

# 1999 Annual Report



FLORIDA SURPLUS LINES  
SERVICE OFFICE

“Serving Florida’s Surplus Lines Community”

Florida Surplus Lines Service Office  
PO Box 10968  
Tallahassee, FL 32302  
800-562-4496  
<http://www.fslso.com>



## FLORIDA SURPLUS LINES SERVICE OFFICE



**ANNUAL  
REPORT  
1999**

# 1999 Annual Report

## BOARD OF GOVERNORS FOR 1999-2000

**W.L. (BILL) RAMBO**  
Chairman  
Daytona Beach

**MICHAEL J. RIORDAN**  
Vice Chairman  
Hull & Company, Inc.  
St. Petersburg

**ROBERT W. WINTERS**  
Secretary/Treasurer  
Burns & Wilcox, Ltd.  
Daytona Beach

**DANIEL O'LEARY III**  
Shelly, Middlebrooks & O'Leary, Inc.  
Jacksonville

**ROBERT L. ERICKSON**  
Universal Specialty Underwriters, Inc.  
Tampa

**DAVID HOLCOMBE**  
Daytona International Speedway Corp.  
Daytona Beach

**LARRY B. STOWE**  
Elliott McKiever & Stowe, Ltd.  
Coral Gables

**EDWARD J. WOJCHICK**  
Franzese & Associates  
Orlando

**ELSIE B. CROWELL**  
Consumer Advocate  
Tallahassee

**W. DANA ROEHRIG**  
Chairman Emeritus

## FSLSO STAFF

**GARY PULLEN**  
Executive Director

**CAROLYN DANIELS**  
Assistant Director, Agent Relations

**SEAN FISHER**  
Assistant Director, Outreach & Education

**MARK SHEALY**  
Chief Financial Officer

**JIM DAY**  
Database/Network Administrator

**KRISTEN DEVITTO**  
Executive Assistant

**CATHY DURRANCE**  
Accounting Systems Specialist

**JAMES FARMER**  
Software Specialist/Webmaster

**LISA FRENCH**  
Insurance Analyst

**ERIC GIPSON**  
Office Automation Specialist

**FELICIA HARRIS**  
Office Automation Specialist

**JASON HAYNIE**  
Production Clerk

**TERI LITTLEFIELD**  
Senior Insurance Analyst

**MATT WESTER**  
Senior Insurance Analyst



**FSLSO**  
Florida Surplus Lines Service Office

# 1999 Annual Report

## Top 25 Insurers by Premium Reported in 1999

Insurers	Total Premium
Lloyd's Underwriters At. London. Sponsoring Syndicate	\$ 173,923,703
Scottsdale Insurance Company	75,074,506
Lexington Insurance Company	69,911,371
General Star Indemnity Company	39,693,695
Royal Surplus Lines Insurance Company	25,805,404
Acceptance Insurance Company	24,756,679
United National Insurance Company	24,314,489
USF&G Specialty Insurance Company	22,908,764
Pacific Insurance Company, Limited	19,206,617
Westchester Surplus Lines Insurance Company	15,434,974
Safeco Surplus Lines Insurance Company	15,017,440
Evanston Insurance Company	14,756,590
Caliber One Indemnity Company	13,994,065
American Equity Insurance Company	13,869,074
Essex Insurance Company	13,728,884
CNA Reinsurance Company Limited	13,007,829
Interstate Fire & Casualty Company	12,345,727
Colony Insurance Company	11,421,451
Voyager Indemnity Insurance Company	10,114,444
Frontier Pacific Insurance Company	9,830,273
Mt. Hawley Insurance Company	9,552,831
Legion Indemnity Company	9,486,813
American International Specialty Lines Insurance Co	9,460,903
Admiral Insurance Company	9,185,285
St. Paul Reinsurance Company, Ltd	8,426,298
<b>Total:</b>	<b>\$ 665,228,112</b>

These twenty-five insurers wrote 76% of the total premium volume during the 1999 reporting period.

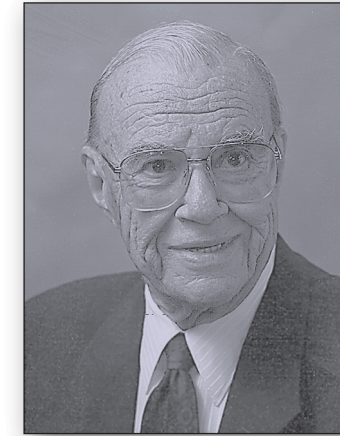
## Top 25 Coverages by Premium Reported for 1999

Commercial Property	\$ 220,045,809
Commercial General Liability	143,893,996
Commercial Package (Property & Casualty)	135,200,448
Homeowners - HO-3	105,820,345
Dwelling Property	20,060,989
Condo Unit-Owners	17,347,593
Miscellaneous E&O Liability	16,896,938
Excess Commercial General Liability (Not Umbrella)	11,232,679
Commercial Umbrella Liability	9,827,453
Commercial Auto Physical Damage	8,722,449
Flood (Commercial Property)	8,436,686
Lawyers Professional Liability	7,868,266
Mobile Homeowners	7,830,137
Directors & Officers Liability (Profit)	7,817,541
Jewelers Block	7,671,691
Accident & Health	7,587,535
Garage Liability	7,022,241
Employment Practices Liability	7,014,988
Miscellaneous Medical Professional Liability	6,788,961
Physician/Surgeon, Dentist Professional Liability	6,623,779
Homeowners - HO-8	6,103,009
Personal & Pleasure Boats & Yachts	5,699,188
Condominium (Commercial)	5,647,241
Architects & Engineers Liability	5,621,218
Inland Marine (Commercial)	5,009,765
<b>TOTAL:</b>	<b>\$ 791,790,945</b>

These coverages represent 90% of the total reported premium volume for the 1999 reporting period.

All other coverages totaled \$84,032,101 for a grand total of \$875,823,046.

## In Memory of William "Dana" Roehrig March 4, 1920 to February 29, 2000



People are measured by their merit and their accomplishments, and one man, Dana Roehrig, set the standard for the surplus lines industry in the state of Florida. Throughout his life, Dana was an exemplary citizen and an outstanding businessman.

As for his accomplishments within the Florida Surplus Lines Service Office (FSLSO), Dana was an integral player in the establishment of this office. He worked through five Legislative Sessions before the Dana Roehrig Act was enacted to create the non-profit association in October of 1997. He was visionary in setting the FSLSO apart from similar offices in other states. Dana was the first chairman for the

FSLSO and was honored by Florida Insurance Commissioner Bill Nelson as FSLSO Chairman Emeritus.

Staying active was always a key to Dana's success. Throughout his career, Dana was involved with numerous insurance related organizations and associations where he received an assortment of awards and recognition for his involvement within them. Dana was the past president and life member of the Florida Surplus Lines Association (FSLA) and the National Association of Professional Surplus Lines Office (NAPSLO). He also chaired the board of governors for the Insurance Exchange of the Americas and the Property and Casualty Joint Underwriting Association. In 1995, Dana received the Industry Award for Outstanding Achievement from the NAPSLO.

Dana began working in the insurance field in 1950 as a special agent at the Fireman's Fund in Arizona. Since that time, Dana worked from coast to coast in various positions within the insurance industry. In 1989, he retired. In 1991, Dana came back as a consultant for Bankers Insurance Company in St. Petersburg.

Dana was born in Topeka, KS and attended Washburn College. He enlisted into the Cavalry United States Army in 1940 and went on to serve three years of Pacific Duty. Dana received numerous awards and commendations while serving our country. A Bronze Star for Valor, a Naval Presidential Unit Citation, three letters of commendation, three Battle Stars and one Bronze Arrowhead Assault Wave Landing are just a few of his achievements during his military career. After the war, Dana graduated from General Staff College in 1945 and proceeded to leave the military the following year with the rank of Major. In 1946, Dana married Martha (Marty) Crocker and moved to Tucson, AZ. He is survived by his wife, Marty and their three sons.

From his early beginnings in the heartland of America to defending our country in the Pacific Rim during World War II to becoming a leader in the insurance industry, W. Dana Roehrig will be missed greatly. The FSLSO salutes Dana for his professional and personal accomplishments throughout his life and career.

FSLSO  
Florida Surplus Lines Service Office



# 1999 Annual Report

## Chairman's Message



For the year 1999, the Florida Surplus Lines Service Office (FSLSO) established and maintained a business plan to provide stability and credibility of its services within Florida's insurance industry.

Our gratitude is extended to the drive and ambition of Dana Roehrig, who was the impetus behind the creation of the FSLSO and whose accomplishments set the standard for the surplus lines industry in the State of Florida. His recent and untimely passing is a tremendous misfortune for our industry. We can best pay tribute to his achievements by carrying through the vision of a long and prosperous existence for the FSLSO. Dana Roehrig will be missed.

The FSLSO has had a year of progress that has been best characterized by the relationships developed with the industry and regulators. Created as a self-regulating, nonprofit association, we charted our successes with a proven methodology for facilitating compliance, monitoring the marketplace, and protecting state revenues. From the reporting information and relationships, consumers, agents, insurers and regulators are provided the highest degree of assurance that business is conducted in a manner consistent with established regulatory standards.

The FSLSO, unlike any other state's surplus lines service offices, is the first and only "paperless" service office in the country, performing a review of all surplus lines placements. Creating a state-of-the-art, "user friendly", proprietary software program is indicative of the customer service that has led to a smooth reporting transition between the industry and regulators.

We are very fortunate to have Gary Pullen as our Executive Director, who has focused his management team and staff in understanding the short and long term goals of our organization. It is their dedication and determination that gives me so much confidence in the FSLSO's ability to meet the demands placed upon them. The comments from the industry are a true testament to their contributions to our organization.

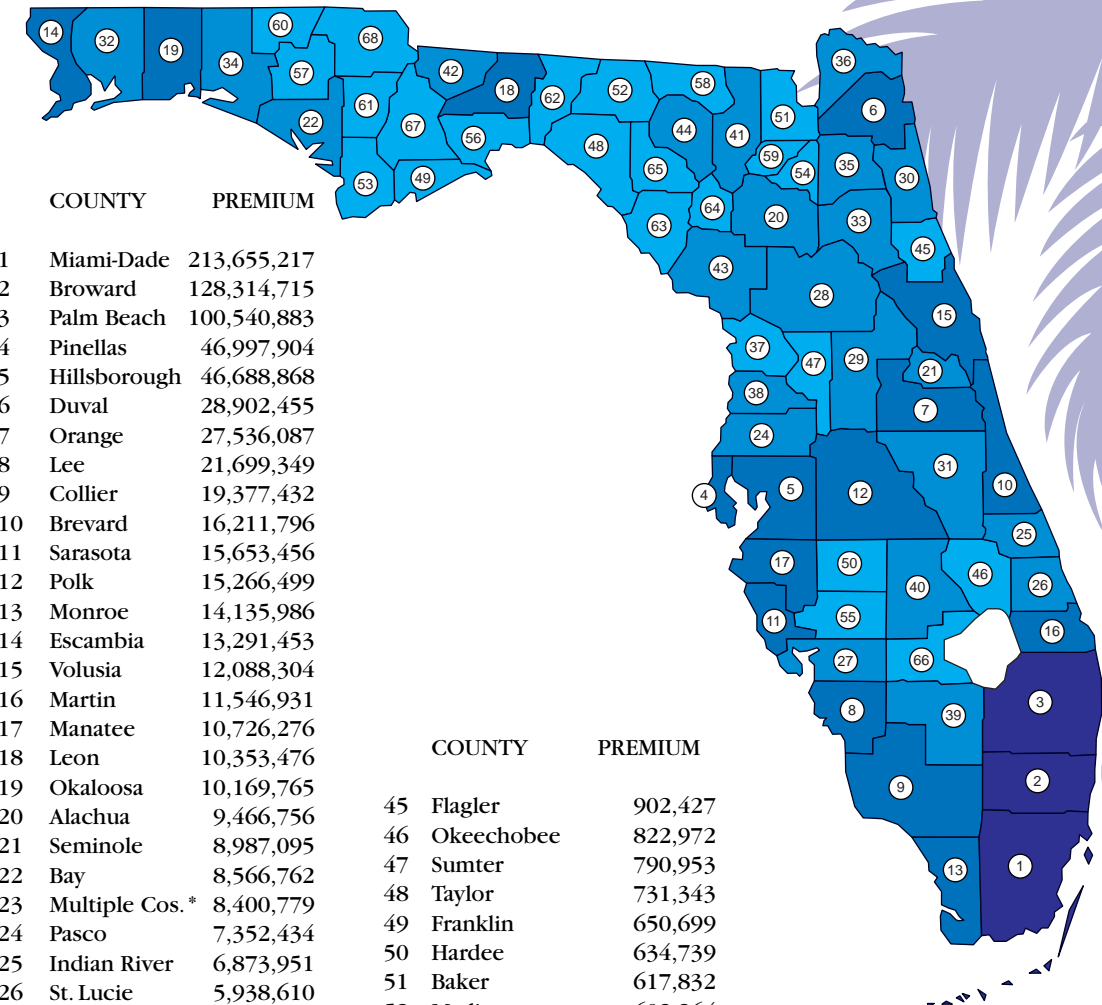
Through prudent management, the FSLSO has become financially stable. In the near future, the costs associated with our start-up will be retired, we will continue to build upon the relationships we have established to enhance the services the FSLSO provides, and we will remain committed to the marketplace we serve.

My many thanks to this year's Board of Governors, whose individual contributions deserve tremendous credit for our success and stability. I thank all of the surplus lines agents in Florida for it is an honor to serve as Chairman of the FSLSO.

*Bill Rambo*

## 1999 Premiums by County

The FSLSO has 734 member agents, of which 432 submitted business in 1999. Total premium reported was \$875,823,047.



COUNTY	PREMIUM	COUNTY	PREMIUM
1 Miami-Dade	213,655,217	45 Flagler	902,427
2 Broward	128,314,715	46 Okeechobee	822,972
3 Palm Beach	100,540,883	47 Sumter	790,953
4 Pinellas	46,997,904	48 Taylor	731,343
5 Hillsborough	46,688,868	49 Franklin	650,699
6 Duval	28,902,455	50 Hardee	634,739
7 Orange	27,536,087	51 Baker	617,832
8 Lee	21,699,349	52 Madison	602,264
9 Collier	19,377,432	53 Gulf	584,759
10 Brevard	16,211,796	54 Bradford	548,153
11 Sarasota	15,653,456	55 Desoto	488,266
12 Polk	15,266,499	56 Wakulla	462,513
13 Monroe	14,135,986	57 Washington	440,591
14 Escambia	13,291,453	58 Hamilton	411,045
15 Volusia	12,088,304	59 Union	403,385
16 Martin	11,546,931	60 Holmes	396,221
17 Manatee	10,726,276	61 Calhoun	361,456
18 Leon	10,353,476	62 Jefferson	331,901
19 Okaloosa	10,169,765	63 Dixie	331,787
20 Alachua	9,466,756	64 Gilchrist	257,660
21 Seminole	8,987,095	65 Lafayette	219,968
22 Bay	8,566,762	66 Glades	188,732
23 Multiple Cos. *	8,400,779	67 Liberty	140,644
24 Pasco	7,352,434	68 Jackson	-193,512
25 Indian River	6,873,951	Total	875,823,047
26 St. Lucie	5,938,610		
27 Charlotte	4,851,155		
28 Marion	4,525,367		
29 Lake	4,408,826		
30 St. Johns	4,261,051		
31 Osceola	4,062,614		
32 Santa Rosa	3,484,894		
33 Putnam	2,805,209		
34 Walton	2,292,306		
35 Clay	1,957,173		
36 Nassau	1,910,058		
37 Citrus	1,870,181		
38 Hernando	1,673,582		
39 Hendry	1,605,070		
40 Highlands	1,581,010		
41 Columbia	1,309,311		
42 Gadsden	1,241,058		
43 Levy	1,084,859		
44 Suwannee	1,029,282		

\*This includes one or more counties as reported

FSLSO Florida Surplus Lines Service Office

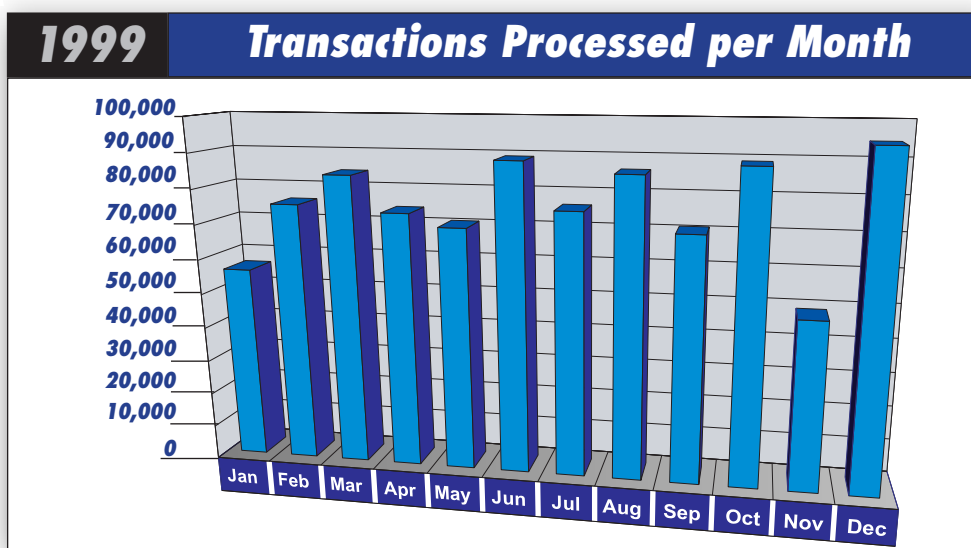
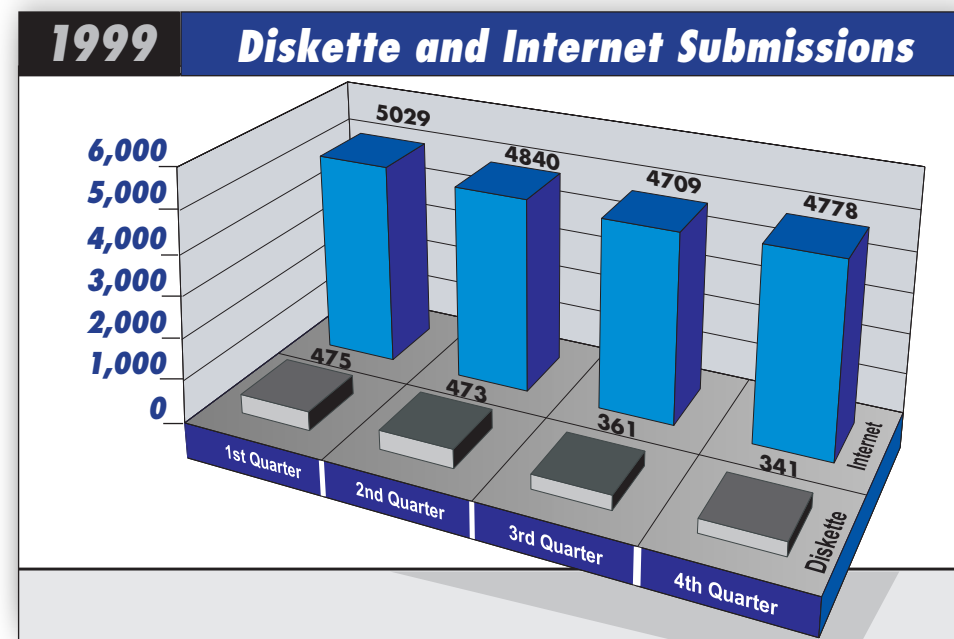


# 1999 Annual Report

## Industry Statistics

The Florida Surplus Lines Office (FSLSO) receives, records, and reviews information regarding the export of surplus lines insurance policies for Florida's insureds. All transactions submitted by surplus lines agents are entered into the FSLSO Management System. The following statistical information is included as reported for the year ending December 31, 1999.

For 1999, the FSLSO processed 613,970 policies, representing 914,735 transactions. Transactions were submitted via internet or on diskette in an effort to maintain a paperless reporting environment.



## Executive Director's Message



The Florida Surplus Lines Service Office (FSLSO) had a banner year! After a year of conquered challenges and realized opportunities, we continued to meet those trials presented to us with focus and determination.

The FSLSO is no longer just a start-up operation. Through building relationships between a variety of industry partners, we have become recognized among our peers as a viable and contributory organization carrying out the responsibilities provided in the Dana Roehrig Act of 1997. Our organization has become a leader within the nation, using state-of-the-art

technology to create a virtual "paperless" reporting service organization.

Our management team has met the objectives derived to fulfill the mission of the FSLSO as set forth by the Board of Governors and the FSLSO's Plan of Operation. In summary, we developed a catastrophe assistance plan to complement the efforts of the Florida Department of Insurance; we participated in the test development for surplus lines agent examinations with both the Florida Department of Insurance and the Florida Surplus Lines Association; and, we developed an industry and consumer awareness program as a source of advice and counsel for the benefit of consumers, agents, insurers and governmental agencies.

Although technology has aided us in our quest, it is the people that have added value to our services. Our role is to offer advice, protection, education, assistance and information. We do so in an effort to help promote access to the surplus lines market, enhance the types of insurance products available, and increase overall tax collections. Through the people employed at FSLSO, we are quickly becoming a leader in our industry and are setting the standards that other states are beginning to model.

Our team of information specialists created specialty software for reporting policy information, developed a user friendly web site, and created an electronic bulletin (eNews) to inform our members and other interested parties about current events and issues. Please take a moment to review our 1999 Annual Report, as there are many more accomplishments and information to share with you.

As we enhance our services, I am confident we will continue to promote the surplus lines insurance market in Florida.

FSLSO is a service organization with an emphasis on helping Florida's citizens and the surplus lines community. We look to 2000 with enthusiasm and anticipation as we move forward with a proactive strategy that embodies integrity and objectivity in our business approach.

*Gary D. Pullen*



FSLSO Florida Surplus Lines Service Office

# 1999 Annual Report

## FSLSO Mission

*The FSLSO will promote a stable, efficient and financially strong surplus lines' insurance market in Florida.*

## FSLSO Goals

- I. Protect consumers seeking insurance in this state.
- II. Permit surplus lines insurance to be placed with approved surplus lines insurers.
- III. Maintain a self-regulating organization that will promote and permit orderly access to surplus lines insurance in Florida.
- IV. Enhance the number and types of insurance products available to consumers in Florida.
- V. Provide a source of advice and counsel for the benefit of consumers, surplus lines agents, insurers and government agencies concerning the operation of the surplus lines insurance market.
- VI. Protect the revenues of the state.

## F Y I

FSLSO's Internet address is [www.fslso.com](http://www.fslso.com)

FSLSO's Quarterly Newsletter is "The Surplus Lines ADVISOR"

FSLSO's staff has 124 years of insurance experience

Florida is number 3 nationally in total surplus lines premiums written

FSLSO was established by the Florida Legislature, October 1, 1997 under the Dana Roehrig Act of 1997

FSLSO has 734 member agents

FSLSO had 432 member agents submit business in 1999

FSLSO processed 613,970 policies in 1999

FSLSO received 914,735 transactions from member agents in 1999

Florida has 165 eligible surplus lines insurers (42 Alien and 123 Foreign)

FSLSO averaged a receipt of 81 submissions per day in 1999

FSLSO received a total of 19,356 Internet submissions for 1999, as noted by the following quarters: 1st quarter - 5029, 2nd quarter - 4840, 3rd quarter - 4709, 4th quarter - 4778

FSLSO received 1,650 diskette submissions for 1999, as noted by the following quarters: 1st quarter - 475, 2nd quarter - 473, 3rd quarter - 361, 4th quarter - 341

Total premium reported by member agents in 1999 was \$875,823,047.

Total taxes reported by member agents in 1999 were \$39,512,786.

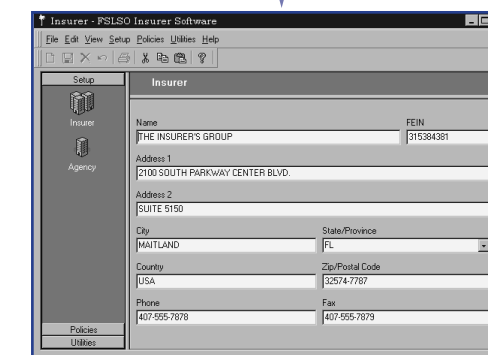
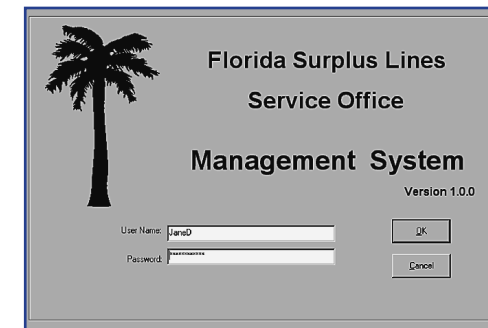
FSLSO had 19,103 visits to its website in 1999

Florida is the first and only State to implement electronic collection of policy data from surplus lines agents and insurers

Interested parties may apply on-line through the FSLSO website for the FSLSO eNews bulletin

## MANAGEMENT SYSTEMS

- Receives information submitted by agents, claims adjusters, and insurers.
- Analyzes this data, creates reports based on the data, and accepts or rejects the submission.
- Sends a response back to the submitting agent, claims adjuster, or insurer.
- Transfers data to FSLSO accounting software for the production of invoices.
- **Allows for extra submission reports:**
  - **monthly transaction reports for agents to reconcile taxes and fees,**
  - **invoices based on transactions submitted during a given month, or quarter,**
  - **daily activity summary report,**
  - **policy information reports,**
  - **variance reports on insurers, adjusters and agents,**
  - **total premiums reported by month, quarter, or year for agents, agencies, as well as, premiums and coverages for insurers.**
- **Submissions in question (SIQ)- transactions that do not meet the FSLSO business rules are questioned by the FSLSO Management System.**

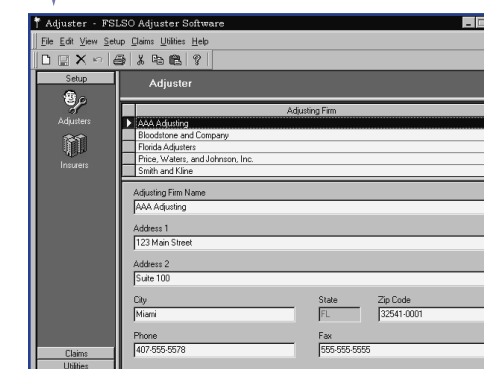
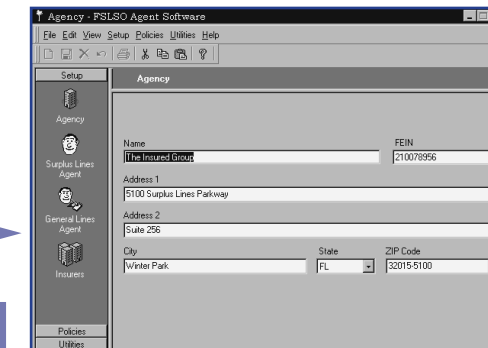


## INSURER SOFTWARE

- Insurers submit surplus lines policy information.
- Information is compared to policy information submitted by agents.

## AGENT SYSTEM

- Collects and submits policy transaction information to FSLSO.
- Acceptance or rejection of policy transactions is transmitted back to agents.
- **Accepts new agent license numbering assigned by the Florida Department of Insurance.**
- **Offers intuitive data entry buttons.**
- **Allows agents to submit reversing transactions.**
- **Redesigned for pre-submission printing.**



## CLAIMS REPORTING SOFTWARE

- Claims adjusters submit surplus lines claims information.
- Information is compared to policy information submitted by agents.

Florida Surplus Lines Service Office

FSLSO




# 1999 Annual Report

## System Overview


**SUBMISSION**

Agents, claims adjusters, and insurers can submit their information to FLSLO in one of two ways:

**Diskette**



**Through the Internet Data Transfer Protocol**




**RESPONSE**

FLSLO's Management System responds to the submission in one of three ways, depending on the capability of the submitter:

**E-mail**

**Fax**

**Response Printed and Mailed**

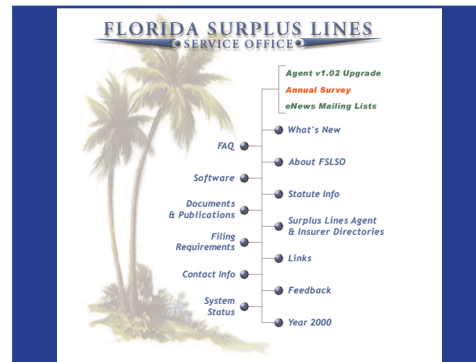


One of the priorities set forth by the Board was to make the FLSLO's Management System more "user-friendly". Thus a significant amount of time has been spent on the technology, making the FLSLO the first and only "stamping office" to maintain a paperless service organization.

An overview of the FLSLO e-information and FLSLO Management System includes a brief description of the components (with the system's enhancements in bold).

### FLSLO WEB SITE

- Provides updated software and user manuals for download by agents, claims adjusters, and insurers.
- Allows easy access to updated surplus lines information, document/publication downloads, statutory information, and continuing education information.
- **Our most popular section of the FLSLO website provides directories for surplus lines agents, general lines agents, surplus lines agencies and surplus lines insurers.**
- **Provides a summary of Filing Requirements for surplus lines agents, insurers and claims information.**
- **Provides FLSLO contact information.**
- **Provides application for eNews mailings for updates on issues pertinent to our members and interested parties.**



### FLORIDA DEPARTMENT OF INSURANCE

- Receives regulatory information from FLSLO.
- Receives management reports from the FLSLO Management System.

## Achievements

**A**midst all the considerations given the Y2K epidemic and the many challenges of new organizations, 1999 was a year of building on past achievements, new relationships and continued growth. It was an outstanding year for the Florida Surplus Lines Service Office.

During our second year of operation, the following accomplishments were made through the combined efforts of the FLSLO staff working with our Board of Governors and Committee members:

- *Developed a Catastrophe Assistance Plan that included contact information for agencies and companies writing personal and commercial property insurance.*
- *Participated with the Florida Surplus Lines Association and made recommendations to the Florida Department of Insurance's (DOI) Test Development Committee for surplus lines agent examinations.*
- *Received approval for the 2000 annual budget proposal, which included the establishment of an agent field audit program.*
- *Developed a consumer and industry public relations campaign, including:*
  - *A brochure outlining the responsibilities of the FLSLO, agents, insurers and consumers involved in surplus lines transactions,*
  - *Supplemental information regarding surplus lines insurance and the FLSLO in the DOI's consumers' guides,*
  - *An enhanced FLSLO website with links to the DOI and other related insurance sites,*
  - *A quarterly newsletter provided in hard copy as well as available electronically.*
- *Completed enhancements to the FLSLO's information systems:*
  - *Implemented a more "user friendly" software package to accommodate the needs for all surplus lines agencies, large and small,*
  - *Provided demonstrations and reports of the FLSLO's information systems software to other state "stamping offices",*
  - *Created enhancements for security and to minimize risks associated with the FLSLO computer system.*
- *Processed 21,006 agent submissions and 914,735 associated policy transactions.*
- *Received a satisfactory financial audit for 1999.*

*The following Committee Chairs provided the leadership for our success:*

Bill Rambo	-	Budget Committee
Dan O'Leary	-	Automation Committee, Long Term Planning Committee
Ed Wojchick	-	Public Relations Committee
Elsie Crowell	-	Compensation Committee
David Holcombe	-	Audit Committee

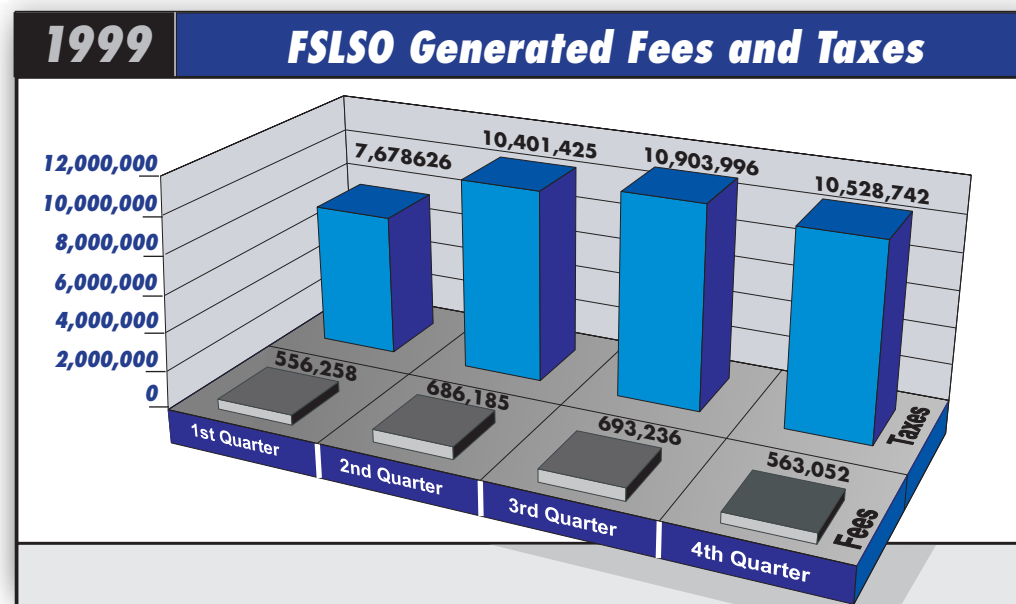
FLSLO Florida Surplus Lines Service Office



# 1999 Annual Report

## Finance

For the fiscal year 1999, FLSLO saw its first full year of operation. The organization tracked the production, reporting, billing and collection of taxes (\$39,512,786) and fees (\$2,498,731). The following represents what was accomplished with respect to the fees and taxes during 1999.



Working through FLSLO's first operating year, proved to be a financial challenge. In 1999, the FLSLO started from a deficit of \$345,000 in net assets. In addition, there were prevailing expenditures including line-of-credit payments associated with start-up costs the FLSLO incurred in 1998, significant programming expenditures, as well as, the administrative costs associated with maintaining an office (i.e., staff, overhead and all other costs). However, with a strong financial year in the surplus lines industry and a frugal management position, the FLSLO was able to rebound for a year ending surplus of \$629,575 in net assets.

FLSLO's financial consistency during 1999 enabled the organization to make a significant impact on the \$1.2 million liability incurred during the start up of the service office. At year end, the debt was reduced to \$500,000.

The Service Office, during the year ending December 31, 1999, generated \$2,506,294 in revenues and \$1,531,035 in expenses. These numbers created an increase in net assets of \$975,259.

Responsibility for the integrity and objectivity of the financial information presented in this Annual Report rests with the FLSLO management. The Statement of Financial Position is in conformity with the general accounting principles generally accepted in the United States. FLSLO retains independent accountants to audit FLSLO's financial statements. The annual independent audit of the FLSLO's books and records are available at the FLSLO office for members to review.

## FINANCIAL STATEMENTS Balance Sheets Dec 31, 1999

Statement of Financial Position	
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 556,858
Accounts receivable	5,953
Prepaid expenses	15,790
Total current assets	578,601
Furniture, equipment and leasehold improvements, net	634,896
Deposits	9,225
Deferred loan costs	2,727
<b>Total assets</b>	<b>\$ 1,225,449</b>
<b>Liabilities and unrestricted net assets</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 80,942
Note payable (Note 3)	500,000
Capital lease payable (Note 4)	14,932
Total current liabilities	595,874
Unrestricted net assets	629,575
Total liabilities and unrestricted net assets	\$ 1,225,449
<b>Statement of Activities and Changes in Net Assets</b>	
<b>Changes in unrestricted net assets</b>	
Revenues:	
Service Fees	\$ 2,498,731
Interest and other income	7,563
Total revenues	2,506,294
Expenses:	
General and administrative expense	1,296,787
Depreciation	234,248
Total expenses	1,531,035
<b>Increase in unrestricted net assets</b>	<b>975,259</b>
Net assets (liabilities) at beginning of year	(345,684)
<b>Net assets at beginning of year</b>	<b>\$ 629,575</b>
<b>Statement of Cash Flows</b>	
<b>Operating activities</b>	
Increase in unrestricted net assets	\$ 975,259
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:	
Depreciation	234,248
Changes in operating assets and liabilities:	
Accounts receivable	7,624
Prepaid expenses	3,651
Deferred loan costs	6,543
Deposits	4,783
Accounts payable and accrued expenses	(39,259)
Net cash provided by operating activities	1,192,849
<b>Investing activities</b>	
Purchases of furniture and equipment	(41,540)
Purchases of computer software	(50,775)
Net cash used in investing activities	(92,315)
<b>Financing activities</b>	
Principal payments on line of credit payable	(638,573)
Principal payments on capital lease payable	(13,084)
Net cash used in financing activities	(651,657)
Net increase in cash and cash equivalents	448,877
Cash and cash equivalents at beginning of year	107,981
<b>Cash and cash equivalents at end of year</b>	<b>\$ 556,858</b>

