EideBailly
CPAs & BUSINESS ADVISORS

May 13, 2014

The Ownership Committee
Gray Line Worldwide
1835 Gaylord Street
Denver, CO 80206

Dear Committee Members:

At your request, we have read the Consolidated Balance Sheet as of December 31, 2013, the Consolidated Statements of Operations for the years ending December 31, 2013 and 2012 and the Consolidated Statement of Cash Flows for the year ending December 31, 2013 (the “statements”) of Gray Line of Tennessee (the “entity”), as provided by Gray Line Worldwide (the “Company”).

We have the following observations:

- Cash has a deficit balance as of December 31, 2013.
- Receivables represent 79% of current assets and 9% of total assets as of December 31, 2013.
- Net fixed assets represent 87% of total assets as of December 31, 2013. Revenue vehicles represent 95% of gross fixed assets as of December 31, 2013.
- Current liabilities represent 26% of total liabilities as of December 31, 2013. The revolver represents 43% of such current liabilities and the long-term portion of the revolver represents 65% of total liabilities. Thus, both the current and long-term portion of the revolver represents 67% of the total liabilities of the entity. There is also a long-term note to the seller which represents 16% of total liabilities as of December 31, 2013.
- Revenues increased 4% from 2012 to 2013. Charter and sightseeing represent 52% and 24% of net revenues, respectively, for the year ending December 31, 2013.
- Direct costs represented 69% of net revenues for both of the years ending December 31, 2013 and 2012. Wage expenses and maintenance expenses represented 29% and 18% of direct costs, respectively, for the year ending December 31, 2013.
- Indirect costs represented 23% of net revenues for both of the years ending December 31, 2013 and 2012. For the year ending December 31, 2013, administrative support represented 42% of indirect costs (9% of net sales).
- Earnings (losses) before taxes were (4%) and (1%) for the years ending December 31, 2013 and 2012, respectively.
- For the year ending December 31, 2013, the entity used the most significant amount of cash for the investment in revenue vehicles and the pay down of SunTrust Term Loan, which appears to have been refinanced through proceeds from a large revolver note with PNC Bank.

- In addition, in 2013, the entity received a significant amount of cash through the issuance of Preferred Units.

.

Based upon our reading of the financial statements provided to us, our initial areas of concern are:

- The statements are presented as unaudited. In addition, compliance with Generally Accepted Accounting Principles ("GAAP") cannot be determined.

- The entity is experiencing a net loss as well as negative overall cash flow for the year ending December 31, 2013.

Our observations are solely based on the limited information provided to us. We have not performed any audit or review procedures with respect to this or the underlying information.

This report is intended for the information of management, the Board of Directors, and the Ownership Committee of Gray Line Worldwide and should not be used for any other purpose.

Please contact us at 303-770-5700 if you have any further questions.

Sincerely,

Eide Bailly LLP