
Workers' Compensation Audit

Prepared for:

Policy Number: **WC11410**

Insured: **ELECTRONIC WORLD, INC. AND ELECTRONIC SURPLUS
1401 INTERNET AVE.
SUPERHIGHWAY, NH 33333**

Policy Term: 11/02/1998 - 11/02/1999

Audit Period: 11/02/1998 - 11/02/1999

Audit Date: 02/26/2000

Workers Compensation

Legal Entity: **Corporation**
 Agent ID: **2909**
 Account Number: **EI - WC11410 07/09/2000 000**
 Policy Number: **WC11410**
 Insured Name: **ELECTRONIC WORLD, INC. AND ELECTRONIC SURPLUS**

Auditor ID: **45**
 Auditor Name:
 Audit Date: **02/26/2000 FAX**
 Audit Period: **11/02/1998 11/02/1999**
 Policy Period: **11/02/1998 11/02/1999**

INSURED INFORMATION

Contact: TERRY RANDALL
Title: BOOKKEEPER
Company Name: ELECTRONIC WORLD, INC. AND ELECTRONIC SURPLUS
Address: 1401 INTERNET AVE.
 SUPERHIGHWAY, NH 33333
Phone: (603) 899-9999
Fax: (603) 222-8987
E-Mail: E-AUDITS.NEY

Entities

Number	Entity Name	Federal ID	Date Added	Date Deleted
0001	ELECTRONIC PLANET			
0002	ELECTRONIC SURPLUS			

Locations

Location:		Added:	Deleted:
0001	All Locations Same as insured address.		

Location of Records

Sequence:	Territory:	Description:
1		Same as insured address.

Description of Operations

INSURED HAS TWO BUSINESSES THAT PROVIDE RETAIL SALES OF NEW AND USED COMPUTERS AND RELATED PERIPHERALS. THESE ARE WALK-IN RETAIL STORES. THEY ALSO WILL REPAIR COMPUTERS AND RELATED DEVICES PRIOR TO RESALE. SERVICE OFFERED ON ITEMS AS WELL. THE INSURED HIRED SOME PART-TIME CASUAL LABOR AND THOSE AMOUNTS ARE INCLUDED FOR THE AUDIT. RECORDS ARE KEPT SEPARATELY FOR ELECTRONIC WORLD AND ELECTRONIC SURPLUS. INSURED STATED THERE IS AN EXCLUSION ENDORSEMENT FOR THE OFFICERS AND AUDITOR HAS EXCLUDED PENDING COMPANY CONFIRMATION OF AN EXCLUSION ENDORSEMENT.

THERE WAS CONFUSION AS TO COVERAGE APPLICABLE FOR THIS AUDIT. AUDIT REQUEST DECK INDICATED THIS POLICY WAS FOR COVERAGE FOR BOTH ELECTRONIC WORLD & ELECTRONIC SURPLUS FOR INDICATED POLICY DATES (11/2/98-99). HOWEVER, AFTER SENDING INSURED A LETTER WITH FAX INFORMATION FORMS TO COMPLETE AND RETURN, TERRY RANDALL, AT THE INSURED'S, CALLED TO SAY THAT ELECTRONIC SURPLUS HAD IT'S OWN POLICY AND SEPARATE COVERAGE. SENT AUDITOR INFORMATION ONLY FOR ELECTRONIC WORLD. AUDITOR CONTACTED THE AGENCY FOR CLARIFICATION AND AFTER A SERIES OF CALLS, LEARNED THAT A SEPARATE POLICY HAD BEEN ISSUED FOR ELECTRONIC SURPLUS EFFECTIVE 3/2/99 (WC72749). HOWEVER, SURPLUS WAS STILL COVERED UNDER THIS POLICY FROM 11/2/98 - 3/2/99. THEREFORE, AUDITOR RE-CONTACTED MS. RANDALL AND WAS ABLE TO CLARIFY THIS AND THAT ALL INFORMATION PERTAINING TO SURPLUS UNTIL 3/2/99 WOULD BE NEEDED. SHE SAID IT WOULD TAKE SOME TIME BECAUSE THE RECORDS WERE LOCATED ELSEWHERE AND SHE WOULD HAVE TO MAKE A SPECIAL TRIP OF SOME LENGTH TO RETRIEVE. SHE RECENTLY CALLED BACK TO SAY SHE WOULD HAVE TO PIECE THE INFORMATION TOGETHER FROM THE GENERAL LEDGER BECAUSE SOMEONE HAD TAMPERED WITH THE SAFE WHERE THE RECORDS WERE KEPT AND NOW IT WOULDN'T OPEN BECAUSE OF THE TAMPERING. INFORMATION SUBMITTED FOR ELECTRONIC SURPLUS IS FROM THE GENERAL LEDGER AND PREPARED TO THE BEST OF HER ABILITY.

FINALLY, IT SHOULD BE NOTED AND BROUGHT TO COMPANY ATTENTION THAT THE INSURED SUBSEQUENT TO THIS AUDIT'S POLICY DATES HAS BEEN LAYING OFF EMPLOYEES AT BOTH

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ELECTRONIC WORLD AND SURPLUS AND IS NOW LEASING EMPLOYEES. ANY SUBSEQUENT AUDITS SHOULD VERIFY INSURANCE CERTIFICATES FOR THE LEASED EMPLOYEES.

Exposure Summary

State	Class Code	Description	Exposure	From	To
Entity: 0001		Location: 0001			
NH	8008	STORE: RETAIL	189,050	11/02/98	11/02/99
NH	8810	CLERICAL OFFICE	37,665	11/02/98	11/02/99
Entity: 0002		Location: 0001			
NH	8008	STORE: RETAIL	27,630	11/02/98	11/02/99
NH	8810	CLERICAL OFFICE	7,500	11/02/98	11/02/99

Audit Reconciliation

State	Class Code	Description	Exposure	From	To
Entity: 0001		Location: 0001			
NH	8008	STORE: RETAIL	382,903	11/02/98	11/02/99
NH	8008	<TERRY BRADSHAW>	-15,253	11/02/98	11/02/99
NH	8008	<TERRY RANDALL>	-19,000	11/02/98	11/02/99
NH	8008	<G. SMITH>	-54,100	11/02/98	11/02/99
NH	8008	<M. JOHNSON>	-44,200	11/02/98	11/02/99
NH	8008	<S. JONES>	-61,300	11/02/98	11/02/99
NH	8008	Total	189,050	11/02/98	11/02/99
NH	8810	TERRY BRADSHAW	15,253	11/02/98	11/02/99
NH	8810	TERRY RANDALL	19,000	11/02/98	11/02/99
NH	8810	CASUAL LABOR	3,412	11/02/98	11/02/99
NH	8810	Total	37,665	11/02/98	11/02/99
Entity: 0002		Location: 0001			
NH	8008	STORE: RETAIL	99,630	11/02/98	11/02/99
NH	8008	<TERRY RANDALL>	-7,500	11/02/98	11/02/99
NH	8008	<G. SMITH>	-21,500	11/02/98	11/02/99
NH	8008	<M. JOHNSON>	-21,500	11/02/98	11/02/99
NH	8008	<S. JONES>	-21,500	11/02/98	11/02/99
NH	8008	Total	27,630	11/02/98	11/02/99
NH	8810	TERRY RANDALL	7,500	11/02/98	11/02/99
NH	8810	Total	7,500	11/02/98	11/02/99

Payroll Verification

Entity: 0001		Location: 0001			
Verification Type:		Other			
Qtr Starting	Amount	Adjustment	Qtr Total	Description	
4th Qtr 1998	0	0	0		
1st Qtr 1999	0	0	0		
2nd Qtr 1999	0	0	0		
3rd Qtr 1999	0	0	0		
4th Qtr 1999	382,903	0	382,903	FAX AUDIT	
Gross Total:	\$382,903	Verification Total:	382,903	Deviation:	\$0
Entity: 0002		Location: 0001			
Verification Type:		Other			

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Qtr Starting	Amount	Adjustment	Qtr Total	Description
4th Qtr 1998	0	0	0	
1st Qtr 1999	0	0	0	
2nd Qtr 1999	0	0	0	
3rd Qtr 1999	0	0	0	
4th Qtr 1999	99,630	0	99,630	FAX AUDIT
Gross Total:	\$99,630	Verification Total:	99,630	Deviation: \$0

Class Codes				
State	Class Code	Seq	Balance	Description
Entity: 0001 Location: 0001				
NH	8008	10	Balance	STORE: RETAIL
NH	8810	20		CLERICAL OFFICE
Entity: 0002 Location: 0001				
NH	8008	30	Balance	STORE: RETAIL
NH	8810	40		CLERICAL OFFICE

Principals						
State	Class Code	Name	Title	Dates		
Entity: 0001 Location: 0001						
NH	EXCL	G. SMITH		11/02/98	11/02/99	1.000
	Min:	13,728	Max: 109,200	Payroll: 54,100	Amount Incl:	0
		STORE ADMIN				
	EXCL	M. JOHNSON		11/02/98	11/02/99	1.000
	Min:	13,728	Max: 109,200	Payroll: 44,200	Amount Incl:	0
		STORE ADMIN				
	EXCL	S. JONES		11/02/98	11/02/99	1.000
	Min:	13,728	Max: 109,200	Payroll: 61,300	Amount Incl:	0
		STORE ADMIN				
Entity: 0002 Location: 0001						
NH	EXCL	G. SMITH		11/02/98	11/02/99	1.000
	Min:	13,278	Max: 13,728	Payroll: 21,500	Amount Incl:	0
		STORE ADMIN				
	EXCL	M. JOHNSON		11/02/98	11/02/99	1.000
	Min:	13,278	Max: 13,728	Payroll: 21,500	Amount Incl:	0
		STORE ADMIN				
	EXCL	S. JONES		11/02/98	11/02/99	1.000
	Min:	13,278	Max: 13,728	Payroll: 21,500	Amount Incl:	0
		STORE ADMIN				

Audit Worksheet						
State	Class Code	Name	Dept	Empl. Dates		Total
Entity: 0001 Location: 0001						
Gross Payroll						
NH		Gross Payroll		11/02/98	11/02/99	382,903
	Nov 1998:	0	Feb 1999:	0	May 1999:	0
	Dec 1998:	57,837	Mar 1999:	120,327	Jun 1999:	86,764
	Jan 1999:	0	Apr 1999:	0	Jul 1999:	0
					Oct 1999:	35,714
					Adjustment:	0
Total Gross Payroll						382,903
Classified						
NH	8810	TERRY BRADSHAW		11/02/98	11/02/99	15,253
		Duties: FINANCES				
	Nov 1998:	0	Feb 1999:	0	May 1999:	0
					Aug 1999:	0

Dec 1998:	8,025	Mar 1999:	7,228	Jun 1999:	0	Sep 1999:	0	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0	
							Adjustment:	0
NH 8810	TERRY RANDALL			11/02/98	11/02/99	19,000		
Duties: BOOKKEEPER								
Nov 1998:	0	Feb 1999:	0	May 1999:	0	Aug 1999:	0	
Dec 1998:	0	Mar 1999:	2,500	Jun 1999:	6,500	Sep 1999:	7,000	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	3,000	
							Adjustment:	0
Total Classified							34,253	
Principals								
NH EXCL	M. JOHNSON			11/02/98	11/02/99	44,200		
Duties: STORE ADMIN								
Nov 1998:	0	Feb 1999:	0	May 1999:	0	Aug 1999:	0	
Dec 1998:	2,400	Mar 1999:	11,200	Jun 1999:	11,700	Sep 1999:	12,900	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	6,000	
							Adjustment:	0
NH EXCL	G. SMITH			11/02/98	11/02/99	54,100		
Duties: STORE ADMIN								
Nov 1998:	0	Feb 1999:	0	May 1999:	0	Aug 1999:	0	
Dec 1998:	2,400	Mar 1999:	11,200	Jun 1999:	10,500	Sep 1999:	21,000	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	9,000	
							Adjustment:	0
NH EXCL	S. JONES			11/02/98	11/02/99	61,300		
Duties: STORE ADMIN								
Nov 1998:	0	Feb 1999:	0	May 1999:	0	Aug 1999:	0	
Dec 1998:	2,400	Mar 1999:	18,400	Jun 1999:	10,500	Sep 1999:	21,000	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	9,000	
							Adjustment:	0
Total Principals							159,600	
Other Remuneration								
NH 8810	CASUAL LABOR			11/02/98	11/02/99	3,412		
Duties: PAID 1099 BASIS								
Nov 1998:	0	Feb 1999:	0	May 1999:	0	Aug 1999:	0	
Dec 1998:	278	Mar 1999:	0	Jun 1999:	949	Sep 1999:	1,620	
Jan 1999:	0	Apr 1999:	0	Jul 1999:	0	Oct 1999:	565	
							Adjustment:	0
Total Other Remuneration							3,412	
Entity: 0002 Location: 0001								
Gross Payroll								
NH	GROSS PAYROLL			11/02/98	11/02/99	99,630		
Nov 1998:	26,625	Feb 1999:	13,926	May 1999:	0	Aug 1999:	0	
Dec 1998:	28,959	Mar 1999:	0	Jun 1999:	0	Sep 1999:	0	
Jan 1999:	30,120	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0	
							Adjustment:	0
Total Gross Payroll							99,630	
Classified								
NH 8810	TERRY RANDALL			11/02/98	11/02/99	7,500		
Duties: BOOKKEEPER								
Nov 1998:	2,000	Feb 1999:	500	May 1999:	0	Aug 1999:	0	
Dec 1998:	2,500	Mar 1999:	0	Jun 1999:	0	Sep 1999:	0	

Jan 1999:	2,500	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0
						Adjustment:	0
Total Classified							7,500
Principals							
NH	EXCL	G. SMITH		11/02/98	11/02/99	21,500	
		Duties: STORE ADMIN					
Nov 1998:	6,000	Feb 1999:	3,000	May 1999:	0	Aug 1999:	0
Dec 1998:	6,000	Mar 1999:	0	Jun 1999:	0	Sep 1999:	0
Jan 1999:	6,500	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0
						Adjustment:	0
NH	EXCL	M. JOHNSON		11/02/98	11/02/99	21,500	
		Duties: STORE ADMIN					
Nov 1998:	6,000	Feb 1999:	3,000	May 1999:	0	Aug 1999:	0
Dec 1998:	6,000	Mar 1999:	0	Jun 1999:	0	Sep 1999:	0
Jan 1999:	6,500	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0
						Adjustment:	0
NH	EXCL	S. JONES		11/02/98	11/02/99	21,500	
		Duties: STORE ADMIN					
Nov 1998:	6,000	Feb 1999:	3,000	May 1999:	0	Aug 1999:	0
Dec 1998:	6,000	Mar 1999:	0	Jun 1999:	0	Sep 1999:	0
Jan 1999:	6,500	Apr 1999:	0	Jul 1999:	0	Oct 1999:	0
						Adjustment:	0
Total Principals							64,500

General Notes

AUDITOR HAS SUMMARIZED CLASSIFICATIONS FOR AUDIT AS WRITTEN PER POLICY AND CURRENT RULINGS DO NOT ALLOW FOR CHANGES THIS LATE AFTER POLICY INCEPTION/EXPIRATION. EACH ENTITY SHOWN SEPERATELY.

HOWEVER, IT SHOULD BE NOTED AND BROUGHT TO THE COMPANY'S ATTENTION THAT THE CORRECT CLASSIFICATION FOR THIS TYPE OF STORE IS #8017-D: RETAIL STORE NOC. AUDITOR HAS ATTACHED PAAS CLASSIFICATION GUIDES FOR REFERENCE TO THIS EFFECT. ALSO ATTACHED IS THE SCOPES CLASSIFICATION GUIDE SHEETS FOR THIS AND #5191: OFFICE MACHINE INSTALLATION, SERVICE & REPAIR. AS NOTED IN DESCRIPTION OF OPERATIONS, THE INSURED WILL REPAIR COMPUTERS FOR RESALE AS WELL AS OFFER AND PROVIDE HARDWARE SERVICE WORK.

SHOULD COMPANY WANT ADDITIONAL INFORMATION ON THE PAYROLL OF THOSE REPAIRING OR SERVICING, ADVISE AND AUDITOR WILL ATTEMPT TO OBTAIN.

Entity Loc

0001 0001 NOTE: WHILE INSURED STATED THAT THERE IS AN EXCLUSION ENDORSEMENT AND -IT APPEARS FROM COMPARING THE ESTIMATES TO THE ACTUAL- THERE IS, AUDITOR DID EXCLUDE FROM THE AUDIT. IF THERE IS NOT AN EXCLUSION ENDORSEMENT, THEN INCREASE THE STORE EXPOSURES BY THE FOLLOWING AMOUNTS:

ENTITY # 1. \$159,600.
 ENTITY # 2. \$64,500.

THE COMBINED EARNINGS OF THE OFFICERS FOR THE TWO ENTITIES ARE AS FOLLOWS:

G. DEMARAIS - \$75,600.
 M. DEMONTIGNY - \$65,700.
 S. DEMONTIGNY - \$82,800.

ALL OFFICERS ARE WITHIN THE MIN / MAX LIMITS ALLOWED IN NH.

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Records Requested/Audited

Entity: 0001 Location: 0001

Condition of Records: Good

Cooperation: Cooperative

R A Description

Social Security (Fed 941's)

Sales Tax Reports

State Unemployment Reports

Individual Payroll Cards

Payroll Book (Listings)

General Ledger

Certificates of Insurance

R A Description

Sales Journal

Cash Disbursements

Checkbook

Job Costs Sheet

Receipts Journal

Summaries

Financial Statement

R **A** **Description**

Entity: 0001 Location: 0001

FAX AUDIT REPORT

PHONE INTERVIEWS

VERBAL CONFIRMATIONS