EXHIBIT B

AMERICINN INTERNATIONAL, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004

AMERICINN INTERNATIONAL, LLC
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YEARS ENDED DECEMBER 31, 2005 AND 2004

LarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Governors and Members
AmericInn International, LLC
Chanhassen, Minnesota

We have audited the accompanying balance sheets of AmericInn International, LLC as of December 31, 2005 and 2004, and the related statements of income and members' capital, and cash flows for the years 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 audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audits provide 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 AmericInn International, LLC as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Larson, Allen, Weishair & Co., LLP
LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
February 10, 2006

AMERICINN INTERNATIONAL, LLC
BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash	$ 982,881	$ -
Accounts Receivable, Net of Allowance	1,771,092	1,554,318
Other Receivables, Related Parties	1,558,676	2,983,405
Note Receivable, Current Portion	19,616	18,112
Inventories	2,830	3,307
Prepaid Expenses and Deposits	106,611	65,278
Total Current Assets	4,441,706	4,624,420
OTHER ASSETS		
Cash Surrender Value of Life Insurance	239,099	204,495
Franchise Rights, Net	91,796	122,396
Note Receivable, Net of Current Portion	44,245	63,861
Total Other Assets	375,140	390,752
Total Assets	$ 4,816,846	$ 5,015,172
LIABILITIES AND MEMBERS' CAPITAL		
CURRENT LIABILITIES		
Accounts Payable	$ 300,382	$ 456,226
Accrued Expenses	136,009	11,764
Deferred Revenue	528,700	563,420
Deposits for National Marketing Program	862,512	489,478
Total Current Liabilities	1,827,603	1,520,888
DEFERRED COMPENSATION	207,850	178,860
Total Liabilities	2,035,453	1,699,748
MEMBERS' CAPITAL	2,781,393	3,315,424
Total Liabilities and Members' Capital	$ 4,816,846	$ 5,015,172

See accompanying Notes to Financial Statements.

AMERICINN INTERNATIONAL, LLC
STATEMENTS OF INCOME AND MEMBERS' CAPITAL
YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
REVENUES		
Franchise Revenue	$ 7,232,988	$ 6,604,458
Other Revenue	2,995,073	2,284,942
Total Revenues	10,228,061	8,889,400
COST OF REVENUES	2,609,295	1,936,445
GROSS PROFIT	7,618,766	6,952,955
OPERATING EXPENSES	7,186,974	6,509,850
INCOME FROM OPERATIONS	431,792	443,105
INTEREST INCOME	34,177	24,602
NET INCOME	465,969	467,707
Members' Capital - Beginning	3,315,424	2,847,717
Members' Capital - Distributions	(1,000,000)	-
MEMBERS' CAPITAL - ENDING	$ 2,781,393	$ 3,315,424

See accompanying Notes to Financial Statements.

AMERICINN INTERNATIONAL, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 465,969	$ 467,707
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	30,600	30,600
Cash Value of Life Insurance	(34,604)	(33,812)
Deferred Compensation	28,990	26,768
(Increase) Decrease in Current Assets:		
Accounts Receivable	(216,774)	(433,682)
Related Party Accounts Receivable	37,154	(727,285)
Inventories	477	691
Other Current Assets	(41,333)	(18,368)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(155,844)	(29,044)
Accrued Expenses	124,245	11,764
Deferred Revenue	(34,720)	390,898
Deposits for National Marketing Program	373,034	265,595
Net Cash Provided (Used) by Operating Activities	577,194	(48,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Equipment	-	37,505
Receipts on Note Receivable	18,112	18,027
Cash Management Program Net Advances to Parent	1,387,575	(99,919)
Net Cash Provided (Used) by Investing Activities	1,405,687	(44,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Member Distributions	(1,000,000)	-
NET INCREASE (DECREASE) IN CASH	982,881	(92,555)
Cash - Beginning of Year	-	92,555
CASH - END OF YEAR	$ 982,881	$ -
NON-CASH TRANSACTIONS		
Finance Accounts Receivable with Note Receivable	$ -	$ 100,000

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

AmericInn International, LLC (the Company) was organized as a Minnesota Limited Liability Company (LLC) in January 1994 and has a perpetual duration. Member liability is limited to the extent permitted by law. The Company's operations are principally in the sale, development and promotion of a chain of lodging franchises under the name "AmericInn®" throughout the United States. The Company also sells supplies to some of these franchisees.

Accounts Receivable

Initial franchise rights, goods and services are sold on an unsecured basis. Payment is required 30 days after receipt of the invoice. Continuing franchise fees are due on or before the tenth day of each month for the previous month. Monthly, accounts older than 30 days are charged a finance fee of 1.5% of the outstanding balance. The Company provides an allowance for bad debts and finance charges using the allowance method. Accounts past due more than 90 days are individually analyzed for collectibility. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. Interest is accrued on all accounts older than 30 days until the account is written off against the allowance. Once all collection efforts have been exhausted, accounts are written off against the allowance. The allowance for uncollectible accounts was $561,179 and $512,213 at December 31, 2005 and 2004, respectively.

Inventories

Inventories at December 31, 2005 and 2004 consist of lodge supplies and are valued at the lower of cost (first-in, first-out method) or market.

Equipment

Equipment is recorded as cost and depreciated using the straight-line method over the estimated useful lives of 3 to 10 years. All equipment is fully depreciated at December 31, 2005 and 2004.

Franchise Rights

Acquired franchise rights have an estimated useful life of 15 years and are being amortized using the straight-line method. Franchise rights include but are not limited to the continuing receipt of royalties and the opportunity to continue to serve the franchisees. Amortization for the years ended December 31, 2005 and 2004 was $30,600.

Future amortization expense relating to franchise rights is as follows:

Year Ending December 31,	Amount
2006	$ 30,600
2007	30,600
2008	30,596
Total	$ 91,796

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of deferred initial franchise fees, supplies revenue and the value of gift certificates issued but not redeemed.

Deposits for National Marketing Program

Deposits for National Marketing Program represent deposits received from franchisees for the marketing program and interest earned on the deposits for which expenses have not yet been incurred.

Franchise Fees

Revenue from the sale of individual franchises is recognized when substantially all significant services to be provided by the Company have been performed. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, personnel training, implementation of a quality control system, and organization of the grand opening. Initial franchise fees included in revenues for the years ended December 31, 2005 and 2004 were $317,000 and $209,500, respectively. Continuing franchise royalties included in income were $6,915,988 and $6,394,958 for 2005 and 2004, respectively.

Advertising Costs

Advertising costs under the National Marketing Program are expensed as incurred. These expenditures were $1,734,418 and $1,725,631 for the years ended December 31, 2005 and 2004, respectively.

Income Taxes

The Company is not a taxpaying entity for federal and state income tax purposes, and therefore does not include a provision for income taxes. Income is reported by the members on their respective income tax returns.

Concentrations of Credit Risk

The Company maintains cash balances at one financial institution in Minnesota. These deposits may be in excess of Federal Deposit Insurance Corporation limits of $100,000.

Accounts receivable consists of receivables from franchisees for franchise royalties and supplies. At times, significant receivables may exist with franchisees who are preparing for lodge openings.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 NOTE RECEIVABLE

During 2004, the company entered into a note receivable agreement as a means of collecting outstanding accounts receivable. The note is in the amount of $100,000 and accrues interest at 8% compounded monthly. The term of the note is 58 months with payments to be made monthly in the amount of $4,083 for the months of May through October of each year. The note matures in October 2008. The balances at December 31, 2005 and 2004 are $63,861 and $81,973, respectively, of these balances, $19,616 and $18,112 are classified as current in the accompanying December 31, 2005 and 2004 balance sheet.

NOTE 3 RELATED PARTY TRANSACTIONS

Income Statement Transactions

The Company has a management agreement with Northcott Company, a related party. The agreement expires in December 2007, but contains provisions to automatically renew for additional consecutive five-year terms unless terminated by either party. This agreement requires payment of a management fee based on net income of the Company. During 2005 and 2004, management fees were $1,193,896 and $1,199,124, respectively.

The Company has a marketing agreement with a related party that calls for payments of $75,000 per year for use of one of the related party's hotel locations as a model for current and prospective franchise owners. Expenses from this agreement were $75,000 in 2005 and 2004.

The Company has in place a cash management agreement with its parent company under which excess funds from its general checking account are swept and transferred to an account maintained by the parent. The excess funds are then invested in an interest earning account. This transfer of cash creates a related party demand receivable with the parent that fluctuates daily. Net cash transfers from the parent company were $1,387,575 for 2005. Net cash transfers to the parent company were $99,919 for 2004.

For operating efficiency, the parent company provides much of the administrative support for all of the entities under its ownership. Expenses are incurred by the parent and then allocated to each of the subsidiaries directly whenever possible, or based on an allocation determined by management. This allocation of expenses can create a related party payable. Allocated expenses from the parent company were $5,794,937 and $5,095,844 for 2005 and 2004, respectively.

The Company may also, from time to time, make cash advances to various related parties when management deems it is necessary. These transactions create a related party receivable until advances are repaid. Net repayment of advances to related parties were $37,154 for the year ended December 31, 2005. Net advances to related parties were $727,285 for the year ended December 31, 2004.

NOTE 3 RELATED PARTY TRANSACTIONS (CONTINUED)

Income Statement Transactions (Continued)

In addition, the Company received the following revenues from related parties, accounting for approximately 5% of revenue for the years ended December 31, 2005 and 2004:

	2005	2004
Franchise Revenue	$ 298,355	$ 303,440
Other Revenue	203,677	167,678
Total Related Party Revenues	$ 502,032	$ 471,118

Balance Sheet

Amounts for related parties included in the balance sheets at December 31, 2005 and 2004, were as follows:

	2005	2004
Accounts Receivable - Franchise Revenue	$ 85,978	$ 40,693
Accounts Receivable - Lodge Supplies	$ 243,754	$ 243,246
Other Receivables	$ 1,703,552	$ 3,234,683
Accounts Payable	$ 140,973	$ 249,324

Included in Other Receivables at December 31, 2005 and 2004 is a $1,699,649 and $3,232,729, respectively, receivable from the Company's parent which is created by the net of the aforementioned cash management agreement transfers and the administrative support allocation. The net receivable balance is readily available to the Company in the form of a cash sweep transaction from the parent at any time.

NOTE 4 OPERATING LEASES

The Company leases billboard advertising space for the National Marketing Program under operating leases which expire at various dates through 2008. Total rental expense for these agreements was $853,677 and $868,696 for the years ended December 31, 2005 and 2004, respectively.

Minimum lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31,	Amount
2006	$ 494,611
2007	90,634
2008	1,730

NOTE 5 SUMMARY OF FRANCHISES

The following is a summary of changes in the number of franchises during the years ended December 31, 2005 and 2004, respectively:

	2005	2004
Franchises:		
In Operation, Beginning of Year	193	188
New Franchises Opened During the Year	9	5
In Operation, End of Year	202	193

NOTE 6 DEFERRED COMPENSATION PLAN

The Company has a deferred compensation agreement with an employee. Under the agreement, the Company is required to maintain a split dollar life insurance policy. Proceeds from the policy are $250,000 and will be paid out to designated beneficiaries within 90 days upon death or to the employee over 5 years upon reaching certain age requirements. The lesser of the proceeds or the cash surrender value of the related insurance policy will be paid to the employee within 90 days in the event of disability. If the employee is terminated before reaching certain age requirements and acted in the best interest of the Company, the employee will receive 10% of the cash surrender value at the date of termination for each year of employment since the date of the agreement. Total cash surrender value of the related insurance policy was $239,099 and $204,495 at December 31, 2005 and 2004, respectively. Total liability for deferred compensation was $207,850 and $178,860 at December 31, 2005 and 2004, respectively.

NOTE 7 LITIGATION

The Company is involved in various employment and other legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the financial condition of the Company and the Company has adequate insurance coverage for any potential outcomes.

AMERICINN INTERNATIONAL, LLC

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2004 AND 2003

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YEARS ENDED DECEMBER 31, 2004 AND 2003

LarsonAllen℠

CPAs, Consultants & Advisors
www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Governors and Members
AmericInn International, LLC
Chanhassen, Minnesota

We have audited the accompanying balance sheets of AmericInn International, LLC as of December 31, 2004 and 2003, and the related statements of income and members' capital, and cash flows for the years 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 audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 audits provide 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 AmericInn International, LLC as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Larson, Allen, Weishair & Co., LLP
LARSON, ALLEN, WEISHAIR & CO., LLP

Minneapolis, Minnesota
February 11, 2005

AMERICINN INTERNATIONAL, LLC
BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	$ -	$ 92,555
Accounts Receivable, Net of Allowance	1,554,318	1,190,754
Other Receivables, Related Parties	2,983,405	2,156,201
Note Receivable, Current Portion	18,112	-
Inventories	3,307	3,998
Prepaid Expenses and Deposits	65,278	46,910
Total Current Assets	4,624,420	3,490,418
EQUIPMENT		
Equipment	151,266	191,936
Less: Accumulated Depreciation	(151,266)	(154,431)
Total Equipment (at Depreciated Cost)	-	37,505
OTHER ASSETS		
Cash Surrender Value of Life Insurance	204,495	170,683
Franchise Rights, Net	122,396	152,996
Note Receivable, Net of Current Portion	63,861	-
Total Other Assets	390,752	323,679
Total Assets	$ 5,015,172	$ 3,851,602
LIABILITIES AND MEMBERS' CAPITAL		
CURRENT LIABILITIES		
Accounts Payable	$ 456,226	$ 485,270
Accrued Expenses	11,764	-
Deferred Revenue	563,420	142,640
Deposits for National Marketing Program	489,478	223,883
Total Current Liabilities	1,520,888	851,793
DEFERRED COMPENSATION	178,860	152,092
Total Liabilities	1,699,748	1,003,885
MEMBERS' CAPITAL	3,315,424	2,847,717
Total Liabilities and Members' Capital	$ 5,015,172	$ 3,851,602

See accompanying Notes to Financial Statements.

AMERICINN INTERNATIONAL, LLC
STATEMENTS OF INCOME AND MEMBERS' CAPITAL
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
REVENUES		
Franchise Revenue	$ 6,604,458	$ 6,106,675
Other Revenue	2,284,942	2,491,707
Total Revenues	8,889,400	8,598,382
COST OF REVENUES	1,936,445	2,123,314
GROSS PROFIT	6,952,955	6,475,068
OPERATING EXPENSES	6,509,850	6,164,992
INCOME FROM OPERATIONS	443,105	310,076
INTEREST INCOME	24,602	113,452
NET INCOME	467,707	423,528
Members' Capital - Beginning	2,847,717	2,424,189
MEMBERS' CAPITAL - ENDING	$ 3,315,424	$ 2,847,717

See accompanying Notes to Financial Statements.

AMERICINN INTERNATIONAL, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 467,707	$ 423,528
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	30,600	43,305
(Increase) Decrease in Current Assets:		
Accounts Receivable	(433,682)	63,852
Related Party Accounts Receivable	(727,285)	1,367,086
Inventories	691	(1,636)
Other Current Assets	(18,368)	5,887
Cash Value of Life Insurance	(33,812)	(32,262)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(29,044)	91,413
Accrued Expenses	11,764	-
Deferred Revenue	390,898	(74,173)
Deferred Compensation	26,768	24,717
Deposits for National Marketing Program	265,595	(7,828)
Net Cash Provided (Used) by Operating Activities	(48,168)	1,903,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Equipment	37,505	-
Purchases of Equipment	-	(40,670)
Receipts on Note Receivable	18,027	-
Cash Management Program Net Advances to Parent	(99,919)	(1,817,571)
Net Cash Used by Investing Activities	(44,387)	(1,858,241)
NET INCREASE (DECREASE) IN CASH	(92,555)	45,648
Cash - Beginning of Year	92,555	46,907
CASH - END OF YEAR	$ -	$ 92,555
NON-CASH TRANSACTIONS		
Finance Accounts Receivable with Note Receivable	$ 100,000	$ -

See accompanying Notes to Financial Statements.

AMERICINN INTERNATIONAL, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

AmericInn International, LLC (the Company) was organized as a Minnesota Limited Liability Company (LLC) in January 1994 and will cease to exist in December 2023 unless the majority of the members vote for a continuance of business. Member liability is limited to the extent permitted by law. The Company's operations are principally in the sale, development and promotion of a chain of lodging franchises under the name "AmericInn®" throughout the United States. The Company also sells supplies to some of these franchisees.

Advertising Costs

Advertising costs under the National Marketing Program are expensed as incurred. These expenditures were $1,725,631 and $1,810,637 for the years ended December 31, 2004 and 2003, respectively.

Accounts Receivable

Initial franchise rights, goods and services are sold on an unsecured basis. Payment is required 30 days after receipt of the invoice. Continuing franchise fees are due on or before the tenth day of each month for the previous month. Monthly, accounts older than 30 days are charged a finance fee of 1.5% of the outstanding balance. The Company provides an allowance for bad debts and finance charges using the allowance method. Accounts past due more than 90 days are individually analyzed for collectibility. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. Interest is accrued on all accounts older than 30 days until the account is written off against the allowance. Once all collection efforts have been exhausted, accounts are written off against the allowance. The allowance for uncollectible accounts was $512,213 and $364,771 at December 31, 2004 and 2003, respectively.

Inventories

Inventories at December 31, 2004 and 2003 consist of lodge supplies and are valued at the lower of cost (first-in, first-out method) or market.

Equipment

Equipment is recorded as cost and depreciated using the straight-line method over the estimated useful lives of 3 to 10 years. Depreciation for the years ended December 31, 2004 and 2003 was $-0- and $12,705, respectively.

Franchise Rights

Acquired franchise rights have an estimated useful life of 15 years and are being amortized using the straight-line method. Franchise rights include but are not limited to the continuing receipt of royalties and the opportunity to continue to serve the franchisees. Amortization for the years ended December 31, 2004 and 2003 was $30,600.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future amortization expense relating to franchise rights is as follows:

Year Ending December 31,	Amount
2005	$ 30,600
2006	30,600
2007	30,600
2008	30,596
Total	$ 122,396

Deferred Revenue

Deferred revenue consists of deferred initial franchise fees, supplies revenue and the value of gift certificates issued but not redeemed.

Deposits for National Marketing Program

Deposits for National Marketing Program represent deposits received from franchisees for the marketing program and interest earned on the deposits for which expenses have not yet been incurred.

Income Taxes

The Company is not a taxpaying entity for federal and state income tax purposes, and therefore does not include a provision for income taxes. Income is reported by the members on their respective income tax returns.

Concentrations of Credit Risk

The Company maintains cash balances at one financial institution in Minnesota. These deposits may be in excess of Federal Deposit Insurance Corporation limits of $100,000.

Accounts receivable consists of receivables from franchisees for franchise royalties and supplies. At times, significant receivables may exist with franchisees who are preparing for lodge openings.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchise Fees

Revenue from the sale of individual franchises is recognized when substantially all significant services to be provided by the Company have been performed. When an individual franchise is sold, the Company agrees to provide certain services to the franchisee. Generally, these services include assistance in site selection, personnel training, implementation of a quality control system, and organization of the grand opening. Initial franchise fees included in revenues for the years ended December 31, 2004 and 2003 were $209,500 and $297,500, respectively. Continuing franchise royalties included in income were $6,394,958 and $5,809,175 for 2004 and 2003, respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications have no effect on net income as previously reported.

NOTE 2 NOTE RECEIVABLE

During 2004, the company entered into a note receivable agreement as a means of collecting outstanding accounts receivable. The note is in the amount of $100,000 and accrues interest at 8% compounded monthly. The term of the note is 58 months with payments to be made monthly in the amount of $4,083 for the months of May through October of each year. The note matures in October 2008. The balance at December 31, 2004 is $81,973 of which $18,112 is classified as current in the accompanying December 31, 2004 balance sheet.

NOTE 3 RELATED PARTY TRANSACTIONS

Income Statement Transactions

The Company has a management agreement with Northcott Company, a related party. The agreement expires in December 2007, but contains provisions to automatically renew for additional consecutive five-year terms unless terminated by either party. This agreement requires payment of a management fee based on net income of the Company. During 2004 and 2003, management fees were $1,199,124 and $1,066,583, respectively.

The Company has a marketing agreement with a related party that calls for payments of $75,000 per year for use of one of the related party's hotel locations as a model for current and prospective franchise owners. Expenses from this agreement were $75,000 in 2004 and 2003.

NOTE 3 RELATED PARTY TRANSACTIONS (CONTINUED)

Income Statement Transactions (Continued)

The Company has in place a cash management agreement with its parent company under which excess funds from its general checking account are swept and transferred to an account maintained by the parent. The excess funds are then invested in an interest earning account. This transfer of cash creates a related party demand receivable with the parent that fluctuates daily. Net cash transfers to the parent company were $99,919 and $1,817,571 for 2004 and 2003, respectively.

For operating efficiency, the parent company provides much of the administrative support for all of the entities under its ownership. Expenses are incurred by the parent and then allocated to each of the subsidiaries directly whenever possible, or based on an allocation determined by management. This allocation of expenses can create a related party payable. Allocated expenses from the parent company were $5,095,844 and $4,814,940 for 2004 and 2003, respectively.

The Company may also, from time to time, make cash advances to various related parties when management deems it is necessary. These transactions create a related party receivable until advances are repaid. Net advances to related parties were $727,285 for the year ended December 31, 2004. Net repayment of advances to related parties were $1,367,086 for the year ended December 31, 2003.

In addition, the Company received the following revenues from related parties, accounting for approximately 5% and 6% of revenue for the years ended December 31, 2004 and 2003, respectively:

	2004	2003
Franchise Revenue	$ 303,440	$ 311,219
Other Revenue	167,678	184,829
Total Related Party Revenues	$ 471,118	$ 496,048

Balance Sheet

Amounts for related parties included in the balance sheet at December 31, 2004 and 2003, were as follows:

	2004	2003
Accounts Receivable - Franchise Revenue	$ 40,693	$ 20,133
Accounts Receivable - Lodge Supplies	$ 243,246	$ 234,045
Other Receivables	$ 3,234,683	$ 3,617,206
Accounts Payable	$ 249,324	$ 1,460,066

NOTE 3 RELATED PARTY TRANSACTIONS (CONTINUED)

Balance Sheet (Continued)

Included in Other Receivables at December 31, 2004 and 2003 is a \$3,232,729 and \$3,254,205, respectively, receivable from the Company's parent which is created by the net of the aforementioned cash management agreement transfers and the administrative support allocation. The net receivable balance is readily available to the Company in the form of a cash sweep transaction from the parent at any time.

NOTE 4 OPERATING LEASES

The Company leases billboard advertising space for the National Marketing Program under operating leases which expire at various dates through 2007. Total rental expense for these agreements was \$868,696 and \$836,902 for the years ended December 31, 2004 and 2003, respectively.

Minimum lease payments under the non-cancelable operating leases are as follows:

Year Ending December 31,	Amount
2005	$ 693,893
2006	113,782
2007	30,625

NOTE 5 SUMMARY OF FRANCHISES

The following is a summary of changes in the number of franchises during the years ended December 31, 2004 and 2003, respectively:

	2004	2003
Franchises:		
In Operation, Beginning of Year	188	180
New Franchises Opened During the Year	5	11
Franchises Closed During the Year	-	(3)
In Operation, End of Year	193	188

NOTE 6 DEFERRED COMPENSATION PLAN

The Company has a deferred compensation agreement with an employee. Under the agreement, the Company is required to maintain a split dollar life insurance policy. Proceeds from the policy are $250,000 and will be paid out to designated beneficiaries within 90 days upon death or to the employee over 5 years upon reaching certain age requirements. The lesser of the proceeds or the cash surrender value of the related insurance policy will be paid to the employee within 90 days in the event of disability. If the employee is terminated before reaching certain age requirements and acted in the best interest of the Company, the employee will receive 10% of the cash surrender value at the date of termination for each year of employment since the date of the agreement. Total cash surrender value of the related insurance policy was $204,495 and $170,683 at December 31, 2004 and 2003, respectively. Total liability for deferred compensation was $178,860 and $152,092 at December 31, 2004 and 2003, respectively.

NOTE 7 LITIGATION

The Company is involved in various employment and other legal claims and disputes arising in the ordinary course of business. Although it is not possible to predict the outcome of these matters, it is management's opinion that the outcomes will not have a material effect on the financial condition of the Company and the Company has adequate insurance coverage for any potential outcomes.