

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Year Ended December 31, 2019



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FORTH AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Forth and Affiliate
Portland, Oregon

We have audited the accompanying consolidated financial statements of Forth and Affiliate (a non-profit organization), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements.

Management's Responsibility for the Consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Forth and Affiliate as of December 31, 2019, 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.

To the Board of Directors
Forth and Affiliate

Other Matters

Report on Summarized Comparative Information

We have previously audited Forth and Affiliate's 2018 consolidated financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented on pages 13-15 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, 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.

Kern & Thompson, LLC

Portland, Oregon
March 25, 2020

FORTH AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2019
(With Comparative Totals as of December 31, 2018)

ASSETS

	2019	2018
Cash and cash equivalents	\$ 1,549,572	\$ 1,205,743
Grants and contracts receivable	40,692	115,721
Prepaid expense	67,286	48,862
Fixed assets, net	4,817	6,881
Total assets	\$ 1,662,367	\$ 1,377,207

LIABILITIES AND NET ASSETS

Accounts payable	\$ 17,812	\$ 43,974
Accrued compensation	37,260	28,792
Deferred revenue	-	7,500
Deferred rent	28,272	19,688
Total liabilities	83,344	99,954
Net assets		
Without donor restrictions	646,651	537,508
With donor restrictions	932,372	739,745
Total net assets	1,579,023	1,277,253
Total liabilities and net assets	\$ 1,662,367	\$ 1,377,207

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Revenues and other support				
Foundation grants	\$ -	\$ 782,000	\$ 782,000	\$ 305,300
Clean fuels program	-	797,004	797,004	794,547
Donations	1,094	-	1,094	1,898
Government contracts	695,229	-	695,229	623,759
Membership dues	193,449	-	193,449	130,812
Program fees	256,952	-	256,952	177,324
Event income	386,888	-	386,888	267,085
Sponsorship	268,406	-	268,406	301,814
In-kind contributions	37,900	-	37,900	-
Other income	10,459	-	10,459	2,605
Interest income	5,131	-	5,131	2,598
	<u>1,855,508</u>	<u>1,579,004</u>	<u>3,434,512</u>	<u>2,607,742</u>
Net assets released from restriction	<u>1,386,377</u>	<u>(1,386,377)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>3,241,885</u>	<u>192,627</u>	<u>3,434,512</u>	<u>2,607,742</u>
Expenses				
Program services	2,772,905	-	2,772,905	1,896,794
Supporting services				
Management	276,279	-	276,279	155,779
Fundraising	83,558	-	83,558	48,584
Total expenses	<u>3,132,742</u>	<u>-</u>	<u>3,132,742</u>	<u>2,101,157</u>
Change in net assets	109,143	192,627	301,770	506,585
Net assets, beginning of year	<u>537,508</u>	<u>739,745</u>	<u>1,277,253</u>	<u>770,668</u>
Net assets, end of year	<u>\$ 646,651</u>	<u>\$ 932,372</u>	<u>\$ 1,579,023</u>	<u>\$ 1,277,253</u>

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Accelerate Market Adoption	Strengthen the Industry Network	Demonstrate Smart Trans- portation	Advance Trans- portation Policy	Total Program	Manage- ment	Fund- raising	2019	2018
Salaries	\$ 294,791	\$ 124,517	\$ 285,605	\$ 63,220	\$ 768,133	\$ 237,898	\$ 39,934	\$ 1,045,965	\$ 615,965
Payroll taxes and benefits	69,841	19,067	46,638	5,843	141,389	97,695	8,309	247,393	135,511
Contract and professional services	663,164	51,686	75,077	61,105	851,032	190,326	8,819	1,050,177	832,296
Grants awarded	-	-	-	-	-	-	-	-	-
Occupancy and telecommunications	41,320	4,701	10,994	1,995	59,010	35,140	1,128	95,278	50,769
Supplies and materials	24,916	4,545	37,043	-	66,504	36,696	13	103,213	23,673
Travel and meetings	19,657	34,642	51,669	6,767	112,735	24,293	6,067	143,095	101,098
Event expense	21,861	297,806	10,651	2,365	332,683	28,939	343	361,965	287,648
Equipment rental and maintenance	17,609	596	-	-	18,205	4,541	-	22,746	19,499
Insurance	3,209	-	-	-	3,209	47,855	-	51,064	28,822
Depreciation	-	-	-	-	-	2,064	-	2,064	2,064
Miscellaneous expense	2,573	45	487	140	3,245	6,522	15	9,782	3,812
Indirect expense	209,784	56,330	128,988	21,658	416,760	(435,690)	18,930	-	-
	\$ 1,368,725	\$ 593,935	\$ 647,152	\$ 163,093	\$ 2,772,905	\$ 276,279	\$ 83,558	\$ 3,132,742	\$ 2,101,157

See notes to consolidated financial statements.

FORTH AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

(With Comparative Totals for the Year Ended December 31, 2018)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 301,770	\$ 506,585
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,064	2,064
Changes in assets and liabilities:		
Grants and contracts receivable	75,029	(14,188)
Prepaid expenses	(18,424)	(40,271)
Accounts payable	(26,162)	(49,152)
Accrued compensation	8,468	11,552
Deferred rent	8,584	19,688
Deferred revenue	(7,500)	-
Net cash provided by (used in) operating activities	343,829	436,278
Cash and cash equivalents, beginning of year	1,205,743	769,465
Cash and cash equivalents, end of year	\$ 1,549,572	\$ 1,205,743

See notes to consolidated financial statements.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

Forth is a nonprofit 501(c)(6) public-private partnership dedicated to accelerating the use of smart transportation to move people and goods in a more efficient and cleaner way. Forth has over 175 members from across the industry in the Pacific Northwest and beyond.

Forth is affiliated with Forth Mobility Fund, a 501(c)(3) philanthropic organization that supports research, public education, and other programming on how electric, shared and smart transportation choices can strengthen the economy.

Forth and Forth Mobility Fund (collectively, the Organization) conduct the following programs:

Accelerate Market Adoption – The Organization partners with a broad range of organizations to help increase awareness, improve access, and demonstrate the benefits of smart transportation for potential consumers, especially in traditionally underserved communities. During 2019, the organization acted as the Backstop Aggregator under Oregon’s Clean Fuels Program, using revenue from these credits to accelerate transportation electrification; ran the nation’s first brand-neutral electric vehicle showroom; organized 29 ride and drive events to promote electric mobility; led a targeted regional marketing campaign to drive increased electric vehicle sales in the Pacific Northwest; organized a series of micro-mobility safety workshops; and helped community-based organizations prepare 29 grant applications totaling over \$3.2 million to advance clean electric mobility.

Strengthen the Industry Network – Smart transportation is quickly bringing diverse stakeholders together in new ways. As existing models of transportation are disrupted, an increasing number of organizations are recognizing new opportunities. One of our most important roles is to bring these diverse stakeholders together to share information, network, and collaborate while including communities that have traditionally been excluded from new technology. During 2019, the organization hosted many educational networking events and webinars; spoke at 20 international conferences; increased its membership to over 175 organizations; grew its annual Roadmap Conference by 40%, bringing together 1,200 attendees and 120 speakers from 16 nations; and presented the first annual Roadmap Awards, honoring individual and organizational leaders in the industry.

Demonstrate Smart Transportation – The Organization brings companies and communities together to test smart transportation technologies and business models. Its demonstration projects explore the benefits, practicality and viability of introducing these technologies in new areas. It prioritizes projects that are scalable, replicable, and center equity in their design and implementation. During 2019, the organization expanded projects to help ride share drivers drive electric; launched a national project to expand electric vehicle charging in apartment buildings; secured funding for a rural electric car sharing pilot; and began helping 25 of the largest American cities electrify transportation through the Bloomberg Philanthropies American Cities Climate Challenge.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE A – DESCRIPTION OF ORGANIZATION

Advance Transportation Policy – Rapidly evolving smart transportation technologies and business models require new policies that effectively promote their adoption. The Organization focuses on practical policies that promote innovation, remove barriers to new technologies, grow the industry, and benefit traditionally underserved communities. During 2019, the organization worked successfully to maintain electric vehicle purchase incentives in Oregon; renew them in Washington; secure funding to expand and upgrade the West Coast Electric Highway; and increase electric utility authority and investments in transportation electrification.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the year ended December 31, 2019, two new accounting pronouncements became effective for Forth: *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”) and *Accounting Standards Update No. 2018-08, Not-for-Profit Entities (Topic 958) Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”).

Revenue Recognition

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis in 2019. As a result, there was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of December 31, 2018.

ASU 2014-09 outlines a single, comprehensive model for accounting for revenue from contracts with customers. Revenue streams applicable to the Organization that qualify as exchange transactions include event income, program fees, and other contracts with customers.

Management of the Organization has analyzed the provisions of ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard. Amounts received from customers that are subject to fulfillment of requirements, such as satisfaction of the occurrence of a training event or consulting engagement, are recorded as deferred revenue until such performance obligations are satisfied.

Forth also receives revenues falling under *Topic 606* that do not involve unfulfilled performance obligations. These exchange transactions are recognized as revenue immediately upon receipt. These accounting policies were followed prior to 2019, hence ASU 2014-09 had no impact on beginning net assets.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

All contributions are considered available for Forth's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

Basis of Consolidation

The consolidated financial statements include those of Forth and Forth Mobility Fund. Both organizations are under common control since board members of Forth comprise a majority of the Board of the Mobility Fund. In accordance with generally accepted accounting principles, consolidation is required. All material inter-organizational transactions have been eliminated.

Cash and Cash Equivalents

The Organization classifies as cash and cash equivalents all checking, savings, money market accounts and all investments maturing within ninety days from the date of purchase.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FORTH AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Forth has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(6) and applicable state laws. Forth Mobility Fund is tax-exempt under the Internal Revenue Code 501(c)(3). Accordingly, no provision for income taxes is included in the accompanying financial statements. Neither organization believes it has unrelated trade or business income in excess of \$1,000.

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on estimates of time and effort.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

NOTE C – SIGNIFICANT SOURCES OF REVENUE AND LIMITATIONS THEREON

About \$797,004 of the Organization's revenue was derived from the State of Oregon's "Clean Fuels Program". This represents 23% of its 2019 revenues.

NOTE D – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. Cash maintained with financial institutions is insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2019, the Organization held cash totaling \$1,113,622 in excess of FDIC coverage.

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE E – RESTRICTIONS ON NET ASSETS

The Organization's net assets with donor restrictions are subject to the following purpose or timing restrictions:

Clean Fuels	\$	715,507
EV in Communities of Color		42,500
Renewables		97,801
Stolte Family Foundation		34,804
The Bullitt Foundation		4,760
Portland Energy Conservation Inc.		<u>37,000</u>
 Total net assets with donor restrictions	 \$	 <u><u>932,372</u></u>

NOTE F – RETIREMENT PLAN

The Organization offers a tax-deferred 401(k) plan for all eligible employees. Forth provides a contribution of 3% of employee compensation. Employer contributions to the Plan for the year ended December 31, 2019 were \$22,884.

NOTE G – OPERATING LEASE COMMITMENTS

The Organization leases property and vehicles under non-cancelable operating leases, which expire in various years through 2024.

At December 31, 2019, minimum rental commitments are as follows:

Year ending December 31,	Office	Vehicles	Showcase	Total
2020	\$ 83,420	\$ 6,338	\$ 3,195	\$ 92,953
2021	87,708	4,264	-	91,972
2022	92,217	2,382	-	94,599
2023	96,958	-	-	96,958
2024	<u>25,486</u>	<u>-</u>	<u>-</u>	<u>25,486</u>
	<u>\$ 385,789</u>	<u>\$ 12,984</u>	<u>\$ 3,195</u>	<u>\$ 401,968</u>

FORTH AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2019

NOTE H – LIQUIDITY

The following chart represents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2019:

Financial assets at year-end	
Cash and cash equivalents	\$ 1,549,572
Grants and contracts receivable	<u>40,692</u>
Total financial assets	<u>1,590,264</u>
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions	<u>(932,372)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 657,892</u>

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of current requirements in short-term investments.

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 25, 2020, which is the date the financial statements were available to be issued.

OTHER FINANCIAL INFORMATION

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

	Forth	Forth Mobility Fund	Eliminations	Consolidated
Cash and cash equivalents	\$ 512,065	\$ 1,037,507	\$ -	\$ 1,549,572
Grants and contracts receivable	150,772	-	(110,080)	40,692
Prepaid expense	67,286	-	-	67,286
Fixed assets (net of accumulated depreciation)	4,817	-	-	4,817
Total assets	\$ 734,940	\$ 1,037,507	\$ (110,080)	\$ 1,662,367

LIABILITIES AND NET ASSETS

Accounts payable	\$ 27,375	\$ 100,517	\$ (110,080)	\$ 17,812
Accrued compensation	37,260	-	-	37,260
Deferred revenue	-	-	-	-
Deferred rent	28,272	-	-	28,272
Total liabilities	92,907	100,517	(110,080)	83,344
Net assets				
Without donor restrictions	642,033	4,618	-	646,651
With donor restrictions	-	932,372	-	932,372
Total net assets	642,033	936,990	-	1,579,023
Total liabilities and net assets	\$ 734,940	\$ 1,037,507	\$ (110,080)	\$ 1,662,367

The accompanying notes and independent auditors' report should be read in conjunction with the supplemental schedule.

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

	<u>Forth</u>	<u>Forth Mobility Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Revenues and other support				
Foundation grants	\$ 672,209	\$ 782,000	\$ (672,209)	\$ 782,000
Clean fuels program	706,505	797,004	(706,505)	797,004
Donations	-	1,094	-	1,094
Government contracts	695,229	-	-	695,229
Membership dues	193,449	-	-	193,449
Program fees	256,952	-	-	256,952
Event income	386,888	-	-	386,888
Sponsorship	268,406	-	-	268,406
In-kind contributions	37,900	-	-	37,900
Other income	10,159	300	-	10,459
Interest income	1,874	3,257	-	5,131
Total revenues and other support	<u>3,229,571</u>	<u>1,583,655</u>	<u>(1,378,714)</u>	<u>3,434,512</u>
Expenses				
Program services	2,772,906	1,378,713	(1,378,714)	2,772,905
Supporting services				
Management	268,582	7,697	-	276,279
Fundraising	83,558	-	-	83,558
Total expenses	<u>3,125,046</u>	<u>1,386,410</u>	<u>(1,378,714)</u>	<u>3,132,742</u>
Change in net assets	104,525	197,245	-	301,770
Net assets, beginning of year	<u>537,508</u>	<u>739,745</u>	<u>-</u>	<u>1,277,253</u>
Net assets, end of year	<u>\$ 642,033</u>	<u>\$ 936,990</u>	<u>\$ -</u>	<u>\$ 1,579,023</u>

The accompanying notes and independent auditors' report should be read in conjunction with the supplemental schedule.

FORTH AND AFFILIATE
CONSOLIDATING STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

	<u>Forth</u>	<u>Forth Mobility Fund</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities:				
Change in net assets	\$ 104,525	\$ 197,245	\$ -	\$ 301,770
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	2,064	-	-	2,064
Changes in assets and liabilities:				
Grants and contracts receivable	64,876	50,000	-	114,876
Prepaid expenses	(18,424)	-	-	(18,424)
Accounts payable	(35,425)	(30,584)	-	(66,009)
Accrued compensation	8,468	-	-	8,468
Deferred rent	1,084	-	-	1,084
Net cash provided by (used in) operating activities	<u>127,168</u>	<u>216,661</u>	<u>-</u>	<u>343,829</u>
Cash flows from investing activities:				
Purchase of property and equipment	-	-	-	-
Change in cash and cash equivalents	<u>127,168</u>	<u>216,661</u>	<u>-</u>	<u>343,829</u>
Cash and cash equivalents, beginning of year	<u>384,897</u>	<u>820,846</u>	<u>-</u>	<u>1,205,743</u>
Cash and cash equivalents, end of year	<u>\$ 512,065</u>	<u>\$ 1,037,507</u>	<u>\$ -</u>	<u>\$ 1,549,572</u>

The accompanying notes and independent auditors' report
should be read in conjunction with the supplemental schedule.