

SECOND CHANCE ANIMAL SERVICES, INC.

**FINANCIAL STATEMENTS
WITH SUPPLEMENTAL SCHEDULE**

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH

INDEPENDENT AUDITORS' REPORT

SECOND CHANCE ANIMAL SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Second Chance Animal Services, Inc.

East Brookfield, MA

We have audited the accompanying financial statements of **Second Chance Animal Services, Inc.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Second Chance Animal Services, Inc.** as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule I - Functional Expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited **Second Chance Animal Services, Inc.**'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stolberg, Ebbeling & Blanchette, LLP
Worcester, Massachusetts
March 28, 2018

SECOND CHANCE ANIMAL SERVICES, INC.

Statements of Financial Position
December 31, 2017
(With Summarized Comparative Information for December 31, 2016)

Assets		
	2017	2016
Current assets		
Cash	\$ 282,778	\$ 139,182
Program service fees receivable, net	28,089	27,567
Inventory	106,101	61,186
Prepaid expenses	13,624	20,489
	<u>430,592</u>	<u>248,424</u>
Property and equipment		
Land	194,358	143,193
Buildings	760,302	581,855
Equipment	607,107	429,666
Furniture and fixtures	6,337	5,547
Motor vehicles	428,974	428,974
Leasehold improvements	604,118	458,423
	<u>2,601,196</u>	<u>2,047,658</u>
Less - accumulated depreciation	659,075	495,861
	<u>1,942,121</u>	<u>1,551,797</u>
Other assets		
Investments	408,702	317,534
Security deposits	2,400	2,400
	<u>411,102</u>	<u>319,934</u>
Total assets	<u>\$ 2,783,815</u>	<u>\$ 2,120,155</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 6,489	\$ 6,247
Accounts payable	27,936	860
Accrued expenses	108,112	58,203
Credit card payable	32,544	52,290
	<u>175,081</u>	<u>117,600</u>
Long-term debt, net of current portion	<u>164,238</u>	<u>170,726</u>
Total liabilities	<u>339,319</u>	<u>288,326</u>
Net assets		
Unrestricted	2,247,747	1,761,335
Temporarily restricted	196,749	70,494
	<u>2,444,496</u>	<u>1,831,829</u>
Total liabilities and net assets	<u>\$ 2,783,815</u>	<u>\$ 2,120,155</u>

See independent auditors' report and notes to financial statements

SECOND CHANCE ANIMAL SERVICES, INC.

Statements of Activities

For the Year Ended December 31, 2017

(With Summarized Comparative Information for December 31, 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
Program revenue	\$ 2,048,552	\$ -	\$ 2,048,552	\$ 1,577,962
Other revenue				
Contributions	595,336	-	595,336	501,094
Grants	364,024	425,740	789,764	400,442
Fundraising	95,713	-	95,713	86,677
Interest	80	-	80	192
Net investment return	16,168	-	16,168	5,946
Gain (loss) on sale of property and equipment	194,322	-	194,322	(36,695)
Net assets released from restrictions	299,485	(299,485)	-	-
	<u>1,565,128</u>	<u>126,255</u>	<u>1,691,383</u>	<u>957,656</u>
Total revenues	<u>3,613,680</u>	<u>126,255</u>	<u>3,739,935</u>	<u>2,535,618</u>
Expenses				
Program services	2,804,804	-	2,804,804	2,238,986
General and administrative	202,069	-	202,069	151,381
Fundraising	120,395	-	120,395	94,107
	<u>3,127,268</u>	<u>-</u>	<u>3,127,268</u>	<u>2,484,474</u>
Increase in net assets	486,412	126,255	612,667	51,144
Net assets, beginning of year	<u>1,761,335</u>	<u>70,494</u>	<u>1,831,829</u>	<u>1,780,685</u>
Net assets, end of year	<u>\$ 2,247,747</u>	<u>\$ 196,749</u>	<u>\$ 2,444,496</u>	<u>\$ 1,831,829</u>

See independent auditors' report and notes to financial statements

SECOND CHANCE ANIMAL SERVICES, INC.

Statements of Cash Flows
For the Year Ended December 31, 2017
(With Summarized Comparative Information for December 31, 2016)

	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 612,667	\$ 51,144
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	176,120	205,735
(Gain) loss on sale of property and equipment	(194,322)	40,859
Increase in allowance for uncollectible accounts	-	6,000
Net investment return	(16,168)	(5,946)
(Increase) decrease in operating assets:		
Prepaid expenses	6,865	(1,400)
Inventory	(44,915)	(42,659)
Program service fee receivable	(522)	(23,457)
Increase (decrease) in operating liabilities:		
Accounts payable	27,076	860
Accrued expenses	49,909	18,017
Credit card payable	(19,746)	24,464
Net cash provided by operating activities	<u>596,964</u>	<u>273,617</u>
Cash flows from investing activities		
Sales (purchases) of short-term investments	(75,000)	221,000
Purchases of property and equipment	(599,628)	(579,257)
Proceeds received from sale of property and equipment	227,506	8,305
Net cash used for investing activities	<u>(447,122)</u>	<u>(349,952)</u>
Cash flows from financing activities		
Principal payments on long-term debt	<u>(6,246)</u>	<u>(3,027)</u>
Net increase (decrease) in cash	143,596	(79,362)
Cash - beginning of year	<u>139,182</u>	<u>218,544</u>
Cash - end of year	<u><u>\$ 282,778</u></u>	<u><u>\$ 139,182</u></u>

Continued --

SECOND CHANCE ANIMAL SERVICES, INC.

Statements of Cash Flows (Continued)
For the Year Ended December 31, 2017
(With Summarized Comparative Information for December 31, 2016)

	2017	2016
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 6,281</u>	<u>\$ 3,413</u>
Summary of non-cash transactions		
Property and equipment acquired through the assumption of long-term debt	<u>\$ -</u>	<u>\$ 180,000</u>

See independent auditors' report and notes to financial statements

SECOND CHANCE ANIMAL SERVICES, INC.

Note to Financial Statements

1. Nature of Activities

Second Chance Animal Services, Inc. (the Organization), a Massachusetts not-for-profit corporation, is dedicated to providing shelter and veterinary services for unwanted animals until a suitable home can be found. On June 13, 2017, the Organization changed its name from Second Chance Animal Shelter, Inc. to Second Chance Animal Services, Inc.. The Organization provides spay and neuter services, an adoption program and vaccination services to animals in central Massachusetts. During 2017, the Organization performed 4,669 spay and neuter procedures and facilitated 1,700 adoptions. The Organization is supported primarily through service fees, donor contributions and grants.

2. Summary of Significant Accounting Policies

Method of Accounting

The Organization maintains its accounting records and prepares its financial statements on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization's resources are classified into net asset categories based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the Organization and changes therein are reported in the following net asset categories:

Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations and include revenues and expenses associated with the principal mission of the Organization. The board of directors has discretionary control over all of these assets. The board may elect to designate such resources for specific purposes. These designations may be removed at the board's discretion.

Temporarily restricted net assets represent net assets subject to donor-imposed or grant stipulations for specific operating or capital purposes. These assets will become unrestricted when the requirements of the donor or grantor have been satisfied either by the expenditure for the specified purpose or program or through the passage of time.

Permanently restricted net assets represent net assets accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. Investment income may be either an unrestricted or temporarily restricted resource when earned, determined according to the gift instrument. The Organization currently has no net assets reportable as permanently restricted net assets.

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SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016 from which the summarized information was derived.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. Cash and short-term investments held in the investment account are reported as investments instead of cash because the Organization holds those funds as part of its investments.

Program Service Fees Receivable

Program service fees receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of customers to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. The allowance for doubtful accounts was \$6,000 at December 31, 2017 and December 31, 2016.

Inventory

Inventory, which consists primarily of dietary foods and medicine, are valued at the lower of cost or net realizable value. Cost is determined on the first-in, first-out method. Donated items are recorded at estimated fair value at the date of donation.

Investments

The Organization carries investments in marketable securities with readily determinable fair value and all investments in certificate of deposits at their fair values or similar instruments based on quoted prices in active markets (all Level 1 measurements, see Note 7) in the statements of financial position. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near-term would materially affect the amounts reported in the financial statements.

Gains or losses on investments are reported in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income is recorded as unrestricted net assets unless its use is temporarily or permanently restricted by explicit donor stipulations.

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SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Contributions and Grants

Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

Contributed Services and Materials

Amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise.

During 2017 and 2016, donated services consisted of:

	2017	2016
Legal services	\$ 39,741	\$ 22,679
Accounting services	5,500	3,500
Advertising services	120,767	125,868
	<u>\$ 166,008</u>	<u>\$ 152,047</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization and its facilities. Management estimates that it received more than 50,000 volunteer hours per year from 325 volunteers in 2017. The volunteer hours have not been recorded in the statement of activity.

Property and Equipment and Depreciation

Property and equipment are stated at cost, if purchased or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than \$1,000 are expensed.

Donated property and equipment are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years.

Continued --

SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (Continued)

Valuation of Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment in accordance with generally accepted accounting principles in the United States of America whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs associated with the sale. The Organization has determined that no long-lived assets are impaired at December 31, 2017.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax is required.

The Organization evaluates all significant tax positions as required by generally accepted account principles in the United States of America. As of December 31, 2017, the Organization does not believe it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months. The Organization's income tax and information returns are subject to examination by the Internal Revenue Service and Massachusetts. As of December 31, 2017, the Organization's federal and state returns generally remain open for the last three years.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising and awareness outreach costs are expensed as incurred and totaled \$147,788 and \$178,492 in 2017 and 2016, respectively.

Reclassification

Certain accounts previously reported in the 2016 financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on 2016 net income as previously reported.

Subsequent Events

The Organization has evaluated subsequent events through March 28, 2018, the date the financial statements were available to be issued.

SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

3. Investments

Investments consist of the following at December 31, 2017 and 2016:

	December 31, 2017		December 31, 2016	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 113,834	\$ 113,834	\$ 183,572	\$ 183,572
Certificate of deposit	180,567	179,898	34,384	34,423
Stocks	5,140	7,459	5,140	6,673
Mutual funds	96,798	107,511	93,883	92,866
	<u>\$ 396,339</u>	<u>\$ 408,702</u>	<u>\$ 316,979</u>	<u>\$ 317,534</u>

The following schedule summarizes investment returns and their classification in the statements of activities for the years ended December 31, 2017 and 2016:

	December 31, 2017		
	Unrestricted	Temporarily Restricted	Total
Interest income	\$ 6,264	\$ -	\$ 6,264
Net realized and unrealized losses	10,083	-	10,083
Investment management fees	(179)	-	(179)
Total investment return	<u>\$ 16,168</u>	<u>\$ -</u>	<u>\$ 16,168</u>

	December 31, 2016		
	Unrestricted	Temporarily Restricted	Total
Interest income	\$ 4,269	\$ -	\$ 4,269
Net realized and unrealized gains	1,759	-	1,759
Investment management fees	(82)	-	(82)
Total investment return	<u>\$ 5,946</u>	<u>\$ -</u>	<u>\$ 5,946</u>

4. Line of Credit

On August 31, 2017, the Organization obtained a \$50,000 demand line of credit secured by the assets of the Organization. Interest is payable monthly at the bank's prime rate plus 1.5% (6% at December 31, 2017).

SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

5. Long-Term Debt

Long-term debt consists of the following at December 31:

	2017	2016
Note payable, bank, in monthly installments of \$1,072, consisting of principle, plus interest at 3.75% through June 2021. The bank shall have the option of resetting the interest rate on the fifth anniversary date (2021) and each succeeding five year anniversary of that date. The Note is secured by a mortgage on another property and the entire balance of principal and interest is due June 2036.	\$ 170,727	\$ 176,973
Total	170,727	176,973
Less - current portion	6,489	6,247
Long-term portion	<u>\$ 164,238</u>	<u>\$ 170,726</u>

Annual principal payments are due as follows:

Year-ending December 31,		
2018	\$	6,489
2019		6,740
2020		6,984
2021		7,271
2022		7,553
Thereafter		135,690
Total	\$	<u>170,727</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 and 2016 were available for the following purposes:

	2017	2016
Construction and equipment	\$ 120,458	\$ -
Project Good Dog	27,798	-
Pets for Life	16,750	-
Transportation program	13,605	-
Spay/neuter program	7,125	-
Veterinary services	6,388	27,523
Building materials	3,103	18,000
Veterinary equipment	1,522	23,796
Educational outreach	-	1,175
	<u>\$ 196,749</u>	<u>\$ 70,494</u>

SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

7. Fair Value

The Organization measures its financial instruments at fair value according to accounting principles generally accepted in the United States of America. Generally accepted accounting principles provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under generally accepted accounting principles in the United States of America are described below:

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Valuation is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables present by level, within the fair value hierarchy, the Organization's investment assets at fair value, as of December 31, 2017 and 2016:

December 31, 2017	Total	Level 1	Level 2	Level 3
Investments				
Cash	\$ 113,834	\$ 113,834	\$ -	\$ -
Certificate of deposit	179,898	179,898	-	-
Stocks	7,459	7,459	-	-
Mutual funds	107,511	107,511	-	-
Total investments	<u>\$ 408,702</u>	<u>\$ 408,702</u>	<u>\$ -</u>	<u>\$ -</u>

Continued --

SECOND CHANCE ANIMAL SERVICES, INC.

Notes to Financial Statements

7. Fair Value (Continued)

December 31, 2016	Total	Level 1	Level 2	Level 3
Investments				
Cash	\$ 183,572	\$ 183,572	\$ -	\$ -
Certificates of deposit	34,423	34,423	-	-
Stocks	6,673	6,673	-	-
Mutual funds	92,866	92,866	-	-
Total investments	<u>\$ 317,534</u>	<u>\$ 317,534</u>	<u>\$ -</u>	<u>\$ -</u>

The stocks are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds include publicly traded funds valued at quoted market prices. There were no changes in the methodologies used to measure assets at fair value during 2017.

8. Retirement Plan

The Organization has a 403(b) defined contribution pension plan covering substantially all employees. Under the plan, employees can contribute a percentage of their salary, or a fixed dollar amount to the plan. The Organization may agree to make “nonelective” contributions to their employees’ 403(b) plans. The Organization did not make a contribution to the pension plan in 2017 or 2016.

9. Commitments and Contingencies

In March 2015, the Organization entered into a three year lease for its Springfield location with an unrelated party under a non-cancelable operating lease that expires on May 31, 2018. The lease contains one three year option. Rental payments totaled \$14,400 for the year ended December 31, 2017.

Future minimum lease payments are as follows:

Year ending, December 31, 2018	<u>\$ 6,000</u>
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10. Concentrations

The Organization has a concentration of credit represented by cash balances in financial institutions which occasionally exceed federal deposit insurance limits. The financial stability of this institution is continually reviewed by senior management.

See independent auditors’ report

SECOND CHANCE ANIMAL SERVICES, INC.

Schedule I - Functional Expenses

For the Year Ended December 31, 2017

(With Summarized Comparative Information for December 31, 2016)

	Program Services	General and Administrative	Fundraising	Total 2017	Total 2016
Salaries	\$ 1,316,317	\$ 102,846	\$ 58,648	\$ 1,477,811	\$ 1,168,697
Supplies	776,015	-	22,708	798,723	501,887
Depreciation	156,874	12,257	6,989	176,120	205,735
Outreach	144,488	-	3,300	147,788	178,492
Payroll taxes	117,639	9,256	5,278	132,173	106,250
Occupancy	69,185	5,405	3,082	77,672	54,495
Employee benefits	39,303	4,266	-	43,569	45,976
Insurance	38,092	2,849	-	40,941	31,154
Outside services	45,726	8,354	-	54,080	28,789
Printing and postage	3,175	1,623	18,530	23,328	28,326
Bank and credit card fees	25,147	-	1,039	26,186	19,721
Transportation	21,241	-	-	21,241	17,360
Travel	5,141	-	-	5,141	11,078
Office expenses	7,295	788	-	8,083	10,873
Professional fees	-	52,985	-	52,985	41,609
Internet and website	7,203	563	321	8,087	8,802
Repairs and maintenance	14,622	-	-	14,622	8,575
Bad debt expense	-	-	-	-	6,000
Miscellaneous	5,626	440	251	6,317	3,789
Interest expense	6,120	-	-	6,120	3,453
Seminars and training	5,595	437	249	6,281	3,413
	\$ 2,804,804	\$ 202,069	\$ 120,395	\$ 3,127,268	\$ 2,484,474

See accompanying independent auditors' report and notes to financial statements