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Southeast Colorado Enterprise Development, Inc.

Financial Statements

December 31, 2016 and 2015



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Southeast Colorado Enterprise Development, Inc.
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rfarmer, llc
a certified public accounting and consulting firm

Independent Auditor's Report

The Board of Directors
Southeast Colorado Enterprise Development, Inc.

We have audited the accompanying financial statements of the business-type activities of Southeast Colorado Enterprise Development, Inc., (SECED) as of and for the years ended December 31, 2016, and December 31, 2015, the related notes to the financial statements, which collectively comprise SECED's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

SECED's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of SECED, as of December 31, 2016, and December 31, 2015, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affect by this missing information.

Other Information

Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise SECED's basic financial statements. The schedule of revenues, expenses, and changes in net position-budget and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

May 15, 2017

Southeast Colorado Enterprise Development, Inc.
Statements of Financial Position
Proprietary Funds
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,374,647	\$ 2,120,887
Loans receivable	5,778,643	5,966,562
Loan loss reserve	(988,804)	(988,804)
Accounts receivable	35,058	101,716
Property held for resale	32,673	1,547
Total current assets	7,232,217	7,201,908
Non-current assets:		
Capital Assets:		
Land and improvements	15,680	15,680
Vehicles	40,724	35,572
Buildings	84,320	84,320
Equipment and furniture	174,769	121,355
Less: Accumulated Depreciation	(167,030)	(171,941)
Total non-current assets	148,463	84,986
Total assets	7,380,680	7,286,894
 LIABILITIES		
Current Liabilities:		
Accounts payable	24,978	19,003
Accrued leave	6,615	3,759
Total current liabilities	31,593	22,762
Total liabilities	31,593	22,762
 NET POSITION		
Investment in capital assets	148,463	84,986
Restricted for loans	4,789,838	4,980,397
Restricted for other purposes	32,673	1,547
Restricted by contract or grant RLF/RDLP	741,325	738,446
Restricted by contract or grant DOH	1,154,795	900,332
Unrestricted	481,993	558,424
Total position	\$ 7,349,087	\$ 7,264,132

The accompanying notes to financial statements
are an integral part of these statements.

Southeast Colorado Enterprise Development, Inc.
Statements of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the years ended December 31, 2016 and 2015

	2016	2015
REVENUES		
DOH housing rehabilitation contract	\$ 35,879	\$ 46,643
RLF business lending contract	34,800	117,740
Dues	23,918	24,042
Servicing and late fees	12,138	11,673
Capital reserve miscellaneous income	143	820
Operating grants	31,439	30,046
Loan interest	290,229	294,907
Miscellaneous	25,040	1,050
Total operating revenues	453,586	526,921
OPERATING EXPENSES		
Personnel	277,402	270,275
Insurance	8,293	7,488
Travel	3,559	4,094
Office expense	9,078	10,332
Special events	1,498	1,425
Signs and brochures	2,613	-
Legal	11,727	2,600
Computer software and maintenance	6,463	6,203
Accounting services	12,960	12,600
Other expenses	27,659	74,405
Bad debts	-	417,042
Rent and utilities	8,259	9,131
Depreciation	11,438	2,406
Total Operating Expenses	380,949	818,001
Operating income (loss)	72,637	(291,080)
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment revenue	12,318	5,735
Total non-operating revenue (expenses)	12,318	5,735
Income (loss) before contributions and transfers	84,955	(285,345)
Change in net position	84,955	(285,345)
Total net position - beginning	7,264,132	7,549,477
Total net position - ending	\$ 7,349,087	\$ 7,264,132

The accompanying notes to financial statements
are an integral part of these statements.

Southeast Colorado Enterprise Development, Inc.
 Statements of Cash Flows
 Proprietary Funds
 For the years ended December 31, 2016 and 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2016</u>	<u>2015</u>
Cash Received from Services Provided	\$ 647,906	\$ 473,924
Cash Received from Dues and Contributions	23,918	24,042
Cash Received from Gants	31,439	30,046
Cash Payments to Suppliers for Goods & Services	(109,504)	(117,741)
Cash Payments to Employees for Wages and Benefits	<u>(277,402)</u>	<u>(270,275)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>316,357</u>	<u>139,996</u>
 CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	<u>(74,915)</u>	<u>(9,158)</u>
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(74,915)</u>	<u>(9,158)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Income	<u>12,318</u>	<u>5,736</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,318</u>	<u>5,736</u>
NET (DECREASE) INCREASE IN CASH & CASH EQUIVALENTS	253,760	136,574
 CASH & CASH EQUIVALENTS:		
Beginning of Year	<u>2,120,887</u>	<u>1,984,313</u>
End of Year	<u><u>2,374,647</u></u>	<u><u>2,120,887</u></u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	72,637	(291,080)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:		
Change in Allowance Account	-	286,444
Depreciation	11,438	2,406
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	66,658	(71,034)
(Increase) Decrease in Loans Receivable	187,919	201,527
Increase (Decrease) in Assets Held for Sale	(31,126)	1,000
Increase (Decrease) in Accrued Leave	2,856	(4,681)
Increase (Decrease) in Payables	5,975	15,414
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 316,357</u></u>	<u><u>\$ 139,996</u></u>

The accompanying notes to financial statements
 are an integral part of these statements.

Southeast Colorado Enterprise Development, Inc.
Notes to Financial Statements
December 31, 2016 and 2015

Note 1 **Description of Entity:**

Southeast Colorado Enterprise Development, Inc. (SECED) is an independent entity organized under IRS Code Section 501(c) (3). The Southeast Colorado Enterprise Development, Inc. region is comprised of five counties and nineteen municipalities in southeast Colorado, but is not part of any government. Due to the close working relationship with various governmental entities within southeast Colorado, the Board of Directors has elected to report under generally accepted accounting principles as applicable to governmental entities as applied to governmental enterprise funds.

SECED is dedicated to the retention and preservation of economic activity within southeast Colorado, including but not limited to job creation and retention, marketing and promoting enterprise zone programs, and lending to eligible applicants for business loans and housing rehabilitation projects. The operations of each of these activities are directly controlled by the Board through the budgetary process and are included within this report.

Southeast Colorado Council of Governments (SECOG) is a component unit of SECED. The activity of SECOG is incorporated into the activity of SECED due to the board of directors being the same. In addition, all activity of SECOG is of direct benefit to SECED.

Note 2 **Summary of Significant Accounting Policies:**

The accounting policies of SECED conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Financial Reporting Entity:

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

Basis of Presentation and Accounting:

SECED's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. SECED applies all Governmental Accounting Standards Board (GASB) pronouncements and statements.

All activities of SECED are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that

the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to SECED is determined by its measurement focus. The transactions of SECED are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into "invested in capital assets, net of related liabilities"; "restricted for loans and other purposes"; and "unrestricted" components.

The statement of net position and the statement of revenues, expenses, and changes in net position display information about SECED as a whole.

Revenues - Exchange and Nonexchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For SECED, available means expected to be received within sixty days of year-end. SECED charges a loan fee to process loan applications. The loan fee is recognized as income in the year it is received.

Nonexchange transactions, in which SECED receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements for reimbursement have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which SECED must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to SECED on a reimbursement basis. On the accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the accrual basis, the following revenue sources are considered to be both measurable and available at year-end: loan repayments, dues, loan interest, grants, and donations.

Operating revenues consist of State of Colorado grant drawdowns, interest earned on loan repayments, marketing and other grants, donations, dues and other revenues. Non-operating income is interest income earned on investments.

Budgets and Budgetary Accounting:

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.

The budget calendar is as follows:

October 15	Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget received.
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Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. Appropriations for a fund may be increased provided unanticipated resources offset them. Local Governing Body not levying a property tax must adopt the budget and shall enact an ordinance or resolution making appropriations for the ensuing fiscal year.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end. No supplemental budgets were adopted during the year.

Capital Assets:

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The capitalization thresholds for SECED's capital assets are as follows:

Machinery and Equipment	\$ 2,500
Vehicles	\$ 5,000

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

SECED does not have any infrastructure assets.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment	3-10 years
Vehicles	5 years

Southeast Colorado Council of Governments:

SECED is a member of Southeast Colorado Council of Governments (SECOG). SECOG receives funding during the year. Those funding amounts are passed on to SECED.

Accrued Liabilities:

All payables and accrued liabilities are reported in the financial statements.

Net Position:

Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets, net of accumulated depreciation and related debt, if any.

Estimates:

The preparation of financial statements in conformity with accounting principles as applicable to governmental entities requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Cash & Cash Equivalents:

For purpose of cash & cash equivalents all cash in banks including money market accounts and certificates of deposits are considered cash and cash equivalents.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is based on a percent of loans receivable either individually by loan or as a group of loans after a review of all outstanding loans. None of the loans are on a nonaccrual basis even though some loans are more than 170 days past due.

Income Taxes:

SECED is not subject to federal income tax on income related to the operation of the projects under 501(c) (3) regulations. An informational return on Internal Revenue Form 990 is filed annually. Tax penalties and interest, if any, would be classified with income tax expense in the financial statements. No tax penalties or interest have been incurred or are recognized in the financial statements. Generally, three tax years remain subject to examination by tax jurisdiction.

Note 3 Loan Repayments:

Amounts received as DOH housing rehabilitation contracts and RLF business lending contracts are considered program income for federal grant compliance reporting. SECED is reimbursed a specific amount as reimbursement for administrative costs, which is included in the contract amounts.

Principal repayments are used for funding additional loans so the program becomes fully sustainable for future loans.

Note 4 Capital Assets:

Capital asset activity for the year ended December 31, 2016, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets being depreciated:				
Machinery and Equipment	\$ 241,247	\$ 74,915	\$ (16,348)	\$ 299,814
Less Accumulated Depreciation	(171,941)	(11,437)	16,348	(167,030)
Land	15,680	-	-	15,680
Business-type Activities Capital Assets, Net	\$ 84,986	\$ 63,478	\$ -	\$ 148,464

Depreciation expense was charged to functions of the primary government as follows:

Business-type activities:	
Loan program	\$ 11,437
Total depreciation expense – Business type activities	\$ 11,437

Note 5 Cash Deposits:

All cash is deposited in local financial institutions and consists of demand checking accounts and certificates of deposit. The corresponding balance is as follows:

	<u>2016</u>	<u>2015</u>
Insured Deposits (FDIC)	\$ 600,560	\$ 600,286
Collateralized Deposits (PDPA)	<u>1,774,088</u>	<u>1,520,601</u>
Total	<u>\$ 2,374,648</u>	<u>\$ 2,120,887</u>

Investments:

Colorado Statutes specify in which instruments the units of local government may invest which include:

Repurchase agreements,

Obligations of the United States or obligations unconditionally guaranteed by the United States,

Obligations of the State of Colorado and most general obligations of units of local governments,

Federally insured mortgages and student loans,

Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is "ColoTrust").

COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable.

SECED does not have any funds with ColoTrust. SECED is not considered a government entity, but does have protection under PDPA for amounts not covered by FDIC.

Note 6 Accrued Vacation and Sick Leave:

Vacation leave will be granted to employees after the successful completion of the first six months of employment. Vacation is earned at varying amounts based on length of employment. Unused vacation leave will be paid in full based upon the employee's current salary at the time of termination.

Sick leave can be accumulated up to, but no more than, 30 days. Sick leave will not be paid to terminated employees.

Note 7 State Grants and Contracts:

As part of its operations, SECED receives various grants from the State of Colorado and is awarded contracts to provide services in its trade area. SECED believes it is in compliance with all grant and contract requirements.

Note 8 Defined Contribution Pension Plans:

SECED is participating in a Defined Contribution Pension Plan through Colorado Counties Officials and Employees Retirement Association (CCOERA). The plan is funded by employee's contributions at 3 percent of gross salary with the SECED matching another 3 percent. Participation by employees is mandatory after six months of service. The amount paid into CCOERA by SECED in 2016 was \$6,559 and in 2015 was \$6,211 on eligible salaries of \$221,621 and \$207,049, respectively. Mandatory employee contributions in 2016 were \$6,559 and in 2015 were \$6,211. Voluntary contributions during 2016 and 2015 were \$8,300 and \$979, respectively. The employees are also covered by social security. All classes of employees are covered. The SECED board has the authority to make amendments to the plan to best serve the employees.

Note 9 Property Held for Resale:

During normal operations, SECED may acquire property through foreclosure. The property is reported as property held for resale. Some of the property may be rented to help defray some of the holding costs and to have a return on the asset. During 2016, property was foreclosed with the value of the loan being transferred to Property Held for Resale.

Note 10 Tax, Spending and Debt Limitations:

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

Note 11 Risk Management:

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; claims relating to

professional liability; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverages the past two years.

Note 12 Long Term Obligations:

SECED had no long-term obligations as of year-end.

Note 13 Revolving Loan Funds:

SECED has contracted with the State of Colorado to provide loan opportunities to qualifying individuals for business-type loans and housing rehabilitation projects in Southeast Colorado. The loans are approved by the State after SECED performs due diligence on the projects and loan applicants and after a vote of the Board is favorable to proceed with the loan. There are certain compliance requirements outlined in the contract relating to job creation and leveraging of funds provided by participating banks and investors that must be met in order to continue the loan program. SECED believes they are in compliance with all requirements as of year-end.

Note 14 Related Party Transactions:

During the normal course of business, SECED may enter into loan agreements with individuals that are employees and/or board members of the organization. These loans, if any, are made in accordance with guidelines as stipulated in the contracts and policies followed by SECED, and are considered arm's length transactions. All loans with related parties are made under the same lending criteria and approval conditions as other qualifying applicants. There were not any related party loans made during 2016 and 2015.

Note 15 Commitments:

During 2013, SECED began making line of credit loans to qualifying individual/businesses. As of December 31, 2016, SECED had committed to two lines of credit loans totaling \$125,000. \$34,728 was drawn down by the borrowers and \$17,995 has been repaid, leaving a balance of \$16,733 as of December 31, 2016. During 2015, SECED made two lines of credit loans. One requires an annual payment. The other loan made one payment. Of the LOC loans made during 2014, one was converted to a term loan, one was de-obligated, and one was paid in full. Total LOC loans outstanding as of December 31, 2016, totaled \$59,665 with December 31, 2015, totaling \$145,848.

Note 16 Concentration of Credit:

As of December 31, 2015 SECED had loans totaling \$3,497,237 to 8 different borrowers, some of which are past due greater than 170 days. The percentage of loans to those 8 borrowers is 57.4% of the total loans outstanding as of year-end.

As of December 31, 2016 SECED had loans totaling \$3,446,881 to 7 different borrowers, some of which are past due greater than 170 days. The percentage of loans to those 7 borrowers is 59.7% of the total loans outstanding as of year-end.

Southeast Colorado Enterprise Development, Inc.
Budget and Actual Non-GAAP (with Variances)
Business-Type Activity Enterprise Fund
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
REVENUES				
RLF business lending contract	\$ 8,000	\$ 8,000	\$ 34,800	\$ 26,800
DOH housing rehabilitation contract	93,286	93,286	35,879	(57,407)
Dues	26,552	26,552	23,918	(2,634)
Servicing and late fees	8,940	8,940	12,138	3,198
Gain on sale of assets	-	-	143	143
Operating grants	30,900	30,900	31,439	539
Loan interest	326,333	326,333	290,229	(36,104)
Miscellaneous	-	-	25,040	25,040
Total revenues	<u>494,011</u>	<u>494,011</u>	<u>453,586</u>	<u>(40,425)</u>
EXPENDITURES				
Personnel	299,869	299,869	277,402	22,467
Insurance	7,917	7,917	8,293	(376)
Travel	5,355	5,355	3,559	1,796
Office expense	11,986	11,986	9,078	2,908
Special events	1,428	1,428	1,498	(70)
Signs and brochures	-	-	2,613	(2,613)
Legal	2,197	2,197	11,727	(9,530)
Computer software and maintenance	6,704	6,704	6,463	241
Accounting services	12,600	12,600	12,960	(360)
Other expenses	56,321	56,321	27,659	28,662
Bad debts	60,000	60,000	-	60,000
Rent and utilities	9,251	9,251	8,259	992
Depreciation	4,896	4,896	11,438	(6,542)
Total Expenditures	<u>478,524</u>	<u>478,524</u>	<u>380,949</u>	<u>97,575</u>
Operating Income (Loss)	<u>15,487</u>	<u>15,487</u>	<u>72,637</u>	<u>57,150</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest	4,467	4,467	12,318	7,851
Total other financing sources and uses	<u>4,467</u>	<u>4,467</u>	<u>12,318</u>	<u>7,851</u>
Net change in fund balances	19,954	19,954	84,955	(65,001)
Retained Earnings - beginning	-	-	7,264,132	(7,264,132)
Retained Earnings - ending	<u>\$ 19,954</u>	<u>\$ 19,954</u>	<u>\$ 7,349,087</u>	<u>\$ (7,329,133)</u>