

**ENTERPRISE CORPORATION  
OF THE DELTA**

Consolidated Financial Statements  
with Supplementary Information

Years Ended December 31, 2002 and 2001

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Members of the American Institute of Certified Public Accountants  
Mississippi Society of Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Enterprise Corporation of the Delta

We have audited the accompanying consolidated statement of financial position of the Enterprise Corporation of the Delta as of December 31, 2002, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of the Company for the year ended December 31, 2001 were audited by other auditors whose report, dated February 8, 2002, expressed an unqualified opinion on those 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2002 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Enterprise Corporation of the Delta as of December 31, 2002, and the changes in their consolidated net assets and their consolidated cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements for the year ended December 31, 2002 taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information for the year ended December 31, 2002 has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole. The supplementary information for the year ended December 31, 2001 was audited by other auditors whose report, dated February 8, 2002, expressed an unqualified opinion on such information in relationship to the consolidated financial statements taken as a whole.

A handwritten signature in black ink that reads "Horne CPA Group".

Jackson, Mississippi  
February 3, 2003

**ENTERPRISE CORPORATION OF THE DELTA**

## Consolidated Statements of Financial Position

December 31, 2002 and 2001

<b>ASSETS</b>	<b>2002</b>	<b>2001</b>
Cash and cash equivalents	\$ 5,094,728	\$ 9,025,601
Grants receivable	10,255,088	15,233,400
Other receivables	583,590	301,241
Loans	19,187,599	17,512,777
Allowance for loan losses	(3,490,000)	(3,900,000)
Loans, net	15,697,599	13,612,777
Interest receivable	227,289	256,674
Prepaid expenses	50,380	65,623
Debt securities	17,653,642	14,832,084
Investments in privately-held companies		
Subordinated debt securities	-	575,000
Preferred stock	1,816,859	1,585,172
Delta Pride Linen, Laundry and Drycleaning, Inc.	1,453,691	-
Secondary capital of Hope		
Community Credit Union	168,286	-
Equipment, net	180,702	175,775
Foreclosed property	2,125,590	125,005
Total Assets	<u>\$ 55,307,444</u>	<u>\$ 55,788,352</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 209,231	\$ 221,592
Other liabilities	51,919	-
Long-term debt	11,043,750	8,058,750
Total Liabilities	11,304,900	8,280,342
<b>NET ASSETS</b>		
Unrestricted	8,635,820	4,925,733
Minority interest in ECDI	6,371,239	7,991,338
Total unrestricted	15,007,059	12,917,071
Temporarily restricted	8,627,246	11,056,014
Permanently restricted	20,368,239	23,534,925
Total Net Assets	44,002,544	47,508,010
Total Liabilities and Net Assets	<u>\$ 55,307,444</u>	<u>\$ 55,788,352</u>

See accompanying notes.

**ENTERPRISE CORPORATION OF THE DELTA**  
Consolidated Statement of Activities and Changes in Net Assets  
for the Year Ended December 31, 2002  
(with Summarized Financial Information for the  
Year Ended December 31, 2001)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2001
<b>Revenues and Gains</b>					
Grants and contributions	\$ 23,500	\$ 1,238,137	\$ 1,246,150	\$ 2,507,787	\$ 22,052,807
In-kind contributions	100,385	-	-	100,385	100,653
Interest and dividends					
Loans and other investments	917,139	-	42,618	959,757	1,015,247
Debt securities and cash equivalents	575,738	-	44,061	619,799	1,008,983
Net unrealized gain (loss) on debt securities	(58,683)	-	(26)	(58,709)	22,525
Net realized gain (loss) on sales of debt securities	(47,446)	-	511	(46,935)	195,103
Loan fees and other revenue	263,132	-	-	263,132	161,343
Loss on investment in Hope Community Credit Union	(31,714)	-	-	(31,714)	-
	<u>1,742,051</u>	<u>1,238,137</u>	<u>1,333,314</u>	<u>4,313,502</u>	<u>24,556,661</u>
<b>Net assets released from restrictions</b>					
Satisfaction of program restriction	6,866,905	(2,366,905)	(4,500,000)	-	-
Expiration of time restrictions	1,300,000	(1,300,000)	-	-	-
<b>Total Revenues and Gains</b>	<u>9,908,956</u>	<u>(2,428,768)</u>	<u>(3,166,686)</u>	<u>4,313,502</u>	<u>24,556,661</u>
<b>Expenses</b>					
<b>Program expenses</b>					
Development finance	3,387,550	-	-	3,387,550	3,316,750
Technical assistance	313,762	-	-	313,762	469,631
Housing initiative	214,357	-	-	214,357	191,024
Other programs	1,261,262	-	-	1,261,262	749,613
	<u>5,176,931</u>	<u>-</u>	<u>-</u>	<u>5,176,931</u>	<u>4,727,018</u>
<b>General administration</b>					
Consolidated expenses of ECDI and BIDCO	2,172,987	-	-	2,172,987	1,991,872
Other general and administration expenses	357,820	-	-	357,820	325,773
Fund-raising and communication	211,230	-	-	211,230	347,276
<b>Total Expenses</b>	<u>7,918,968</u>	<u>-</u>	<u>-</u>	<u>7,918,968</u>	<u>7,391,939</u>
Change in net assets before minority interest	1,989,988	(2,428,768)	(3,166,686)	(3,605,466)	17,164,722
Minority interest	100,000	-	-	100,000	50,000
Change in Net Assets	<u>2,089,988</u>	<u>(2,428,768)</u>	<u>(3,166,686)</u>	<u>(3,505,466)</u>	<u>17,214,722</u>
Net Assets at Beginning of Year	<u>12,917,071</u>	<u>11,056,014</u>	<u>23,534,925</u>	<u>47,508,010</u>	<u>30,293,288</u>
Net Assets at End of Year	<u>\$ 15,007,059</u>	<u>\$ 8,627,246</u>	<u>\$ 20,368,239</u>	<u>\$ 44,002,544</u>	<u>\$ 47,508,010</u>

See accompanying notes.

**ENTERPRISE CORPORATION OF THE DELTA**

Consolidated Statements of Cash Flows  
Years Ended December 31, 2002 and 2001

	<b>2002</b>	<b>2001</b>
Cash Flow from Operating Activities		
Change in net assets	\$ (3,505,466)	\$ 17,214,722
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Minority interest	(100,000)	(50,000)
Depreciation	67,474	58,556
Provision for loan losses	2,219,085	2,425,958
Loss on investment in Hope Community Credit Union	31,714	-
Unrealized (gain) loss on debt securities	58,709	(22,525)
Realized (gain) loss on debt securities	46,935	(195,103)
Deferred income taxes	-	8,550
Loss on disposal of equipment	517	1,710
Impairment loss on investment in preferred stock	500,000	-
Change in assets and liabilities		
Grants and other receivables, prepaid expenses, interest receivable and other assets	4,740,590	(10,480,637)
Accounts payable, accrued expenses and other liabilities	39,560	35,529
Net Cash Provided by Operating Activities	<u>4,099,118</u>	<u>8,996,760</u>
Cash Flows from Investing Activities		
Net increase in loans	(7,045,684)	(5,551,968)
Purchases of debt securities	(24,408,088)	(29,622,536)
Proceeds from maturities and sales of debt securities	21,480,886	31,944,515
Investments in privately held companies	(1,069,187)	-
Proceeds from certificate of deposit	-	100,000
Proceeds from sale of equipment	1,400	-
Purchases of equipment	(74,318)	(102,680)
Net Cash Used in Investing Activities	<u>(11,114,991)</u>	<u>(3,232,669)</u>
Cash Flows from Financing Activities		
Proceeds from private placement	100,000	50,000
Long-term borrowings	4,025,000	-
Payments on long-term borrowings	(1,040,000)	(1,250)
Net Cash Provided by Financing Activities	<u>3,085,000</u>	<u>48,750</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,930,873)	5,812,841
Cash and Cash Equivalents at Beginning of Year	<u>9,025,601</u>	<u>3,212,760</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,094,728</u>	<u>\$ 9,025,601</u>
Supplemental Cash Flows Disclosures		
Interest paid	<u>\$ 146,000</u>	<u>\$ 150,000</u>
Supplemental Disclosure of Noncash Investing Activities		
Property received upon foreclosure on loans	<u>\$ 2,000,585</u>	<u>\$ 125,005</u>

See accompanying notes.

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 1. Nature of Business and Summary of Significant Accounting Policies**

Description of the Company

The Enterprise Corporation of the Delta (the "Company") is a wholly-owned subsidiary of the Enterprise Corporation of the Mid South. The Company was incorporated in 1994 as a not-for-profit development financial corporation serving the delta region of Arkansas, Louisiana, and Mississippi. The goal of the Company is to improve the regional economy through investment, jobs and growth. The services of the Company include financing, management assistance and market development designed to support business creation and expansion.

ECD Investments, LLC ("ECDI"), a for-profit subsidiary of Enterprise Corporation of the Delta, was formed in 1997 as a limited liability company. ECD Investments BIDCO, Inc. ("BIDCO") is a wholly-owned subsidiary of ECDI. The purpose of ECDI and BIDCO are the same as that of the Company.

The consolidated financial statements of the Company have been prepared on the accrual basis. The significant accounting policies of the Company are summarized below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, ECDI and BIDCO. Significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with 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.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grants Receivable

Unconditional grants are recognized as revenue in the period the commitment is received. Grants restricted to and intended for support of future operations and programs are recorded as temporarily restricted net assets in accordance with FASB Statement No. 117 "Financial Statements of Not-for-Profit Organizations". Temporarily restricted net assets at December 31, 2002 will be available for future operations. Grants restricted for loans are recorded as permanently restricted net assets, except for any portion that is allowed for loan losses, which is recorded as unrestricted. Unconditional grants to be received over a period of time in excess

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 1. Continued**

of one year are recorded at fair value at the date of the grant based upon the present value of payments to be received.

Loans

Loans consist of commercial and consumer mortgage loans. Interest income is computed on the loan balance outstanding and is accrued as earned. The Company discontinues the accrual of interest and recognizes income only as received when, in management's judgment, the collection of interest is doubtful.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level considered adequate by management to provide for probable loan losses related to specifically identified loans and for losses inherent in the loan portfolio that has been estimated as of the balance sheet date. Management's determination of the adequacy of the allowance is based on an evaluation of the portfolio, growth and composition of the loan portfolio, economic conditions and other relevant factors. The allowance is increased by provisions for loan losses charged to expense.

Debt Securities

Debt securities consist of U.S. Treasury and U.S. Government agencies securities with maturities from one to five years, corporate debt securities with maturities from one to ten years and mortgage-backed securities. Debt securities are carried at fair value in accordance with FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. The fair values of debt securities are based on quoted market prices. Since ECDI and BIDCO are for-profit corporations, debt securities are presented in accordance with FASB Statement No. 115, *Accounting for Certain Investments in Debt and Equity of Securities*, in the separate financial statements of ECDI and BIDCO to include the unrealized gain or loss on debt securities as a component of comprehensive income and shareholders' equity.

Investments in Privately-Held Companies

Investments in privately-held companies' subordinated debt and common and preferred stock are carried at the Company's cost basis in those securities. The Company regularly evaluates whether, in management's opinion, events or circumstances have occurred which may indicate that the carrying amount of the Company's investments in privately-held companies may not be recoverable based upon estimated future discounted cash flows from the investment. If some or all of the investment is determined to be unrecoverable, the asset is written down to the estimated net realizable value. The Company recognized an impairment loss on investments in preferred stock of \$500,000 in 2002.

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 1. Continued**

Equipment

Equipment is stated at cost if purchased and estimated fair value if donated to the Company. Depreciation of equipment is provided over the estimated useful lives of the respective assets by the straight-line method.

Foreclosed Property

Foreclosed property consists of properties repossessed by the Company on foreclosed loans. These assets are stated at the lower of the outstanding loan amount (including accrued interest, if any) or fair value based on the fair value at the date acquired less estimated costs to sell. Losses arising from the acquisition of such property are charged against the allowance for loan losses. Declines in value resulting from subsequent revaluation of the property or losses resulting from disposition of such property are expensed.

Contributed Facilities and Services

In 2002 and 2001, the Company occupied certain premises located in a building owned by a company with which a member of the Company's board of directors is affiliated. The fair rental value of the premises in excess of the rent charged to the Company in the amount of \$100,000 is reported as in-kind contributions and expenses in the accompanying consolidated statements of activities and changes in net assets.

A law firm contributed legal services to the Company for the development finance program in 2002 and 2001. The fair value of the services in the amount of \$385 and \$653 in 2002 and 2001, respectively, is reported as in-kind contribution and expense in the accompanying consolidated statements of activities and changes in net assets.

Income Taxes

The Company has received a ruling from the Internal Revenue Service for exemption from income taxes as a public charity under Internal Revenue Code Sections 501(c)(3) and 509(a)(2).

Since ECDI is a limited liability company, no income taxes are provided. The results of operations are reportable by the members of ECDI on their individual federal and state income tax returns.

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 1. Continued**

Income taxes are accounted for by BIDCO in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Deferred income taxes relate to temporary differences between assets and liabilities recognized differently for financial reporting purposes and for income tax purposes. Deferred tax assets and liabilities pertain to net operating loss carryforwards, the allowance for loan losses and unrealized gains on securities. A valuation allowance was recorded at December 31, 2002 and 2001 to offset the net deferred tax assets. At December 31, 2002, BIDCO has net operating loss carryforwards of approximately \$664,000 expiring in 2020 through 2022 available to reduce future taxable income.

Summarized Financial Information

The consolidated statement of activities and changes in net assets includes certain prior-year summarized comparative information in total but not by net asset class. 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 Company's consolidated financial statements for the year ended December 31, 2001 from which the summarized information was derived.

Reclassification

Certain reclassifications have been made to the 2001 consolidated financial statements to conform to the 2002 presentation.

**Note 2. Grants Receivable and Revenues**

The Company's management anticipates grants receivable at December 31, 2002 will be received and available for support of the Company's programs as follows:

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2003	\$ 5,801,288
2004 and 2005	<u>5,082,800</u>
	10,884,088
Less adjustment to reflect grants receivable at fair value at the date of grant (discounted cash flows based on 4 percent discount rate)	<u>(629,000)</u>
	<u><u>\$ 10,255,088</u></u>

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 3. Loans and Commitments**

The Company had commercial and consumer mortgage loans at December 31, 2002 and 2001. The commercial loans are typically collateralized by property, equipment, inventories, and/or receivables with loan-to-value ratios from 50 percent to 100 percent and are typically guaranteed by the principals of the borrower. The consumer mortgage loans are collateralized by the related residence of the borrower.

Loans consisted of the following at December 31:

	<b>2002</b>	<b>2001</b>
Commercial loans	\$ 18,217,424	\$ 17,259,021
Consumer mortgage loan	970,175	253,756
	19,187,599	17,512,777
Allowance for loan losses	(3,490,000)	(3,900,000)
	\$ 15,697,599	\$ 13,612,777

Loan commitments are made to accommodate the financial needs of the Company's customers. These arrangements have credit risk essentially the same as that involved in extending loans to customers of commercial banks and are subject to the Company's normal credit practices.

The Company's maximum exposure to credit loss for loan commitments (unused lines of credit) was \$1,167,353 and \$1,033,462 at December 31, 2002 and 2001, respectively. The lines of credit are callable by the Company at any time and have scheduled maturities through 2007.

Transactions in the allowance for loan losses are summarized as follows at December 31:

	<b>2002</b>	<b>2001</b>
Balance at beginning of year	\$ 3,900,000	\$ 2,475,000
Provision charged to program expenses	2,219,085	2,425,958
Loans charged off	(2,309,085)	(1,000,958)
Reclassification of loans receivable from Delta Linen to investment in privately-held companies (See Note 5)	(320,000)	-
Balance at end of year	\$ 3,490,000	\$ 3,900,000

The Company had non-accrual loans with 28 customers totaling \$5,763,933 at December 31, 2002 and non-accrual loans with 28 customers totaling \$6,472,953 at December 31, 2001. The Company determines delinquency status based on how recently payments have been received.

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 4. Equipment**

Equipment consisted of the following at December 31:

	<b>2002</b>	<b>2001</b>
Computer equipment	\$ 289,054	\$ 296,642
Office equipment and other	130,382	103,259
	419,436	399,901
Accumulated depreciation	(238,734)	(224,126)
	\$ 180,702	\$ 175,775

**Note 5. Investment in Delta Pride Linen, Laundry and Drycleaning**

At December 31, 2001, the Company had investments in Delta Pride Linen, Laundry and Drycleaning ("Delta Linen") of \$677,500, consisting of subordinated debt and preferred stock, and had outstanding loans to Delta Linen of \$1,001,500. In 2002, the Company obtained 100 percent ownership of Delta Linen through the purchase of the issued and outstanding common stock for \$35,000. It is the intent of the Company that control of Delta Linen is temporary and accordingly, the financial position and operations of Delta Linen have not been included in the accompanying consolidated financial statements of the Company. The investment in Delta Linen at December 31, 2002 of \$1,453,091 is recorded using the cost method and consists of the subordinated debt securities, preferred stock, common stock and outstanding loans to Delta Linen, net of related allowances to reduce the Company's total investment to the estimated net realizable value.

**Note 6. Long-Term Debt**

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

	<b>2002</b>	<b>2001</b>
3 percent note payable, with interest due quarterly, maturing from 2004 through 2006	\$ 1,000,000	\$ 1,000,000
1 percent note payable, with interest due quarterly, maturing from 2004 through 2006	2,000,000	2,000,000
Note payable bearing interest of 3 percent from initial borrowing through December 31, 2006 and 6 percent thereafter; annual principal installments of \$500,000 beginning December 31, 2005 with final maturity on December 31, 2010	3,000,000	-

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 6. Continued**

	<b>2002</b>	<b>2001</b>
3 percent note payable, with interest due quarterly, maturing in 2008	\$ 400,000	\$ 400,000
4.5 percent note payable, with interest due semi-annually, maturing in 2003	500,000	500,000
2 percent note payable, with interest due quarterly, maturing in 2004	250,000	250,000
4 percent note payable, with interest due quarterly, maturing in 2003	400,000	400,000
3 percent note payable, with interest due annually, maturing in 2005	250,000	250,000
1 percent note payable, with interest due quarterly, maturing from 2008 through 2010	1,500,000	1,500,000
1 percent note payable, with interest due annually, maturing in 2010	1,500,000	1,500,000
Other notes payable, with interest at 1 percent to 3 percent, maturing from 2003 through 2005	243,750	258,750
	\$ 11,043,750	\$ 8,058,750

The \$1,500,000 note payable maturing in 2010 is a loan obtained from a company with which a member of the Company's board of directors is affiliated.

The maturities of long-term debt at December 31, 2002 are as follows:

2003	\$ 930,000
2004	1,268,750
2005	1,610,000
2006	1,935,000
2007	785,000
Thereafter	4,515,000
	\$ 11,043,750

**ENTERPRISE CORPORATION OF THE DELTA**  
Years Ended December 31, 2002 and 2001

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**Note 7. Minority Interest**

ECDI issued four and one Class A units in 2002 and 2001, respectively, at \$25,000 per unit pursuant to a private placement memorandum. The owners of the Class A units may elect three of the seven members of the management committee of ECDI. The other four members are appointed by the Company, the sole Class B unitholder. ECDI issued .25 Class C units in 2001 at \$100,000 per unit pursuant to a private placement memorandum. The changes in minority interest are as follows at December 31:

	<b>2002</b>	<b>2001</b>
Balance at beginning of year	\$ 7,991,338	\$ 9,209,430
Proceeds from private placement	100,000	50,000
Net loss	(1,698,728)	(1,253,947)
Net unrealized loss on debt securities	(21,371)	(14,145)
	<hr/>	<hr/>
Balance at end of year	\$ 6,371,239	\$ 7,991,338

ECDI had dividends in arrears totaling \$114,775 at December 31, 2002 related to the Class A units.

**Note 8. Retirement Plan**

The Company sponsors a defined contribution retirement plan (the "Plan") for all employees. The Company's contributions to the Plan are based on 12 percent of each employee's salary. Expenses of the Plan were \$245,218 and \$198,292 in 2002 and 2001, respectively.

**Note 9. Contingencies**

The Company is involved in litigation incidental to its business. Management is of the opinion that the outcome of these matters, upon the advice of counsel, will not have a material adverse effect on the Company's consolidated financial position.

**SUPPLEMENTARY INFORMATION**

**ENTERPRISE CORPORATION OF THE DELTA**  
Schedule of Consolidated Expenses by Natural Classification  
Years Ended December 31, 2002 and 2001

	<b>2002</b>	<b>2001</b>
Expenses		
Salaries, employee taxes and benefits	\$ 3,120,100	\$ 2,719,052
Bank and payroll fees	102,814	60,409
Conferences and employee training	22,093	31,817
Contractual services	906,967	1,223,115
Dues, fees and memberships	16,969	10,975
Equipment, furniture and fixtures	26,816	18,966
Insurance	87,657	74,781
Miscellaneous	5,034	6,751
Office supplies	109,598	88,071
Rent and employee parking	65,412	51,969
Rent-in-kind	100,000	100,000
Repairs and maintenance	19,189	6,243
Service fees	48,855	9,957
Staff recruitment and relocation	3,945	37,393
Taxes and licenses	11,486	14,403
Telephone and utilities	133,735	126,387
Travel	172,524	169,406
Interest	178,698	149,766
Provision for loan losses	2,219,085	2,425,958
Impairment loss on investments in preferred stock	500,000	-
Depreciation	67,474	58,556
Loss on disposal of equipment	517	1,710
Income tax expense	-	6,254
	<u>\$ 7,918,968</u>	<u>\$ 7,391,939</u>