

**EUNICE STUDENT HOUSING
FOUNDATION, INC.**
Eunice, Louisiana

Financial Report

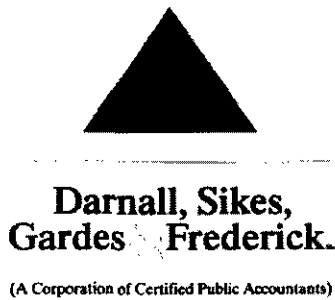
Years Ended August 31, 2004 and 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/2/05

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Independent Accountant's Report

The Board of Directors
Eunice Student Housing Foundation, Inc.
Eunice, Louisiana

We have audited the accompanying financial statements of the Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the years ended August 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Eunice Student Housing Foundation, Inc. as of August 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2005, on our consideration of Eunice Student Housing Foundation, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Eunice Student Housing Foundation, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

As described in Note 1, the Foundation has implemented a new financial reporting model, as required by the Provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, during the current fiscal year

Management’s discussion and analysis, supplementary information required by the Governmental Accounting Standards Board, is not a required part of the basic financial statements. The Foundation has not presented this information as part of the financial report for the fiscal year ended August 31, 2004.

Dannall, Sikes, Gardes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
January 7, 2005

BASIC FINANCIAL STATEMENTS

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statements of Net Assets
August 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
ASSETS		
Cash	\$ 48,711	\$ 79,995
Rents and fees receivable	57,080	146,785
Interest receivable	6,964	8,596
Cash - restricted	110,124	128,791
Investments - restricted for debt service, at fair market value	785,244	905,067
Prepaid expenses	<u>4,747</u>	<u>3,862</u>
	<u>1,012,870</u>	<u>1,273,096</u>
PROPERTY AND EQUIPMENT, at cost	5,294,666	5,294,666
Less: Accumulated depreciation	<u>(359,016)</u>	<u>(179,508)</u>
	<u>4,935,650</u>	<u>5,115,158</u>
OTHER ASSETS		
Loan costs, net of amortization	<u>245,992</u>	<u>254,778</u>
TOTAL ASSETS	<u>\$ 6,194,512</u>	<u>\$ 6,643,032</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Cash overdraft	\$ 44,880	\$ 2,653
Accounts payable	4,943	12,112
Accrued interest payable	258,125	258,125
Management fees payable	42,270	21,000
Deferred rent revenue	72,355	130,469
Security deposits	<u>27,575</u>	<u>28,125</u>
	<u>450,148</u>	<u>452,484</u>
Revenue bonds payable	7,000,000	7,000,000
Unamortized discount	<u>(304,275)</u>	<u>(306,751)</u>
	<u>6,695,725</u>	<u>6,693,249</u>
TOTAL LIABILITIES	<u>7,145,873</u>	<u>7,145,733</u>
NET ASSETS		
Invested in capital assets, net of debt	(359,016)	(179,508)
Restricted	860,245	999,664
Unrestricted	<u>(1,452,590)</u>	<u>(1,322,857)</u>
Total net assets (deficit)	<u>(951,361)</u>	<u>(502,701)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,194,512</u>	<u>\$ 6,643,032</u>

See accompanying notes and accountant's report.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statements of Revenue, Expenses and Changes in Fund Net Assets
 Years Ended August 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
SUPPORT AND REVENUE		
Apartment rent	\$ 496,503	\$ 401,293
Fee income	29,937	26,252
Interest income	32,802	34,255
Appreciation (depreciation) in fair market value of investments	-	(4,201)
Miscellaneous	<u>4,610</u>	<u>13,164</u>
Total support and revenue	563,852	470,763
 OPERATING, GENERAL, AND AND ADMINISTRATIVE EXPENSES	 <u>1,012,512</u>	 <u>1,029,663</u>
 DEFICIT IN NET ASSETS	 (448,660)	 (558,900)
 NET ASSETS, beginning of the year	 <u>(502,701)</u>	 <u>56,199</u>
 NET ASSETS (DEFICIT), end of the year	 <u>\$ (951,361)</u>	 <u>\$ (502,701)</u>

See accompanying notes and accountant's report.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Statements of Cash Flows
Years Ended August 31, 2004 and 2003

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (448,660)	\$ (558,900)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation and amortization	190,770	190,592
Unrealized depreciation of investments	-	4,201
Increase (decrease) in:		
Rent and fees receivable	89,705	(46,962)
Interest receivable	1,632	2,487
Prepaid expenses	(885)	(3,862)
(Increase) decrease in:		
Accounts payable	(7,169)	12,115
Interest payable	-	(63,098)
Management fees payable	21,270	21,000
Deferred rent revenue	(58,114)	28,885
Security deposits payable	(550)	6,875
Net cash used by operating activities	<u>(212,001)</u>	<u>(406,667)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction of Bengal Village	-	(1,521,874)
Sale of interest bearing deposits	119,823	-
Net cash used by investing activities	<u>119,823</u>	<u>(1,521,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from cash overdraft	42,227	2,653
Net cash provided by financing activities	<u>42,227</u>	<u>2,653</u>
Net decrease in cash and cash equivalents	(49,951)	(1,925,888)
CASH AND CASH EQUIVALENTS, beginning of year	<u>208,786</u>	<u>2,134,674</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 158,835</u>	<u>\$ 208,786</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, end of year		
Cash - unrestricted	\$ 48,711	\$ 79,995
Cash - restricted	110,124	128,791
Total cash and cash equivalents	<u>\$ 158,835</u>	<u>\$ 208,786</u>
SUPPLEMENTAL DATA		
Interest paid	<u>\$ 518,727</u>	<u>\$ 579,347</u>

See accompanying notes and accountant's report.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

The Eunice Student Housing Foundation, Inc. (The Foundation) is a not-for-profit organization as outlined in the Internal Revenue Code Section 501(c)(3). The Foundation provides student housing on the campus of Louisiana State University at Eunice, Louisiana known as Bengal Village. The Bengal Village apartment complex consists of 58 units and is managed by Century Development Housing Management, L.P. (Century). The management agreement commenced August 1, 2002 for a term of 15 years through July 31, 2017. Thereafter, the agreement shall be automatically renewed annually unless terminated. All personnel employed in the leasing, management, maintenance and operation of Bengal Village are employees of Century.

Reporting Entity

GASB Statement No. 14, The Reporting Entity, established criteria for determining the *governmental reporting entity and component units that should be included within the reporting entity*. Under provisions of this statement, the Foundation is considered a component unit of the Louisiana State University System. As a component unit, the audited financial statements of the Eunice Student Housing Foundation will be included in the basic financial statements of the Louisiana State University System, a component unit of the State of Louisiana, and in the basic financial statements of the Louisiana State University at Eunice for the year ended June 30, 2004. The accompanying financial statements present information only on the funds maintained by the Eunice Student Housing Foundation.

Basis of Accounting

The Foundation utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis of accounting in accordance with generally accepted accounting principles.

Additionally, the Foundation restated the 2003 statements to conform to the 2004 statements.

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is calculated over the estimated useful lives of the respective assets using the straight-line method.

Maintenance, Capitalization, and Disposal Policies

Repairs and maintenance are expensed as incurred. Expenditures incurred in the construction or that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid interest-bearing deposits with a maturity of three months or less when purchased.

Use of Estimates

Preparation of The Foundation's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 TAX STATUS

The Foundation is accorded tax-exempt status under the Internal Revenue Code Section 501(c)(3). It is also exempt from Louisiana income tax. Accordingly, no provision is required for income taxes.

The Foundation is not a private foundation as determined under Section 509(a) of the Internal Revenue Code.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 CASH AND CASH EQUIVALENTS

	<u>2004</u>	<u>2003</u>
Cash overdraft:		
J. P. Morgan Chase - operating	\$ (44,870)	\$ (2,653)
Unrestricted:		
Petty cash	\$ 300	\$ 300
St. Landry Bank - rental deposits	12,516	1,083
Bank of New York Trust Co. of Florida:		
Operating expense	2,266	16,302
Security deposits	<u>33,629</u>	<u>62,310</u>
Total unrestricted cash	<u>48,711</u>	<u>79,995</u>
Restricted:		
St. Landry Bank - security deposits	35,123	34,194
Bank of New York Trust Co. of Florida:		
Capital reserve	38,245	17,422
Principal Account	<u>36,756</u>	<u>77,175</u>
Total restricted cash and cash equivalents	<u>110,124</u>	<u>128,791</u>
Total cash and cash equivalents	<u>\$ 158,835</u>	<u>\$ 208,786</u>
	<u>Bank Balance</u>	<u>Bank Balance</u>
	<u>2004</u>	<u>2003</u>
Unrestricted:		
J. P. Morgan Chase - operating	\$ 12,298	\$ 24,733
St. Landry Bank - rental deposits	12,516	1,083
Bank of New York Trust Co. of Florida:		
Operating expense	2,266	16,308
Security deposits	<u>33,629</u>	<u>62,110</u>
Total unrestricted cash	<u>60,709</u>	<u>104,234</u>
Restricted:		
St. Landry Bank - security deposits	35,123	34,194
Bank of New York Trust Co. of Florida:		
Capital reserve	38,245	17,427
Principal Account	<u>36,756</u>	<u>77,175</u>
Total restricted cash	<u>110,124</u>	<u>128,796</u>
Total cash and cash equivalents	<u>\$ 170,833</u>	<u>\$ 233,030</u>

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

NOTE 4 RESTRICTED INVESTMENTS

	<u>2004</u>	<u>2003</u>
Investments:		
Bank of New York Trust Co. of Florida:		
Debt Service Trust Fund-US Treasury Notes (Cost of \$611,000)	\$ 650,954	\$ 646,514
Debt Service Trust Fund-Fidelity US Treasury	<u>134,290</u>	<u>258,553</u>
	<u>\$ 785,244</u>	<u>\$ 905,067</u>
	<u>Bank Balance</u>	<u>Bank Balance</u>
	<u>2004</u>	<u>2003</u>
Investments:		
Bank of New York Trust Co. of Florida:		
Debt Service Trust Fund-US Treasury Notes (Cost of \$611,000)	\$ 650,954	\$ 646,514
Debt Service Trust Fund-Fidelity US Treasury	<u>134,290</u>	<u>258,553</u>
	<u>\$ 785,244</u>	<u>\$ 905,067</u>

NOTE 5 LOAN COSTS

Loan costs are being amortized over 30 years. Accumulated amortization are \$17,571 and \$8,785 at August 31, 2004 and 2003, respectively.

NOTE 6 NET DEFICIT

The year ending August 31, 2003 was the first full year of rental activity for Bengal Village. Management has begun to address the deficit. Rent revenue for the current year has increased by 24% but has not yet achieved budgeted amounts. Bad debts have decreased by 36% in the same period. Management is continuing efforts to increase occupancy.

NOTE 7 PROPERTY AND EQUIPMENT

<u>Category</u>	<u>Cost</u>	<u>Estimated Useful Lives</u>
Building	\$ 4,361,642	40 years
Streets, sidewalks and pool	352,064	40 years
Fences, gates & signs	109,255	15 years
Interior fixtures	47,931	5 years
Furniture & lighting	321,890	10 years
Office equipment	24,178	5 years
Equipment	<u>77,706</u>	10 years
Total depreciable assets	5,294,666	
Less: Accumulated depreciation	<u>(359,016)</u>	
Net depreciable assets	<u>\$ 4,935,650</u>	

EUNICE STUDENT HOUSING FOUNDATION, INC.

Notes to Financial Statements

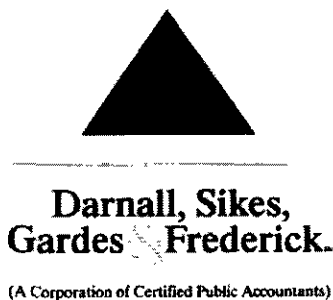
NOTE 8 LONG TERM DEBT

	<u>2004</u>	<u>2003</u>
Louisiana Local Government Environmental Facilities and Community Development Authority Revenue Bonds Services 2002, issued January 1, 2002, at a coupon rate of 7.375%, principal payments begin September, 2005 with final payment due September, 2033. Proceeds of bond utilized for construction, improvement and equipping student housing at LSUE.	<u>\$7,000,000</u>	<u>\$7,000,000</u>
Less current maturities	<u>-</u>	<u>-</u>
	<u>\$7,000,000</u>	<u>\$7,000,000</u>

Principal payments on the above notes are as follows:

<u>Fiscal Year Ending August 31,</u>	
2005	\$ -
2006	15,000
2007	30,000
2008	50,000
2009	70,000
Thereafter	<u>6,835,000</u>
Total principal payments	<u>\$7,000,000</u>

INTERNAL CONTROL AND COMPLIANCE



**Independent Auditor's Report on Compliance and
On Internal Control over Financial
Reporting Based on an Audit of
Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Board of Directors
Eunice Student Housing Foundation, Inc.
Eunice, Louisiana

We have audited the financial statements of Eunice Student Housing Foundation, Inc. (a nonprofit organization), as of and for the year ended August 31, 2004, and have issued our report thereon dated January 7, 2005. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Eunice Student Housing Foundation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eunice Student Housing Foundation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in

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relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specific parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Dannall, Sikes, Gardes & Frederick
A Corporation of Certified Public Accountants

Eunice, Louisiana
January 7, 2005

EUNICE STUDENT HOUSING FOUNDATION, INC.

Summary of Prior Year Findings
Year Ended August 31, 2004

There are no prior year findings.

EUNICE STUDENT HOUSING FOUNDATION, INC.

Schedule of Findings and Questioned Costs
Year Ended August 31, 2004

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on Eunice Student Housing Foundation, Inc.'s financial statements as of and for the year ended August 31, 2004.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control over financial reporting disclosed during the audit of the financial statements.

Material Noncompliance-Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended August 31, 2004.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part III Findings and Questioned Costs Relating to Federal Programs

This section is not applicable for the fiscal year ended August 31, 2004.

SUPPLEMENTAL INFORMATION

EUNICE STUDENT HOUSING FOUNDATION, INC.

Schedules of Operating, General and Administrative Expenses
Years Ended August 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Advertising	\$ 10,972	\$ 3,531
Amortization expense	8,786	8,785
Bad debt expense	26,382	41,458
Contract services	22,649	14,541
Depreciation expense	179,508	179,508
Employee benefit	419	240
Insurance	15,853	84,835
Interest expense	518,727	518,549
Management fee	42,270	42,000
Meals and entertainment	712	381
Miscellaneous	8,281	733
Office expense	3,932	-
Payroll taxes	4,931	5,126
Postage	1,762	2,041
Professional fees	9,880	-
Repair and maintenance	9,381	1,306
Salaries	73,125	63,978
Supplies	2,486	1,921
Telephone	9,346	8,281
Training	442	888
Travel	4,069	1,332
Trustee Fee	5,417	1,938
Uniform	271	393
Utility	<u>52,911</u>	<u>47,898</u>
	<u>\$ 1,012,512</u>	<u>\$ 1,029,663</u>

See independent auditor's report on additional information.