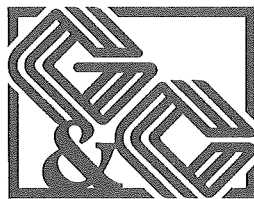


San Antonio Housing Trust Foundation, Inc.

Financial Statements and Other Reports

September 30, 2018



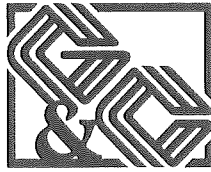
GREGORY & CRUTCHFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

San Antonio Housing Trust Foundation, Inc.

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Board of Directors
San Antonio Housing Trust Foundation, Inc.

We have audited the accompanying financial statements of San Antonio Housing Trust Foundation, Inc. (a nonprofit organization) which comprise the statement of financial position of as of September 30, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

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 and 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Housing Trust Foundation, Inc. as of September 30, 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2019, on our consideration of San Antonio Housing Trust Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with the *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule on *Comparison of Actual to Budgeted Expenses – City of San Antonio Operating Contract* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.



Gregory & Crutchfield, LLC

San Antonio, Texas
February 4, 2019

San Antonio Housing Trust Foundation, Inc.
Statement of Financial Position
September 30, 2018

Assets	
Current assets	
Cash, substantially restricted - note 3	3,060,716
Contract reimbursements receivable - note 5	<u>76,534</u>
Total current assets	3,137,250
Property and equipment	
Oblate Land	30,000
Oblate Building	67,000
Oblate Building Improvements	80,247
Equipment	40,157
Furniture	22,225
Accumulated depreciation	<u>(62,382)</u>
Total property and equipment	177,247
Other assets	
Loans receivable - note 7	2,874,027
Mortgage loans receivable - note 7	299,696
Allowance for bad debts	(17,743)
Equity investment - note 6	410,926
Other assets	<u>3,533</u>
Total other assets	3,570,439
Total assets	<u><u>6,884,936</u></u>

Continued on next page

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Statement of Financial Position (continued)
September 30, 2018

Liabilities	
Current liabilities	
Accounts payable and accrued expenses	7,499
Due to San Antonio Housing Trust - note 8	156,635
Due to COSA, NSP Land Bank - note 9	254,853
Due to Renew SA - note 10	<u>701,498</u>
Total current liabilities	1,120,485
Long-term liabilities	<u>-</u>
Total long-term liabilities	-
Total liabilities	1,120,485
Net assets	
Without donor restrictions	2,654,385
With donor restrictions	<u>3,110,066</u>
Total net assets	5,764,451
Total liabilities and net assets	<u><u>6,884,936</u></u>

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended September 30, 2018

Changes in net assets without donor restrictions:

Revenues and gains	
Administrative fees	270,858
City of San Antonio	128,418
Interest income	27,106
Total revenues and gains without donor restrictions	426,382

Net assets released from restrictions:

Satisfaction of program restrictions	189,491
Total net assets released from restriction	189,491

Total revenues, gains and other support without donor restrictions 615,873

Expenses and losses:

Project and program expenses	
Program salaries and benefits	252,770
Grants to others	21,173
Other project expenses	206,713
Loss on investment in partnership	8,158
Unreimbursed project cost	3,525
Total project and program expenses	492,339

Fundraising expenses

Fundraising salaries and benefits	2,872
Total fundraising expenses	2,872

Management and general expenses

Auto expense	634
Contract bookkeeping	792
Meals and entertainment	121
Insurance - liability and workers' comp.	837
Membership dues and licenses	31
Office supplies, printing, postage	544

Continued next page

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Statements of Activities and Changes in Net Assets (continued)
For the Year Ended September 30, 2018

Management and general expenses <i>(continued)</i>	
Professional fees	64
Rent - storage	937
Rental of equipment	258
Repairs and maintenance	1,218
Salaries and benefits	31,597
Subscriptions and journals	72
Telephone	449
Total management and general expenses	37,554
 Total expenses	 532,765
 Increase in net assets without donor restrictions	 83,108
Changes in net assets with donor restrictions:	
Housing Trust Funds	180,000
COSA - Housing Summit	31,831
Grants funded - SAHT	700,000
Interest income	48,273
Grants - Post Purchase Counseling	8,979
Net assets released from restrictions	(189,491)
Increase in net assets with donor restrictions	779,592
 Increase in total net assets	 862,700
 Net assets at beginning of year	 4,901,751
 Net assets at end of year	 5,764,451

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Statement of Cash Flows
For the Year Ended September 30, 2018

Cash flow from operating activities:	
Change in net assets	862,700
Adjustments to reconcile excess of revenue over expenses to net cash provided by operating activities:	
(Increase) / decrease in:	
Contract reimbursement receivables	129,892
Other assets	660
Increase / (decrease) in:	
Accounts payable and accrued expenses	3,268
Due to San Antonio Housing Trust	156,635
Due to COSA, NSP Land Bank	(226,163)
Due to Renew SA	151,112
	<hr/>
Net cash provided by operating activities	1,078,104
Cash flow from investing activities:	
Loans and mortgage loans disbursed	(880,000)
Principal repayments	145,488
Decrease in equity investment	8,158
	<hr/>
Net cash used in investing activities	(726,354)
Cash flow from financing activities:	<hr/> -
Net cash from financing activities	-
Net increase in cash	351,750
Cash and cash equivalents, beginning of year	<hr/> 2,708,966
Cash and cash equivalents, end of year	<hr/> <hr/> 3,060,716
Supplemental disclosure:	
Interest paid	-
Taxes paid	-

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program	Management and General	Fundraising	Total
Accounting and audit	6,400	-	-	6,400
Auto expense	4,648	634	-	5,282
Contract bookkeeping	5,808	792	-	6,600
Disbursement to SAHT	156,635	-	-	156,635
Grants to others	21,173	-	-	21,173
Meals and entertainment	890	121	-	1,011
Insurance - liability and workers' comp.	6,136	837	-	6,973
Membership dues and licenses	228	31	-	259
Net loss from partnership	8,158	-	-	8,158
Occupancy	6,869	937	-	7,806
Office supplies, printing and postage	3,990	544	-	4,534
Professional fees	467	64	-	531
Rental of equipment and storage	1,889	258	-	2,147
Repairs and maintenance	8,933	1,218	-	10,151
Salaries and benefits	252,770	31,597	2,872	287,239
Subscriptions and journals	527	72	-	599
Telephone	3,293	449	-	3,742
Unreimbursed project cost	3,525	-	-	3,525
Totals	492,339	37,554	2,872	532,765

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Foundation, Inc.
Notes to Financial Statements
For the Year Ended September 30, 2018

Note 1 – The Organization

San Antonio Housing Trust Foundation, Inc. (“SAHTF”) is a nonprofit organization incorporated under the laws of the State of Texas on January 30, 1990. The organization's primary purpose is to support charitable, educational and scientific undertakings, specifically to provide housing for low and middle-income families. All property, assets, profits and net revenue of the Foundation are dedicated irrevocably to charitable, educational and scientific purposes. SAHTF receives the majority of its revenue from interest earned on the corpus of the San Antonio Housing Trust residing with the City of San Antonio.

Note 2 – Summary of Significant Accounting Policies

Accounting Basis – The financial statements are presented on the accrual basis of accounting.

Restricted Funds – The restricted funds primarily represent funds received from the City of San Antonio. The City funds the Foundation through interest received from the San Antonio Housing Trust.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates (depreciation, allowance for bad debts) and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management estimates the allowance for bad debt based on its review of the types of loans outstanding and performance of specific loans.

Equipment / Depreciation – Equipment is recorded at cost for purchased assets and fair market value as of the date of donation for donated assets. Depreciation is computed using the straight-line method over the useful lives of the assets of five to seven years.

Tax Exempt Status – SAHTF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any tax positions that would have a significant impact on its financial position. SAHTF is subject to routine examinations by taxing authorities; however, there are currently no examinations for any tax periods in progress. Its federal tax returns for the last 3 years remain subject to examination.

Cash and Cash Equivalents – SAHTF considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Interest Income – Interest income is recognized as interest is accrued on loans bearing interest.

Bad Debt Expense – SAHTF writes off a loan once it has been determined to be uncollectible, which is determined by various factors such as first-lien foreclosure without sufficient funds to pay SAHTF in a second-lien position, bankruptcy or likelihood of bankruptcy, failure to pay and inability to pay, or all other reasonable means of collection have been pursued unsuccessfully. An allowance for bad debts has been established by management in the amount of \$17,743 as of September 30, 2018.

San Antonio Housing Trust Foundation, Inc.
Notes to Financial Statements
September 30, 2018

Note 2 – Summary of Significant Accounting Policies - *continued*

Contributions – SAHTF has prepared the accompanying financial statements in accordance with FASB Accounting Standards Codification 958-605, Not-for-Profit Entities. FASB ASC 958-605, contributions received are recorded as net assets without donor restrictions and nets assets with donor restrictions.

Financial Statement Presentation – SAHTF has prepared the accompanying financial statements in accordance with FASB Accounting Standards Codification 958-205, Not-for-Profit Entities. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Subsequent Events – Subsequent events have been evaluated by management through the date of the report of the independent auditors. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements – In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note 3 – Cash Balances In Excess of FDIC Insured Limits

The Foundation's cash balances in excess of the FDIC insured limits as of September 30, 2018 were collateralized by pledged securities in accordance with the City of San Antonio's Administrative and Fiscal Contract. The securities are held by the Federal Reserve Bank of Dallas.

Note 4 – Concentration of Credit Risk

SAHTF's mortgage receivables are typically secured by a second-lien on the borrower's home. In addition, SAHTF's notes receivable are concentrated in the low-income housing sector to further SAHTF's purpose. These are considered concentrations of credit risk.

Note 5 – Contract Reimbursements Receivable

Contract reimbursements receivable represent qualifying costs incurred by SAHTF as of September 30, 2018 for which reimbursement had not yet been received.

Note 6 – Equity Investment

The equity investment is an investment in a limited partnership, as a project of the Foundation. The Foundation is a limited partner in The Exchange Group - 1992, LTD. (the Exchange Building) which was formed April 27, 1992. This investment is carried on the equity basis of accounting based on the capital account balance reflected on the partnership's tax return filed for the year ended December 31, 2017.

San Antonio Housing Trust Foundation, Inc.
Notes to Financial Statements
September 30, 2018

Note 7 – Loans Receivable / Mortgages Receivable

Loans receivable are notes due from various housing projects and are due in installments at various dates through 2035. These notes are collateralized by deeds of trust on the properties. Annual interest rates on the notes range from 0% to 6%.

Mortgages receivable represent \$10,000 second-lien mortgages made to qualifying new homebuyers and various other MRB/MCC down payment or closing costs assistance loans. The \$10,000 loans are due in 360 monthly (30 years) installments with varying maturity dates through 2029. The down-payment assistance loans are due in 60 monthly installments with payments starting after the first mortgages are paid. The notes are collateralized by deeds of trusts on the homes being purchased. Annual interest rates on these notes are 3.5% on the \$10,000 second-lien mortgages and 0% on the down-payment assistance loans.

Other second-lien mortgage loans were funded between 1999 and 2003 from the George Gervin Youth Center funding round. These loans carry a 3% annual interest rate with principal and interest due over 30 years.

In 2013 the Organization loaned VDC Babcock, LP \$750,000 at an interest rate of 4.4% annually. The principal amount and accrued interest are due and payable in annual installments on the first day of each April, beginning April 1, 2014 and continuing on the first day of each April thereafter until the expiration of forty (40) years, being April 1, 2057. The Organization shall apply each annual payment first to accrued interest and the remainder to the principal amount. As of September 30, 2018 the balance due to SAHTF is \$521,891.

Note 8 – Due to San Antonio Housing Trust

In FY 2005, San Antonio Housing Trust (the "Trust") determined that each year SAHTF will set aside the interest received on notes funded by the Trust up to 1% of the loan portfolio balance due for the purpose of funding any future loan losses. The Executive Director can determine whether additional funds are available to fund above the 1% amount. The remaining interest and principal payments received each year are to be paid to the Trust. An amount of \$156,635 was accrued and is payable to the Trust as of September 30, 2018.

Note 9 – Due to COSA, NSP Land Bank

In 2013 the Organization entered into an agreement with the City of San Antonio (COSA) to serve as the escrow agent between COSA and San Antonio Affordable Housing, Inc. for the Neighborhood Stabilization Program Land Bank project. As of September 30, 2018 a balance of \$254,853 remains in the escrow fund.

Note 10 – Due to Renew SA

On December 2014 the Organization entered into an agreement with the City of San Antonio (COSA) to serve as the escrow agent between COSA and San Antonio Affordable Housing, Inc. for the Renew SA Acquisition and Development project. The Organization received \$670,000 to establish the escrow fund in accordance with the terms of the escrow agreement. As of September 30, 2018 a balance of \$701,498 remains in the escrow fund.

San Antonio Housing Trust Foundation, Inc.
Notes to Financial Statements
September 30, 2018

Note 11 – Fair Value Measurements

FASB ASC 820-10, "Fair Value Measurements and Disclosures," provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to value fair value. The hierarchy gives the highest priority to adjusting quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the assets or liability and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has specified (contractual) terms, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's asset or liability fair value measurement level within the fair value hierarchy is based upon level 2.

Note 12 – Related Party Transactions

San Antonio Housing Trust Investment Corp. (SAHTIC) and SAHTF board of directors were comprised of the same board members during the year ended September 30, 2018 although there are no requirements by the organizations' by-laws that the board members must be identical. SAHTF received administrative fee income from San Antonio Housing Trust Public Facility Corporation (SAHTPFC) in the amount of \$213,073 and \$55,205 from San Antonio Housing Trust Finance Corporation (SAHTFC). SAHTF, SAHTPFC and SAHTFC shared the same Executive Director for the year ended September 30, 2018.

Note 13 – Deferred Compensation Plan

San Antonio Housing Trust Foundation, Inc. offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, which is available to all Foundation employees, permits them to defer a portion of their compensation until termination, retirement, death or unforeseen emergency. The Foundation contributions to the plan totaled \$20,952 for the year ended September 30, 2018.

Note 14 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

San Antonio Housing Trust Foundation, Inc.
Notes to Financial Statements
September 30, 2018

Note 14 – Liquidity and Availability of Financial Assets - *continued*

Financial assets at year - end	6,725,432
Less those unavailable for general expenditures within one year, due to:	
Donor – restricted to payment of current liabilities	164,134
Donor – restricted to payment of long-term debt	<u>956,351</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>5,604,947</u></u>

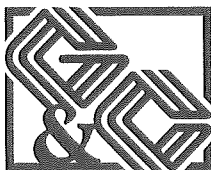
Note 15 – Net Assets Released from Restrictions

Temporarily restricted net assets consisted of the following as of September 30, 2018:

Housing Counseling	\$19,103
Partnership loss	8,158
SAHT Disbursement	156,635
Other project costs	2,871
BAHN	<u>2,724</u>
Released from restrictions	<u>\$189,491</u>

Note 16 – Litigation

The Organization's management is not aware of any pending or threatened claim against it.



GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
San Antonio Housing Trust Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of San Antonio Housing Trust Foundation, Inc. ("SAHTF") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAHTF's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAHTF's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAHTF's financial statements are free of

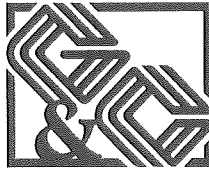
material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Gregory & Crutchfield, LLC

San Antonio, Texas
February 4, 2019



GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report On
Comparison of Actual to Budgeted Expenses -
City of San Antonio Operating Contract
For the Year Ended September 30, 2018**

Board of Directors
San Antonio Housing Trust Foundation, Inc.

We have audited the basic financial statements of San Antonio Housing Trust Foundation, Inc. for the year ended September 30, 2018 and our report, dated February 4, 2019 appears on page one of these financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule *Comparison of Actual to Budgeted Expenses – City of San Antonio Operating Contract - For the Year Ended September 30, 2018* 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.


Gregory & Crutchfield, LLC

San Antonio, Texas
February 4, 2019

**San Antonio Housing Trust Foundation, Inc.
Comparison of Actual to Budgeted Expenses
City of San Antonio Operating Contract
For the Year Ended September 30, 2018**

	Actual	Budget	Budget Variance (Under) / Over
Advertising	-	500	(500)
Audit	6,400	6,500	(100)
Auto expense allowance	4,652	5,000	(348)
Bind, print and reproduction	-	150	(150)
Contract - bookkeeping	2,475	2,850	(375)
Entertainment and food	732	-	732
Subscription and dues	599	750	(151)
Insurance - workers' compensation	496	550	(54)
Insurance - health and life	257	200	57
Insurance - business package	6,291	5,000	1,291
Legal fees	211	1,500	(1,289)
Maintenance and repairs	5,126	6,000	(874)
Membership and licenses	259	500	(241)
Mail and parcel post	96	300	(204)
Office supplies	2,135	3,000	(865)
Fees to professional	650	10,000	(9,350)
Rent	-	1,200	(1,200)
Rental of equipment	887	550	337
Retirement plan expense	20,952	20,050	902
Salaries	57,332	49,000	8,332
Taxes - payroll	4,661	3,675	986
Taxes - unemployment	1,598	200	1,398
Telephone and internet	3,469	4,000	(531)
Travel and training	-	300	(300)
Utilities	7,947	4,800	3,147
Capital outlays			
Furniture purchases		500	(500)
Equipment purchases	1,193	1,500	(307)
Total	128,418	128,575	(157)

See independent auditor's report (other matters)