

**HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF  
UNITED NEVADA INDUSTRIES)**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2009**

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
DECEMBER 31, 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
High Sierra Industries, Inc. and United Nevada Industries

We have audited the accompanying statement of financial position of High Sierra Industries, Inc. (a nonprofit organization and wholly-owned subsidiary of United Nevada Industries) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated May 20, 2009, we expressed an unqualified opinion on those financial statements.

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. 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 audit provides 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 High Sierra Industries, Inc. (a wholly-owned subsidiary of United Nevada Industries) as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 14 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.

*Kohn Colodny CPAs*

Reno, Nevada  
April 20, 2010

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS AT DECEMBER 31, 2008)

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	2009	2008 (Memorandum Only)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,892,681	\$ 2,078,380
Certificates of deposit	515,182	404,777
Investments	368,998	293,906
Accounts receivable		
Trade	601,903	222,640
State of Nevada contracts	295,721	290,956
Promise to give	-	5,000
Inventories	529,337	531,534
Prepaid expenses	78,403	17,423
Total current assets	4,282,225	3,844,616
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Automobiles and trucks	389,194	360,666
Furniture and fixtures	65,565	43,177
Machinery and equipment	840,371	797,415
Land, building and improvements	4,270,467	4,270,467
	5,565,597	5,471,725
Less accumulated depreciation	1,305,876	1,127,315
	4,259,721	4,344,410
<b>OTHER ASSETS</b>		
Restricted cash	54,360	24,042
Deposits	1,501	1,501
	55,861	25,543
 Total assets	 \$ 8,597,807	 \$ 8,214,569
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of notes payable	\$ 438,610	\$ 37,779
Accounts payable	349,701	301,967
Due to SLA participants	31,350	24,042
Accrued interest	3,770	3,770
Accrued payroll and related taxes and benefits	194,941	229,393
Total current liabilities	1,018,372	596,951
<b>LONG-TERM DEBT</b>		
Notes payable, net of current portion	571,091	1,009,701
Total liabilities	1,589,463	1,606,652
<b>NET ASSETS</b>		
Unrestricted		
Designated		
Invested in property, plant and equipment, net of related debt	3,250,020	3,296,930
Undesignated	3,735,151	3,199,659
Total unrestricted net assets	6,985,171	6,496,589
Temporarily restricted	23,173	111,328
Total net assets	7,008,344	6,607,917
Total liabilities and net assets	\$ 8,597,807	\$ 8,214,569

See accompanying notes

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

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	2009			2008
	Unrestricted	Temporarily Restricted	Total	Total (Memorandum Only)
<b>PUBLIC AND GOVERNMENTAL SUPPORT, REVENUE, AND GROSS PROFIT</b>				
Public and governmental support				
State of Nevada contracts	\$ 3,320,792	\$ -	\$ 3,320,792	\$ 3,119,113
Fundraising and contributions	45,792	100	45,892	162,804
	3,366,584	100	3,366,684	3,281,917
<b>Revenue</b>				
Sales, including maintenance contract fees of \$889,839 and \$897,510 in 2009 and 2008, respectively	7,782,264	-	7,782,264	8,079,396
Less cost of goods sold	6,113,133	-	6,113,133	6,073,621
Gross profit	1,669,131	-	1,669,131	2,005,775
Rental income	28,792	-	28,792	28,500
	1,697,923	-	1,697,923	2,034,275
<b>Reclassifications</b>				
Net assets released from restrictions - satisfaction of donor restrictions	88,255	(88,255)	-	-
Total public and governmental support, revenue, reclassifications and gross profit	5,152,762	(88,155)	5,064,607	5,316,192
<b>EXPENSES</b>				
Program services	3,528,693	-	3,528,693	3,607,483
Supporting services				
General and administrative	1,227,545	-	1,227,545	1,015,226
Fundraising	7,704	-	7,704	25,858
Total expenses	4,763,942	-	4,763,942	4,648,567
Increase (decrease) in net assets from operations	388,820	(88,155)	300,665	667,625
<b>OTHER GAINS (LOSSES)</b>				
Interest and dividends	32,052	-	32,052	30,543
Realized gain on investments	-	-	-	238
Net unrealized gain (loss) on investments	67,710	-	67,710	(127,158)
Gain on sale of assets	-	-	-	300
Total other gains (losses)	99,762	-	99,762	(96,077)
Increase (decrease) in net assets	488,582	(88,155)	400,427	571,548
NET ASSETS, beginning of year	6,496,589	111,328	6,607,917	6,036,369
NET ASSETS, end of year	\$ 6,985,171	\$ 23,173	\$ 7,008,344	\$ 6,607,917

See accompanying notes

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

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	2009	2008 (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 400,427	\$ 571,548
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	178,561	187,816
Gain on disposal of assets	-	(300)
Net realized / unrealized (gain) loss on investments	(67,710)	127,158
Reinvested dividends and interest	(17,787)	(21,886)
Changes in certain components of working capital		
(Increase) decrease in:		
Accounts receivable	(379,028)	16,950
Inventories, net	2,197	(127,825)
Prepaid expenses	(60,980)	13,971
Increase (decrease) in:		
Accounts payable	47,734	29,381
Due to SLA participants	7,308	(834)
Accrued interest	-	742
Accrued payroll and related taxes and benefits	(34,452)	35,899
Net cash provided by operating activities	76,270	832,620
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase) decrease in restricted cash	(30,318)	834
Proceeds from sale of property, plant and equipment	-	300
Purchase of certificates of deposit	(100,000)	(73,000)
Purchase of property, plant and equipment	(93,872)	(99,011)
Net cash used by investing activities	(224,190)	(170,877)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(37,779)	(33,877)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(185,699)	627,866
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	2,078,380	1,450,514
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 1,892,681	\$ 2,078,380
<b>SUPPLEMENTAL CASH FLOW DATA</b>		
Cash paid during the year for interest	\$ 57,730	\$ 60,485

See accompanying notes

**NOTES TO FINANCIAL STATEMENTS**

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Reporting Entity

High Sierra Industries, Inc. (Organization) is a Nevada corporation with its main office located in Reno, Nevada. As of July 19, 2009, United Nevada Industries (a nonprofit corporation) was formed to become the administrative parent company of High Sierra Industries, Inc. and Washoe ARC, Inc., which are both non-profit organizations. Accordingly, High Sierra Industries, Inc. and Washoe ARC, Inc. are wholly-owned subsidiaries of United Nevada Industries. The new parent company was formed solely to facilitate the administrative functions of the organizations, but has not resulted in any significant changes in High Sierra Industries, Inc.'s program activities. No assets were transferred in connection with the formation of the parent company.

High Sierra Industries, Inc. promotes vocational habilitation for adults with disabilities and advocates for their welfare and interest in the scientific and educational advancement of vocational habilitation.

The Organization also administers a Supportive Living Assistance Program (SLA) in which persons with disabilities are taught the skills to help them live independently or in group settings.

The Organization contracts with businesses to manufacture machine components and provide grounds keeping services. In addition to revenue received from these businesses, the Organization receives state support to defray the costs of vocational habilitation and the administration of the SLA program.

Under generally accepted accounting principles, the financial statements of United Nevada Industries, High Sierra Industries, Inc. and Washoe ARC, Inc. would be consolidated because they share a common board. These financial statements reflect only the activity of the wholly-owned subsidiary, High Sierra Industries, Inc. In the normal course of business, certain administrative costs may be shared by the two wholly owned subsidiaries. Such costs are allocated proportionately to the organizations and only High Sierra Industries, Inc.'s portion is included in these financial statements. At December 31, 2009, no amounts are receivable from or payable to Washoe ARC.

Basis of Accounting

The Organization presents its financial statements on the accrual basis, which recognizes revenue as earned and expenses as incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization has not received any contributions with donor-imposed restrictions that resulted in permanently restricted net assets. At December 31, 2009, temporarily restricted net assets relate to program development and environmentally friendly updates to current buildings and facilities.

The Organization reports restricted contributions whose restrictions are met in the same reporting period in which the contributions are received as unrestricted support.

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Statement of Cash Flows

The Organization considers money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents.

Restricted Cash and Trust Funds

As required by the Social Security Administration, the Organization is the representative payee for the bank accounts of participants in the SLA program. Accordingly, the total of the account balances is reflected in the accompanying financial statements as restricted cash and due to SLA participants.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Accounts Receivable

Trade accounts receivable consist of amounts due from manufacturing customers and landscape service contracts. State of Nevada contracts receivable consist of amounts due from the state for individuals' placement contracts. Management considers all accounts receivable at December 31, 2009 to be fully collectible. Accordingly, no allowance for doubtful accounts is included in the accompanying financial statements.

Inventories

Raw materials inventories are stated at the lower of cost, determined using the first-in, first-out (FIFO) method, or market. Cost of manufactured inventories is based upon standard costs, which approximates average costs.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost or at the estimated fair market value at the date of gift if donated. Depreciation of plant and equipment is provided by the straight-line method over the estimated useful lives of the respective assets, ranging from three to forty years. It is the Organization's policy to capitalize purchases of property, plant and equipment in excess of \$1,000.

Net Asset Designation

The Organization has designated unrestricted net assets for various purposes as reflected in the accompanying statements of financial position. The board members, at their discretion, can revise the intended use of the net assets as they deem necessary.

Revenue Recognition and Concentration of Credit Risk

The Organization receives a substantial portion of its revenue from contracts administered by the State of Nevada. Revenue from contracts is considered earned as services are provided in accordance with the terms of the contracts. The Organization's operations are significantly

HIGH SIERRA INDUSTRIES, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Revenue Recognition and Concentration of Credit Risk (Continued)

dependent upon this revenue. Furthermore, credit is granted to customers, substantially all of whom are located in northern Nevada.

Contributed Services

The Organization is required to recognize the contributions of services if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professional craftsmen.

Members of the board of trustees donate significant amounts of time to the activities of the Organization. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs totaled \$19,674 for the year ended December 31, 2009.

Income Taxes

The Organization is a nonprofit corporation, exempt from federal income tax under Internal Revenue Code Section 501(c)(3) as a non-private foundation. Accordingly, no provision for federal income taxes is reflected in the financial statements. Tax positions to consider include, but are not limited to:

- Classification of program services, administrative and fund raising
- Characterization of its activities as related or unrelated to its tax exempt purpose

It is the Organization's tax position that it has not engaged in activities that would jeopardize its tax exempt status nor has it engaged in any activities that would result in unrelated business income tax.

Subsequent Events

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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.

HIGH SIERRA INDUSTRIES, INC.  
 (A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2009

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
 (Continued)

Reclassifications

Certain items in 2008 have been reclassified to conform to the 2009 presentation.

Memorandum Only – Total Columns

Total columns in the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

NOTE 2 - INVENTORIES

Inventories consist of the following at December 31, 2009:

Finished goods	\$ 53,015
Work in process	198,204
Raw materials	<u>278,118</u>
Total inventories	<u>\$ 529,337</u>

NOTE 3 - INVESTMENTS AND FAIR VALUE

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 and Level 2 inputs are not available.

*Level 1 Fair Value Measurements*

The fair values of domestic equity funds/common stock, international equity funds, and corporate bonds are based on quoted market prices, when available.

*Level 2 Fair Value Measurements*

The fair values of certificates of deposit for which quoted market prices are not available are valued based on stated interest rates and accrued interest based on broker estimates. The fair values of these certificates of deposit approximate cost.

*Level 3 Fair Value Measurements*

The Organization does not currently hold any investments that would necessitate the use of Level 3 inputs to estimate fair value measurement.

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009

NOTE 3 - INVESTMENTS AND FAIR VALUE (Continued)

The fair value of investments at December 31, 2009 is as follows:

	Level 1: Quoted Prices In Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Total
Open end mutual funds	\$ 368,998	\$ -	\$ 368,998
Certificates of deposit	-	515,182	515,182
Total	<u>\$ 368,998</u>	<u>\$ 515,182</u>	<u>\$ 884,180</u>

Investment return for the year ended December 31, 2009 is:

Interest and dividends	\$ 32,052
Net realized and unrealized gains	67,710
Market value	<u>\$ 99,762</u>

Gains and losses (realized and unrealized) as well as interest and dividend income are reported in the statement of activities.

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2009:

Note payable to First Independent Bank of Nevada, \$740,030 face value, principal and interest payments of \$5,252 due in 120 monthly installments commencing August 5, 2004, interest at 6.25%, to be adjusted to the Five Year Treasury Constant Maturities Index (2.34% at December 31, 2008) plus 3.5% with a floor rate of 6.25%, the total unpaid interest and principal is due on July 5, 2013, secured by a first deed of trust on the building and property.

\$ 599,701

Note payable to First Independent Bank of Nevada, \$1,400,000 face value, regular monthly payments of all accrued unpaid interest due as of each payment date commencing June 17, 2007, interest to be adjusted not more often than each day base on the prime rate published in the Western Edition of the Wall Street Journal under "Money Rates" (3.25% at December 31, 2009) less 1.0% for current rate of 2.25%, total unpaid interest and principal is due on May 17, 2010, secured by a first deed of trust on the property.

400,000

Note payable to GMAC, \$36,000, principal payments of \$1,000 due in 36 monthly installments commencing November 2007 at 0% interest, secured by a vehicle.

10,000

1,009,701

Less current maturities

(438,610)

\$ 571,091

HIGH SIERRA INDUSTRIES, INC.  
 (A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2009

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NOTE 4 - LONG-TERM DEBT (Continued)

Maturities of long-term debt are due as follows:

2010	\$ 438,610
2011	30,450
2012	32,408
2013	<u>508,233</u>
	<u>\$ 1,009,701</u>

The Organization intends to refinance amounts coming due in the subsequent year for an additional five year term with similar terms.

NOTE 5 - COMMITMENTS

The Organization is the guarantor of month to month leases for various houses and apartments for occupancy by persons with disabilities participating in the SLA program. The rental payments are made by the SLA participants, whose rental expenses may be supplemented by their state contract income.

NOTE 6 - MAJOR SUPPLIERS AND CUSTOMERS

The Organization had sales to one major customer in 2009, comprising approximately 60% of total revenue for 2009. At December 31, 2009, amounts due from this major customer totaled approximately \$418,000.

NOTE 7 - RETIREMENT PLAN

The Organization maintains a 403(b)-retirement plan, which covers all eligible employees with more than one year of service. The Organization's contribution is discretionary. No contributions were made for the year ended December 31, 2009.

NOTE 8 - CONCENTRATION OF CASH

The Organization maintains cash accounts at three commercial banks and two brokerage firms. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, and the brokerage accounts are insured by the Securities Investor Protection Corporation (SIPC) up to \$250,000 each.

A summary of total insured and uninsured amounts at December 31, 2009, is as follows:

Total cash and certificates of deposit held in banks	\$ 2,296,210
Total cash held in brokerage accounts	<u>285,749</u>
	2,581,959
Portion insured	<u>(2,153,145)</u>
Uninsured cash balance	<u>\$ 428,814</u>

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2009

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NOTE 9 - IN-KIND CONTRIBUTIONS

During the year ended December 31, 2009, the Organization received in-kind contributions in the form of donated food commodities totaling \$3,522 from the Food Bank of Northern Nevada. These donated materials are included in public and governmental support and expenses in the accompanying financial statements.

**SUPPLEMENTARY INFORMATION**

HIGH SIERRA INDUSTRIES, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF UNITED NEVADA INDUSTRIES)  
SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008)

	2009				2008
	Program Services	General and Administrative	Fundraising	Total	Total (Memorandum Only)
Automobile	\$ 88,748	\$ 2,727	\$ -	\$ 91,475	\$ 91,530
Bad debt	-	684	-	684	1,249
Bank charges and service fees	215	7,147	-	7,362	7,964
Client activities	15,721	-	-	15,721	11,768
Contracted services	47,580	-	-	47,580	12,315
Contributed food	3,522	-	-	3,522	3,534
Depreciation	129,754	48,807	-	178,561	187,816
Dues and subscriptions	2,231	11,371	605	14,207	14,870
Employee screening	4,640	561	-	5,201	11,695
Freight out	89,565	-	-	89,565	103,673
Fundraising expense	-	-	6,152	6,152	8,200
Health and welfare benefits	62,706	-	-	62,706	54,346
Health insurance and employee benefits	271,101	50,083	-	321,184	295,697
Information technology	6,818	91,389	-	98,207	65,103
Interest	24,457	33,273	-	57,730	60,485
Legal and accounting	-	19,297	-	19,297	23,915
Liability insurance	34,635	6,227	-	40,862	37,381
Medical expenses - SLA	3,896	-	-	3,896	2,171
Miscellaneous	805	-	-	805	2,827
Payroll taxes	311,623	52,035	3	363,661	378,605
Postage	-	4,223	-	4,223	3,579
Promotion and advertising	5,097	14,577	-	19,674	41,552
Rent - equipment	7,863	6,074	-	13,937	26,085
Repairs and maintenance	38,135	38,214	-	76,349	74,143
Salaries and wages					
Staff	2,792,625	658,927	944	3,452,496	3,291,303
Trainees	109,082	-	-	109,082	202,189
Staff training	12,979	18,619	-	31,598	54,256
Supplies	88,148	51,833	-	139,981	82,707
Tax and licenses	8,956	64,456	-	73,412	51,076
Telephone	22,473	19,804	-	42,277	55,166
Tools	12,668	-	-	12,668	7,804
Travel and entertainment	1,545	4,841	-	6,386	7,034
Utilities	50,425	22,376	-	72,801	83,784
Expenses before allocation of direct labor and factory overhead	4,248,013	1,227,545	7,704	5,483,262	5,355,822
Direct labor and factory overhead allocated to cost of goods sold	(719,320)	-	-	(719,320)	(707,255)
	<u>\$ 3,528,693</u>	<u>\$ 1,227,545</u>	<u>\$ 7,704</u>	<u>\$ 4,763,942</u>	<u>\$ 4,648,567</u>

See accompanying notes