	<b>2.60%</b>
<i>Growth</i>							
50000 · Cost of Sales							
52000 · Intelligence Expense	161,341	132,000	29,341	22.23%	143,658	17,683	12.31%
52050 · Intelligence/EB Travel	6,988	100,000	(93,012)	-93.01%	6,988	-	0.00%
52200 · Consulting	11,432	-	11,432		-	11,432	
54000 · Credit Card Settlement Fees	351,510	284,977	66,532	23.35%	350,110	1,400	0.40%
54500 · Partnership Commissions	102,866	67,000	35,866	53.53%	89,098	13,768	15.45%
55000 · Book Purchases & Fulfillment	231,773	152,000	79,773	52.48%	168,815	62,958	37.29%
Total Cost of Sales	865,909	735,977	129,932	17.65%	758,669	107,240	14.14%
<b>GROSS PROFIT</b>	<b>10,340,490</b>	<b>9,937,413</b>	<b>403,077</b>	<b>4.06%</b>	<b>10,164,063</b>	<b>176,427</b>	<b>1.74%</b>
60000 · Salaries and Benefits							
60100 · Labor	6,352,498	6,312,540	39,958	0.63%	6,265,600	86,898	1.39%
60200 · Commission	392,879	368,631	24,248	6.58%	339,497	53,382	15.72%
60300 · Bonus	5,000	-	5,000		5,000	-	0.00%
60400 · Insurance, Medical	446,775	568,129	(121,354)	-21.36%	505,651	(58,876)	-11.64%
60500 · Insurance, Dental	43,504	37,875	5,629	14.86%	40,870	2,634	6.45%
60600 · Insurance, Disability	34,661	44,188	(9,526)	-21.56%	38,448	(3,787)	-9.85%
60700 · Insurance, Vision	11,667	12,625	(958)	-7.59%	11,931	(264)	-2.21%
60750 · Training	(0)	-	(0)		-	(0)	
60800 · Payroll Taxes	434,833	415,097	19,736	4.75%	428,890	5,943	1.39%
60950 · Salary and Benefits - Other	37,615	42,000	(4,385)	-10.44%	43,405	(5,790)	-13.34%
Total 60000 · Salaries and Benefits	7,759,432	7,801,085	(41,653)	-0.53%	7,679,292	80,140	1.04%
Total 61000 · Recruiting	225	27,217	(26,991)	-46.74%	375	(150)	#DIV/0!
62000 · Contract Labor							
62100 · Accounting Fees	12,057	12,000	57	0.48%	9,885	2,172	21.97%
62300 · Legal Fees	20,578	36,000	(15,422)	-42.84%	25,378	(4,800)	-18.91%
62500 · Consulting / Contract Labor	92,646	170,000	(77,354)	-45.50%	132,471	(39,825)	-30.06%
62700 · Outside Services	184,111	60,000	124,111	206.85%	90,026	94,085	104.51%
Total 62000 · Contract Labor	309,392	278,000	31,392	11.29%	257,760	51,632	20.03%
63000 · Travel and Entertainment							
Finance/HR Travel & Entertainment	1,379	1,200	179	14.91%	1,206	173	14.33%

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	7,482,088	6,636,000			7,153,050		
	Forecast	Budget	Variance		Forecast 2	Variance	
	YTD 2011	2011	Forecast 3 over Budget		2011	Forecast 3 over Forecast 2	
IT Travel & Entertainment	13,969	600	13,369	2228.17%	4,515	9,454	209.39%
Executive Travel & Entertainment	327,179	106,800	220,379	206.35%	344,968	(17,789)	-5.16%
Consumer Sales Travel & Entertainment	(0)	3,600	(3,600)	-100.00%	2,100	(2,100)	-100.00%
Customer Service Travel & Entertainment	150	600	(450)	-75.00%	400	(250)	-62.50%
Corporate SalesTravel & Entertainment	-	6,000	(6,000)	-100.00%	3,500	(3,500)	-100.00%
Ops Center Travel & Entertainment	7,537	6,000	1,537	25.61%	5,473	2,064	37.70%
Writers Travel & Entertainment	4,495	600	3,895	649.09%	4,635	(140)	-3.03%
Multimedia Travel & Entertainment	428	600	(172)	-28.67%	413	15	3.63%
Tactical & Field Analysis Travel & Entertainment	75,308	90,000	(14,692)	-16.32%	78,606	(3,298)	-4.20%
Strategic Analysis Travel & Entertainment	61,086	90,000	(28,914)	-32.13%	71,393	(10,307)	-14.44%
ADP Travel & Entertainment	17,000	6,000	11,000	183.33%	10,875	6,125	56.32%
General T&E	20,000	-	20,000		79,000	(59,000)	-74.68%
Graphics T&E	-	600	(600)	-100.00%	350	(350)	-100.00%
OSINT Travel & Entertainment	25,885	3,000	22,885	762.84%	5,777	20,108	348.07%
<b>Total 63000 - Travel and Entertainment</b>	<b>554,415</b>	<b>315,600</b>	<b>238,815</b>	<b>75.67%</b>	<b>613,211</b>	<b>(58,796)</b>	<b>-9.59%</b>
64000 - Facilities							
64100 - Rent	629,087	526,167	102,920	19.56%	627,020	2,067	0.33%
64200 - Office Supplies	22,235	30,000	(7,765)	-25.88%	25,591	(3,356)	-13.11%
64500 - Telephone	41,859	42,000	(141)	-0.34%	43,005	(1,146)	-2.67%
64550 - Cellular Phone	91,902	108,000	(16,098)	-14.91%	98,949	(7,047)	-7.12%
64600 - Network/ISP/Web/Other	93,786	96,000	(2,214)	-2.31%	93,458	328	0.35%
64700 - Insurance, Corporate	73,156	69,000	4,156	6.02%	72,431	725	1.00%
64800 - Parking	104,585	114,000	(9,415)	-8.26%	108,062	(3,477)	-3.22%
64900 - Postage	11,730	12,000	(270)	-2.25%	13,007	(1,277)	-9.82%
65300 - Repairs and Maintenance	256	-	256		6	250	4166.67%
65500 - Utilities	5,415	6,000	(585)	-9.74%	5,693	(278)	-4.88%
65990 - Facilities - Other	2,162	3,000	(838)	-27.93%	1,750	412	23.54%
<b>Total 64000 - Facilities</b>	<b>1,076,174</b>	<b>1,006,167</b>	<b>70,007</b>	<b>6.96%</b>	<b>1,088,972</b>	<b>(12,798)</b>	<b>-1.18%</b>
66000 - Equipment Expense							
66200 - Equipment Rental / Lease	25,521	33,000	(7,479)	-22.66%	29,007	(3,486)	-12.02%
66300 - Software	51,562	39,000	12,562	32.21%	46,101	5,461	11.85%
66400 - Hardware	25,569	6,000	19,569	326.15%	15,264	10,305	67.51%
66500 - Equipment Repair & Maintenance	-	-	-		-	-	
66800 - Property Taxes	901	-	901		901	-	0.00%
66990 - Other Equipment Expense	3,000	9,000	(6,000)	-66.67%	5,250	(2,250)	-42.86%
<b>Total 66000 - Equipment Expense</b>	<b>106,553</b>	<b>87,000</b>	<b>19,553</b>	<b>22.48%</b>	<b>96,523</b>	<b>10,030</b>	<b>10.39%</b>
67000 - Marketing							
67100 - Advertising	1,244	330	914	276.97%	1,218	26	2.13%
67200 - Handouts Design/Production	-	21,000	(21,000)	-100.00%	-	-	#DIV/0!
67500 - Email Marketing	89,496	79,505	9,991	12.57%	89,496	0	0.00%
67700 - Public Relations	-	-	-		-	-	
67800 - Seminars/Focus Groups	1,200	3,000	(1,800)	-60.00%	1,750	(550)	-31.43%

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	7,482,088	6,636,000			7,153,050		
	Forecast	Budget	Variance		Forecast 2 (6/15/11)	Variance	
	YTD 2011	2011	Forecast 3 over Budget		2011	Forecast 3 over Forecast 2	
67900 · Lead Generation	3,200	2,400	800	33.33%	3,400	(200)	-5.88%
67950 · Trade Shows	400	1,200	(800)	-66.67%	700	(300)	-42.86%
67990 · Marketing - Other	453	1,200	(747)	-62.25%	700	(247)	-35.29%
<b>Total 67000 · Marketing</b>	<b>95,993</b>	<b>108,635</b>	<b>(12,642)</b>	<b>-11.64%</b>	<b>97,264</b>	<b>(1,271)</b>	<b>-1.31%</b>
76000 · Other Operating Expenses							
76300 · Printing and Reproduction	2,358	1,200	1,158	96.46%	1,841	517	28.06%
76700 · Taxes	35,650	52,000	(16,350)	-31.44%	33,443	2,207	6.60%
76790 · Penalties & Interest	5,429	12,000	(6,571)	-54.75%	7,381	(1,952)	-26.44%
76800 · Bank Fees	9,461	12,000	(2,539)	-21.16%	10,954	(1,493)	-13.63%
76900 · Research Services	61,916	62,100	(184)	-0.30%	61,613	303	0.49%
76950 · Membership Dues	5,026	18,965	(13,939)	-73.50%	3,501	1,525	43.57%
77200 · Books & Subscriptions	6,490	6,000	490	8.17%	6,246	244	3.91%
77250 · Bad Debt Expense	3,000	6,000	(3,000)	-50.00%	4,500	(1,500)	-33.33%
77300 · Charitable Contributions	3,330	2,220	1,110	50.00%	2,230	1,100	49.33%
77500 · Registration Fees	6,211	3,000	3,211	107.03%	5,747	464	8.07%
77600 · Litigation Settlement Expense	-	-	-		-	-	
77990 · Miscellaneous Expense	1,446	39,600	(38,154)	-96.35%	3,786	(2,340)	-61.81%
<b>Total 76000 · Other Operating Expenses</b>	<b>140,317</b>	<b>215,085</b>	<b>(74,768)</b>	<b>-34.76%</b>	<b>141,242</b>	<b>(925)</b>	<b>-0.65%</b>
	<b>10,042,501</b>	<b>9,838,788</b>	<b>203,713</b>	<b>2.07%</b>	<b>9,974,639</b>	<b>67,862</b>	<b>0.68%</b>
<b>OPERATING INCOME (EBITDA)</b>	<b>297,988</b>	<b>98,625</b>	<b>199,364</b>	<b>202.14%</b>	<b>189,424</b>	<b>108,564</b>	<b>57.31%</b>
Other Income (Expense)							
91100 · Interest Income	37	-	37		4	33	830.50%
91300 · Other Income	21,374	20,000	1,374	6.87%	16,132	5,242	32.49%
95100 · Interest Expense	(56,214)	(4,800)	(51,414)	1071.13%	(181,934)	125,720	-69.10%
95300 · Depreciation Expense	(107,353)	(71,367)	(35,986)	50.42%	(90,392)	(16,961)	18.76%
<b>Total Other Income (Expense)</b>	<b>(142,156)</b>	<b>(56,167)</b>	<b>(85,989)</b>	<b>153.10%</b>	<b>(256,190)</b>	<b>114,034</b>	<b>-44.51%</b>
<b>NET INCOME-GAAP</b>	<b>155,833</b>	<b>42,458</b>	<b>113,375</b>	<b>267.03%</b>	<b>(66,766)</b>	<b>222,599</b>	<b>-333.40%</b>
CUMULATIVE NET INCOME-GAAP	1.39%						
REVERSAL OF NON-CASH DEPRECIATION	492,779	71,367	421,412	590.49%	90,392	402,387	445.16%
REVERSAL OF DEFERRED RENT	235,722	46,372	189,351	408.33%	46,372	189,350	408.33%
REVERSAL OF ADJUSTMENTS TO COMMISSION	-	-	-		-	-	
REVERSAL OF ADJUSTMENTS TO EARNED	355,123	468,980	(113,857)	-24.28%	255,663	99,460	38.90%
<b>NET INCOME-MGMT</b>	<b>1,239,456</b>	<b>629,176</b>	<b>610,280</b>	<b>97.00%</b>	<b>325,661</b>	<b>913,795</b>	<b>280.60%</b>
CUMULATIVE NET INCOME-MGMT	10.72%						

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Financials for the 8 Months  
Income Statement**

	8 mos ended Aug 31, 2011			
	Inc.	LLC	Eliminations	Combined
<b>REVENUE</b>				
47000 · Membership Sales				
New Free List Sales	1,007,498	128,175		1,135,673
New Walk-Up Sales	656,075	51,452		707,527
Paid List Sales	628,466	125,394		753,860
New Partnership Individual Sales	142,006	23,938		165,944
Re-Charges - Individual Memberships	195,321	28,186		223,507
Renewals - Individual Memberships	1,693,919	302,074		1,995,993
Total Consumer Sales-Billed (per Dashboard)	4,323,284	659,219	-	4,982,503
Adjustment to Earned	(397,167)	(69,775)		(466,942)
Total Consumer Sales-Earned	3,926,117	589,444	-	4,515,561
NEW Enterprise	225,207	34,043		259,250
STRATFOR Pro Sales	-	-		-
Renewals - Institutional Memberships	612,315	322,551		934,866
Total Institutional - Billed	837,522	356,594	-	1,194,116
Adjustment to Earned	353,623	(156,242)		197,381
Total Institutional Sales-Earned	1,191,145	200,352	-	1,391,497
Total Memberships Billed	5,160,806	1,015,813	-	6,176,619
Total Adjustment to Earned	(43,545)	(226,017)	-	(269,562)
Total Memberships Earned	5,117,262	789,796	-	5,907,058
44000 · Consulting Revenue-Billed				
PI - Cedar Hill Capital	-	-		-
PI - Dell	56,000	8,000		64,000
PI - Deloitte	35,910	-		35,910
PI - Emerson	-	-		-
PI - Pritzker	18,000	-		18,000
PI - VCU Qatar	21,000	-		21,000
PI - Wal-Mart	-	-		-
PI - Ziff Brothers	10,500	1,500		12,000
GV - Coca Cola	-	-		-
GV - Hunt Oil	42,394	-		42,394
GV - Intel	33,895	-		33,895
GV - Northrop-Grumman (TASC)	25,875	-		25,875
GV - Chevron LATAM	81,700	-		81,700
Executive Briefings (\$230k booked @ Jan 31)	476,750	9,750		486,500
INTL - NOV	320,833	45,833		366,667
INTL - OSCAR	280,000	-		280,000
NEW - UNIDENTIFIED	124,000	9,000		133,000
Other	-	-		-
Total Consulting Revenue-Billed	1,526,857	74,083	-	1,600,940
Adjustment to Earned	38,188	30,662		68,850
Total Consulting Revenue-Earned	1,565,045	104,745	-	1,669,790
45000 · Other Revenue-Billed				
45050 · Sponsorship Revenue	3,051	179		3,230
45100 · Publishing Partner Fees	19,832	-		19,832
45200 · Book Sale Royalties	18,308	1,743		20,051

**Strategic Forecasting, Inc.  
Financials for the 8 Months  
Income Statement**

	8 mos ended Aug 31, 2011			
	Inc.	LLC	Eliminations	Combined
45500 · Reimbursable Travel (net)	3,393	(621)		2,772
45600 · iPhone Application Revenue	6,765	-		6,765
Adjustment to Earned	51,349	1,301	-	52,650
Total Other Revenue-Earned	51,349	1,301	-	52,650
<b>Total Revenue-Billed (Mgmt)</b>	<b>6,739,012</b>	<b>1,091,197</b>	<b>-</b>	<b>7,830,209</b>
<b>Adjustment to Earned</b>	<b>(5,356)</b>	<b>(195,355)</b>	<b>-</b>	<b>(200,711)</b>
<b>Total Revenue (GAAP)</b>	<b>6,733,655</b>	<b>895,842</b>	<b>-</b>	<b>7,629,498</b>
<i>Growth</i>				
50000 · Cost of Sales				
52000 · Intelligence Expense	100,410	16,931		117,341
52050 · Intelligence/EB Travel	6,988	-		6,988
52200 · Consulting	8,574	2,858		11,432
54000 · Credit Card Settlement Fees	187,493	29,475		216,968
54500 · Partnership Commissions	58,321	11,576		69,897
55000 · Book Purchases & Fulfillment	94,358	27,483		121,841
Total Cost of Sales	456,143	88,323	-	544,466
<b>GROSS PROFIT</b>	<b>6,277,512</b>	<b>807,519</b>	<b>-</b>	<b>7,085,031</b>
60000 · Salaries and Benefits				
60100 · Labor	3,489,392	549,405		4,038,797
60200 · Commission	218,205	49,386		267,591
60300 · Bonus	5,000	-		5,000
60400 · Insurance, Medical	203,514	35,028		238,542
60500 · Insurance, Dental	25,807	3,815		29,622
60600 · Insurance, Disability	16,250	2,216		18,466
60700 · Insurance, Vision	6,141	898		7,039
60750 · Training	(0)	-		(0)
60800 · Payroll Taxes	262,821	50,063		312,884
60950 · Salary and Benefits - Other	21,482	2,133		23,615
Total 60000 · Salaries and Benefits	4,248,612	692,944	-	4,941,556
Total 61000 · Recruiting	25	-	-	25
62000 · Contract Labor				
62100 · Accounting Fees	2,932	5,125		8,057
62300 · Legal Fees	4,378	4,200		8,578
62500 · Consulting / Contract Labor	92,646	-		92,646
62700 · Outside Services	69,442	16,669		86,111
Total 62000 · Contract Labor	169,398	25,994	-	195,392
63000 · Travel and Entertainment				
Finance/HR Travel & Entertainment	544	167		711

**Strategic Forecasting, Inc.  
Financials for the 8 Months  
Income Statement**

	8 mos ended Aug 31, 2011			
	Inc.	LLC	Eliminations	Combined
IT Travel & Entertainment	5,199	1,754		6,953
Executive Travel & Entertainment	216,244	22,187		238,431
Consumer Sales Travel & Entertainment	(0)	-		(0)
Customer Service Travel & Entertainment	150	-		150
Corporate Sales Travel & Entertainment	-	-		-
Ops Center Travel & Entertainment	7,312	45		7,357
Writers Travel & Entertainment	4,285	42		4,327
Multimedia Travel & Entertainment	63	73		136
Tactical & Field Analysis Travel & Entertainment	41,893	6,683		48,576
Strategic Analysis Travel & Entertainment	39,491	4,319		43,810
ADP Travel & Entertainment	11,375	1,125		12,500
General T&E	-	-		-
Graphics T&E	-	-		-
OSINT Travel & Entertainment	7,300	3,717		11,017
<b>Total 63000 · Travel and Entertainment</b>	<b>333,855</b>	<b>40,112</b>	<b>-</b>	<b>373,967</b>
64000 · Facilities				
64100 · Rent	391,092	47,839		438,931
64200 · Office Supplies	10,812	1,423		12,235
64500 · Telephone	25,307	2,552		27,859
64550 · Cellular Phone	51,087	4,815		55,902
64600 · Network/ISP/Web/Other	53,400	8,386		61,786
64700 · Insurance, Corporate	43,954	6,202		50,156
64800 · Parking	58,336	8,249		66,585
64900 · Postage	6,896	834		7,730
65300 · Repairs and Maintenance	6	250		256
65500 · Utilities	3,038	377		3,415
65990 · Facilities - Other	(5)	1,167		1,162
<b>Total 64000 · Facilities</b>	<b>643,924</b>	<b>82,094</b>	<b>-</b>	<b>726,018</b>
66000 · Equipment Expense				
66200 · Equipment Rental / Lease	13,072	1,449		14,521
66300 · Software	35,799	2,763		38,562
66400 · Hardware	21,381	2,188		23,569
66500 · Equipment Repair & Maintenance	-	-		-
66800 · Property Taxes	901	-		901
66990 · Other Equipment Expense	-	-		-
<b>Total 66000 · Equipment Expense</b>	<b>71,153</b>	<b>6,400</b>	<b>-</b>	<b>77,553</b>
67000 · Marketing				
67100 · Advertising	1,134	-		1,134
67200 · Handouts Design/Production	-	-		-
67500 · Email Marketing	52,206	7,458		59,664
67700 · Public Relations	-	-		-
67800 · Seminars/Focus Groups	200	-		200

**Strategic Forecasting, Inc.  
Financials for the 8 Months  
Income Statement**

	8 mos ended Aug 31, 2011			
	Inc.	LLC	Eliminations	Combined
67900 · Lead Generation	2,400	-	-	2,400
67950 · Trade Shows	-	-	-	-
67990 · Marketing - Other	53	-	-	53
<b>Total 67000 · Marketing</b>	<b>55,993</b>	<b>7,458</b>	<b>-</b>	<b>63,451</b>
76000 · Other Operating Expenses				
76300 · Printing and Reproduction	1,928	86	-	2,014
76700 · Taxes	35,650	-	-	35,650
76790 · Penalties & Interest	971	458	-	1,429
76800 · Bank Fees	5,041	420	-	5,461
76900 · Research Services	35,822	5,394	-	41,216
76950 · Membership Dues	3,628	398	-	4,026
77200 · Books & Subscriptions	3,521	969	-	4,490
77250 · Bad Debt Expense	-	-	-	-
77300 · Charitable Contributions	250	1,020	-	1,270
77500 · Registration Fees	5,211	-	-	5,211
77600 · Litigation Settlement Expense	-	-	-	-
77990 · Miscellaneous Expense	1,766	(64)	-	1,702
<b>Total 76000 · Other Operating Expenses</b>	<b>93,788</b>	<b>8,681</b>	<b>-</b>	<b>102,469</b>
	<b>5,616,749</b>	<b>863,683</b>	<b>-</b>	<b>6,480,432</b>
<b>OPERATING INCOME (EBITDA)</b>	<b>660,763</b>	<b>(56,164)</b>	<b>-</b>	<b>604,600</b>
Other Income (Expense)				
91100 · Interest Income	5	-	-	5
91300 · Other Income	3,608	7,766	-	11,374
95100 · Interest Expense	(37,038)	-	-	(37,038)
95300 · Depreciation Expense	(51,669)	(10,870)	-	(62,539)
<b>Total Other Income (Expense)</b>	<b>(85,094)</b>	<b>(3,104)</b>	<b>-</b>	<b>(88,198)</b>
<b>NET INCOME-GAAP</b>	<b>575,669</b>	<b>(59,268)</b>	<b>-</b>	<b>516,401</b>
<b>CUMULATIVE NET INCOME-GAAP</b>	<b>575,669</b>	<b>(59,268)</b>	<b>-</b>	<b>516,401</b>
REVERSAL OF NON-CASH DEPRECIATION	51,669	10,870	-	62,539
REVERSAL OF DEFERRED RENT	27,050	3,864	-	30,914
REVERSAL OF ADJUSTMENTS TO COMMISSION	-	-	-	-
REVERSAL OF ADJUSTMENTS TO EARNED	5,356	195,355	-	200,711
<b>NET INCOME-MGMT</b>	<b>659,745</b>	<b>150,822</b>	<b>-</b>	<b>810,566</b>
<b>CUMULATIVE NET INCOME-MGMT</b>	<b>659,745</b>	<b>150,822</b>	<b>-</b>	<b>810,566</b>

**Strategic Forecasting, Inc.**  
**Financials for the 8 Months Ended August 31, 2011 and Forecast as of 9/15/11**  
**Statement of Cash Flows**

	Actual	Actual	Actual	Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	
	Q1-11	Q2-11	YTD Q2-11	Jul-11	Aug-11	Sep-11	Q3-11	YTD Q3-11	Oct-11	Nov-11	Dec-11	Q4-11	YTD 2011
<b>OPERATING ACTIVITIES</b>													
Net Income (GAAP)	185,285	296,973	482,258	110,612	(76,469)	(41,506)	(7,362)	474,896	(111,453)	(97,689)	(109,953)	(319,095)	155,801
Depreciation Expense	16,670	24,469	41,139	10,530	10,870	10,870	32,270	73,409	10,870	11,537	11,537	33,943	107,353
Adjustments to reconcile Net Income to net cash provided by operations:													
Change in Accounts Receivable	(189,491)	121,795	(67,696)	28,512	(211,330)	(69,744)	(252,562)	(320,258)	(126,478)	138,243	284,647	296,412	(23,845)
Change in Other Current Assets	(133,232)	65,676	(67,556)	(64,482)	150,532	(41,153)	44,897	(22,659)	16,158	19,522	16,890	52,569	29,911
Change in Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in Accounts Payable	3,530	72,141	75,671	(28,902)	53,938	(79,155)	(54,119)	21,552	(1,993)	-	696	(1,297)	20,255
Change in Payroll Liabilities	38,033	(257)	37,776	(41,308)	18,647	(14,098)	(36,759)	1,017	-	-	-	-	1,017
Change in Sales Taxes Payable	(279)	408	129	(408)	-	-	(408)	(279)	-	-	-	-	(279)
Change in Other Current Liabilities	7,422	44,779	52,201	(101)	30,672	3,864	34,435	86,636	3,864	3,864	3,864	11,593	98,229
Change in Deferred Revenue Memberships	358,934	(209,396)	149,538	(105,994)	194,356	790,513	878,875	1,028,414	(88,185)	(96,272)	(56,598)	(241,056)	787,358
Change in Deferred Revenue Consulting	80,246	(102,768)	(22,522)	(15,664)	(30,662)	(62,104)	(108,430)	(130,953)	(5,446)	(63,060)	(51,337)	(119,843)	(250,795)
<b>Net cash provided by Operating Activities</b>	<b>367,119</b>	<b>313,820</b>	<b>680,938</b>	<b>(107,205)</b>	<b>140,554</b>	<b>497,487</b>	<b>530,837</b>	<b>1,211,775</b>	<b>(302,662)</b>	<b>(83,855)</b>	<b>99,745</b>	<b>(286,772)</b>	<b>925,003</b>
<b>INVESTING ACTIVITIES</b>													
Capital Expenditures	(52,137)	(131,236)	(183,373)	(20,920)	(13,258)	-	(34,178)	(217,551)	-	(40,000)	-	(40,000)	(257,551)
Investment in Stratfor Ent LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net cash provided by Investing Activities</b>	<b>(52,137)</b>	<b>(131,236)</b>	<b>(183,373)</b>	<b>(20,920)</b>	<b>(13,258)</b>	<b>-</b>	<b>(34,178)</b>	<b>(217,551)</b>	<b>-</b>	<b>(40,000)</b>	<b>-</b>	<b>(40,000)</b>	<b>(257,551)</b>
<b>FINANCING ACTIVITIES</b>													
Notes/Settlements Principal Payments	(24,000)	-	(24,000)	-	-	-	-	(24,000)	-	-	-	-	(24,000)
Line of Credit Draws (Repayments)	-	-	-	-	-	-	-	-	-	-	-	-	-
Note Payable Equipment Draws (Repmts)	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest on Subordinated Debt	-	27,327	-	4,775	4,794	-	9,569	9,569	-	-	-	-	9,569
Contributions of Partner Capital	-	-	-	-	2,116,958	-	2,116,958	2,116,958	(142,000)	-	-	(142,000)	1,974,958
Capital Stock/APIIC	(453)	30	(423)	-	0	-	0	(423)	-	-	-	-	(423)
<b>Net cash provided by Financing Activities</b>	<b>(24,453)</b>	<b>27,357</b>	<b>(24,423)</b>	<b>4,775</b>	<b>2,121,752</b>	<b>-</b>	<b>2,126,527</b>	<b>2,102,104</b>	<b>(142,000)</b>	<b>-</b>	<b>-</b>	<b>(142,000)</b>	<b>1,960,104</b>
<b>Net cash increase for period</b>	<b>290,529</b>	<b>209,941</b>	<b>500,469</b>	<b>(123,350)</b>	<b>2,249,048</b>	<b>497,487</b>	<b>2,623,186</b>	<b>3,123,655</b>	<b>(444,662)</b>	<b>(123,855)</b>	<b>99,745</b>	<b>(468,772)</b>	<b>2,654,883</b>
Cash at beginning of period	368,011	658,539	368,011	868,480	745,130	2,994,178	868,480	368,011	3,491,665	3,047,003	2,923,148	3,491,665	368,011
Cash at end of period	658,539	868,480	868,480	745,130	2,994,178	3,491,665	3,491,665	3,491,665	3,047,003	2,923,148	3,022,893	3,022,893	3,022,893
	-	-	-	-	2	-	-	-	-	-	-	-	-

**Strategic Forecasting, Inc.  
Financials for the 8 Months Er  
Statement of Cash Flows**

	Budget	Variance	8 mos ended Aug 31, 2011			
	2011	Actual over Budget	Inc.	LLC	Eliminations	Combined
<b>OPERATING ACTIVITIES</b>						
Net Income (GAAP)	42,458	113,343	575,669	(59,270)		516,399
Depreciation Expense	71,367	35,986	51,669	10,870		62,539
Adjustments to reconcile Net Income to net cash provided by operations:	-	-				-
Change in Accounts Receivable	(115,543)	91,697	188,031	(438,544)		(250,513)
Change in Other Current Assets	(32,043)	61,954	386,147	(385,536)	17,883	18,494
Change in Other Assets	-	-	-			-
Change in Accounts Payable	31,929	(11,674)	(10,693)	111,400		100,707
Change in Payroll Liabilities	(20,991)	22,008	(49,189)	64,304		15,115
Change in Sales Taxes Payable	(279)	-	(285)	-		(285)
Change in Other Current Liabilities	58,137	40,091	(76,708)	177,364	(17,883)	82,773
Change in Deferred Revenue Memberships	436,003	351,355	(4,547,465)	4,785,365		237,900
Change in Deferred Revenue Consulting	32,977	(283,772)	(362,072)	293,224		(68,848)
	-	-	-	-		-
<b>Net cash provided by Operating Activities</b>	<b>504,015</b>	<b>420,988</b>	<b>(3,844,895)</b>	<b>4,559,177</b>	<b>-</b>	<b>714,282</b>
<b>INVESTING ACTIVITIES</b>						
Capital Expenditures	(125,000)	(132,551)	71,329	(288,880)		(217,551)
Investment in Stratfor Ent LLC	-	-	3,698,558		(3,698,558)	-
	-	-	-	-		-
<b>Net cash provided by Investing Activities</b>	<b>(125,000)</b>	<b>(132,551)</b>	<b>3,769,887</b>	<b>(288,880)</b>	<b>(3,698,558)</b>	<b>(217,551)</b>
<b>FINANCING ACTIVITIES</b>						
Notes/Settlements Principal Payments	(24,000)	-	(24,000)			(24,000)
Line of Credit Draws (Repayments)	-	-	-			-
Note Payable Equipment Draws (Repmts)	-	-	-			-
Accrued interest on Subordinated Debt	-	9,569	36,900			36,900
Contributions of Partner Capital	-	1,974,958	-	(1,581,600)	3,698,558	2,116,958
Capital Stock/APIC	-	(423)	(423)	-	-	(423)
<b>Net cash provided by Financing Activities</b>	<b>(24,000)</b>	<b>1,984,104</b>	<b>12,477</b>	<b>(1,581,600)</b>	<b>3,698,558</b>	<b>2,129,435</b>
<b>Net cash increase for period</b>	<b>355,015</b>	<b>2,299,868</b>	<b>(62,532)</b>	<b>2,688,697</b>	<b>-</b>	<b>2,626,165</b>
<b>Cash at beginning of period</b>	<b>387,637</b>	<b>(19,626)</b>	<b>368,011</b>	<b>-</b>	<b>-</b>	<b>368,011</b>
<b>Cash at end of period</b>	<b>742,652</b>	<b>2,280,241</b>	<b>305,479</b>	<b>2,688,697</b>	<b>-</b>	<b>2,994,176</b>
			(0)	-		







**Strategic Forecasting, Inc.  
Strafor Enterprises LLC  
Financials for the 8 Months Ended  
Balance Sheet**

	8 mos ended Aug 31, 2011			
	Inc.	LLC	Eliminations	Combined
<b>ASSETS</b>				
<b>Current Assets</b>				
Total Checking/Savings	305,479	2,688,697		2,994,176
Accounts Receivable				-
12000 - Accounts Receivable				-
12050 - Miscellaneous Receivables	-			-
12100 - Allowance for Doubtful Accounts	-	(8,247)		(8,247)
12000 - Accounts Receivable - Other	-	446,791		446,791
Total 12000 - Accounts Receivable	-	438,544	-	438,544
Total Accounts Receivable	-	438,544	-	438,544
Other Current Assets				
13000 - Other Current Assets	-			-
13100 - Deposits	-	29,326		29,326
13500 - Prepaid Insurance	-	23,545		23,545
13600 - Prepaid Commissions	-	211,811		211,811
13700 - Prepaid, Other (incls books)	-	120,854	(17,883)	102,971
Total Other Current Assets	-	385,536	(17,883)	367,653
Total Current Assets	305,479	3,512,777	(17,883)	3,800,373
Fixed Assets				
17000 - Fixed Assets				
17100 - Computer Equipment	-	184,099		184,099
17150 - Equipment	-	23,558		23,558
17300 - Software	-	72,528		72,528
17500 - Furniture and Fixtures	-	8,695		8,695
18000 - Accumulated Depreciation	-	(10,870)		(10,870)
Total 17000 - Fixed Assets	-	278,010	-	278,010
Total Fixed Assets	-	278,010	-	278,010
Other Assets				
19000 - Other Assets				
INVESTMENT IN STRATFOR LLC - tax	1,216,337		(1,216,337)	-
INVESTMENT IN STRATFOR LLC - GAAP	(4,914,895)		4,914,895	-
Total 19000 - Other Assets	(3,698,558)	-	3,698,558	-
Total Other Assets	(3,698,558)	-	3,698,558	-
<b>TOTAL ASSETS</b>	<b>(3,393,079)</b>	<b>3,790,787</b>	<b>3,680,675</b>	<b>4,078,383</b>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable				
20100 - Accounts Payable	-	111,400		111,400
Total Accounts Payable	-	111,400	-	111,400
Other Current Liabilities				
21000 - Payroll Liabilities				
21100 - Federal Payroll Taxes Payable	-			-
21300 - State W/H Payroll Taxes Payabl	-	1,133		1,133
21301 - International Taxes Payable	-	-		-
21500 - 401K P/R	-	7,504		7,504

**Strategic Forecasting, Inc.  
Strafor Enterprises LLC  
Financials for the 8 Months Ended  
Balance Sheet**

8 mos ended Aug 31, 2011				
	Inc.	LLC	Eliminations	Combined
21525 - Flex Spending Account Payable	-	1,152		1,152
21535 - HSA Account Payable	-	1,899		1,899
21550 - Accrued Payroll	-	30,608		30,608
21600 - Accrued Commissions	-	22,008		22,008
21650 - Expense Report Clearing	-	-		-
21800 - Accrued Bonus	-	-		-
21920 - Accrued Insurance	-	-		-
	-	64,304	-	64,304
2200 - Sales Tax Payable				
22000 - Other Current Liabilities				
22050 - Settlements - Short Term	-			-
22200 - Sales Tax Payable	-	3,043		3,043
22400 - Misc. Current Liabilities	-	45,543		45,543
22450 - Rent Payable	-	128,778		128,778
22650 - Due to Stratfor Ent LLC	17,883	-	(17,883)	-
22750 - Current Portion - Van	-	-		-
22800 - Current Portion - Kuykendall	-	-		-
22850 - Current Portion- Line of Credit	-	-		-
22860 - NP Equipment	-	-		-
22999 - CC Clearing Account	-	-		-
Total 22000 - Other Current Liabilities	17,883	177,364	(17,883)	177,364
23000 - Deferred Revenue				
23400 - Membership Revenue - ST	-	4,150,221		4,150,221
23500 - Consulting Revenue	-	293,224		293,224
Total 23000 - Deferred Revenue	-	4,443,445	-	4,443,445
Total Other Current Liabilities	17,883	4,685,113	(17,883)	4,685,113
Total Current Liabilities	17,883	4,796,513	(17,883)	4,796,513
Long Term Liabilities				
Total 24000 - Notes Payable				
24900 - Subordinated Debts	1,200,662	-		1,200,662
26000 - Other Long Term Liabilities				
26400 - Membership Revenue - LT	-	635,144		635,144
Total 26000 - Other Long Term Liabilities	-	635,144	-	635,144
Total Long Term Liabilities	1,200,662	635,144	-	1,835,806
Total Liabilities	1,218,545	5,431,657	(17,883)	6,632,319
Equity				
32000 - Capital Stock				
32050 - Preferred Stock		1		1
32100 - Class A	1,150			1,150
32200 - Class B	1,406			1,406
Total 32000 - Capital Stock	2,557	-	-	2,557
33000 - APIC	-			-
31000 - Partner Contributions				
31100 - Partner Contr-Strategic Forecasting Inc.		(3,698,558)	3,698,558	-
31150 - Partner Contr-SM Stratfor Ptnrs		2,250,000		2,250,000
31200 - Partner Contr-Cost of Contributions		(133,042)		(133,042)
Total Partner Contributions	-	(1,581,600)	3,698,558	2,116,958
39000 - Retained Earnings	(5,189,850)	-	-	(5,189,850)

**Strategic Forecasting, Inc.  
 Strafor Enterprises LLC  
 Financials for the 8 Months Ended  
 Balance Sheet**

8 mos ended Aug 31, 2011			
Inc.	LLC	Eliminations	Combined
575,669	(59,270)	-	516,399
(4,611,624)	(1,640,870)	3,698,558	(2,553,936)
<b>(3,393,079)</b>	<b>3,790,787</b>	<b>3,680,675</b>	<b>4,078,383</b>
(0)	-	-	(0)

Net Income  
 Total Equity  
 TOTAL LIABILITIES & EQUITY

See accompanying note to financial projections.