EXHIBIT C

TO THE COIT SERVICES, INC.

OFFERING CIRCULAR

COIT SERVICES, INC.

Consolidated Financial Statements

Years Ended
December 31, 2003, 2002 and 2001

COIT SERVICES, INC.

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Good & Fowler, LLP
CERTIFIED PUBLIC ACCOUNTANTS
George D. Good
Daniel J. Harrington
Bruce J. Wright
Michael J. Ellingson

Kenneth E. Fowler
Retired
Joseph L. Tallerico
Retired

Independent Auditors' Report

Board of Directors and Stockholders
Coit Services, Inc.

We have audited the accompanying Consolidated Balance Sheets of Coit Services, Inc. (a California corporation) and subsidiaries as of December 31, 2003, 2002 and 2001, and the related Consolidated Statements of Stockholders' Equity, Income and Comprehensive Income, and Cash Flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Pilgrim Payne & Company Limited, a wholly owned subsidiary, which statements reflect total assets of $757,579, and $789,273, respectively, and net sales of $1,700,778, and $1,897,378, respectively, for the years then ended. The statements as of and for the years ended December 31, 2002 and 2001 were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Pilgrim Payne & Company Limited, is based solely on the reports of the other auditors.

Except as discussed in the following paragraph, we conducted our audits 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 consolidated 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 and the reports of the other auditors provide a reasonable basis for our opinion.

We did not audit the operations of Pilgrim Payne & Company Limited for the year ended December 31, 2003 because the subsidiary was sold December 17, 2003 and will have no impact on future operations. Net sales $1,816,675 and net income from discontinued operations of $7,805 are included in these financial statements. We were unable to satisfy ourselves about the sales or net income by means of other auditing procedures.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about Pilgrim Payne & Company Limited operations for the year ended December 31, 2003, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coit Services, Inc. and subsidiaries as of December 31, 2003, 2002 and 2001, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Good & Fowler LLP

March 25, 2004

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COIT SERVICES, INC.
Consolidated Balance Sheets
December 31, 2003, 2002, and 2001

	2003	2002	2001
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	$ 170,082	$ 239,554	$ 133,563
Accounts Receivable - Trade (Net of Allowance for Doubtful Accounts of $336,255 in 2003, $170,916 in 2002, and $126,259 in 2001)	3,507,346	1,833,066	1,421,767
Other Receivables	359,101	442,253	562,543
Notes Receivable	330,194	325,249	233,966
Marketable Securities	267,178	184,139	245,616
Prepaid Expenses	1,810,120	1,746,065	1,410,129
Deferred Tax Asset	111,919	131,746	146,597
Total Current Assets	6,555,940	4,902,072	4,154,181
PROPERTY AND EQUIPMENT	5,855,712	6,495,518	6,541,131
OTHER ASSETS			
Goodwill	737,260	786,360	787,597
Intangible Assets	801,780	865,146	984,403
Notes Receivable - Long-Term	906,781	1,058,698	1,073,920
Deposits	13,649	13,649	13,649
Deferred Tax Asset	64,563	107,524	87,156
Total Other Assets	2,524,033	2,831,377	2,946,725
Total Assets	$ 14,935,685	$ 14,228,967	$ 13,642,037

COIT SERVICES, INC.
Consolidated Balance Sheets
December 31, 2003, 2002, and 2001
(Continued)

	2003	2002	2001
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts Payable	$ 1,571,596	$ 1,455,812	$ 1,200,206
Accrued Expenses	1,622,089	1,073,754	1,109,096
Line of Credit	-	600,000	250,000
Notes Payable	438,084	229,448	274,881
Note Payable - Stockholder	141,437	-	-
Capital Leases	-	29,679	33,532
Income Taxes Payable	-	-	1,033
Total Current Liabilities	3,773,206	3,388,693	2,868,748
LONG-TERM LIABILITIES			
Line of Credit	3,100,000	3,315,000	3,219,606
Notes Payable	2,344,848	1,770,537	1,945,530
Note Payable - Stockholder	1,223,693		
Capital Leases	-	9,053	34,897
Deferred Income Taxes	-	35,721	36,904
Total Long-Term Liabilities	6,668,541	5,130,311	5,236,937
Total Liabilities	10,441,747	8,519,004	8,105,685
STOCKHOLDERS' EQUITY			
Common Stock, No Par Value, 7,500,000 Shares Authorized, 6,455,000 Shares Issued and Outstanding	43,033	388,199	388,199
Retained Earnings	4,476,875	5,447,338	5,344,728
Accumulated Other Comprehensive Income (Loss)	(25,970)	(125,574)	(196,575)
Total Stockholders' Equity	4,493,938	5,709,963	5,536,352
Total Liabilities and Stockholders' Equity	$ 14,935,685	$ 14,228,967	$ 13,642,037

See Notes to Consolidated Financial Statements

COIT SERVICES, INC.
Consolidated Statements of Stockholders' Equity
December 31, 2003, 2002, and 2001

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2001	$ 388,199	$ 5,259,605	$ (161,426)	$ 5,486,378
Comprehensive Income (Loss)				
Net (Loss)		85,123		85,123
Unrealized Gains on Securities			(14,728)	(14,728)
Foreign Currency Translation Adjustment			(20,421)	(20,421)
Balance, December 31, 2001	388,199	5,344,728	(196,575)	5,536,352
Comprehensive Income (Loss)				
Net Income		102,610		102,610
Unrealized (Losses) on Securities			(35,062)	(35,062)
Foreign Currency Translation Adjustment			106,063	106,063
Balance, December 31, 2002	388,199	5,447,338	(125,574)	5,709,963
Comprehensive Income (Loss)				
Net Income		105,571		105,571
Unrealized Gains (Losses) on Securities			47,932	47,932
Retired Stock	(345,166)	(1,076,034)		(1,421,200)
Foreign Currency Translation Adjustment			51,672	51,672
Balance, December 31, 2003	$ 43,033	$ 4,476,875	$ (25,970)	$ 4,493,938

See Notes to Consolidated Financial Statements

COIT SERVICES, INC.
Consolidated Statements of Income and Comprehensive Income
Years Ended December 31, 2003, 2002 and 2001

	2003	2002	2001
NET SALES	$ 42,331,448	$ 40,218,450	$ 39,841,983
COST OF SALES	21,311,850	20,362,482	19,825,250
GROSS PROFIT	21,019,598	19,855,968	20,016,733
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	20,797,908	19,311,377	19,302,825
INCOME FROM OPERATIONS	221,690	544,591	713,908
OTHER INCOME (EXPENSES)			
Gain (Loss) on Sale of Property and Equipment	1,400	(560)	1,737
Gain on Sale of Marketable Securities	-	-	432
Interest Income	50,764	67,751	75,986
Other Revenue (Expenses)	(51,481)	(12,858)	118,499
Interest Expense	(461,973)	(388,422)	(539,425)
Total Other Income (Expenses)	(461,290)	(334,089)	(342,771)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	(239,600)	210,502	371,137
PROVISION FOR (BENEFIT FROM) INCOME TAXES	(107,256)	107,892	220,625
INCOME (LOSS) FROM CONTINUING OPERATIONS	(132,344)	102,610	150,512
DISCONTINUED OPERATIONS			
Income (Loss) from Operations of Discontinued Operations (net of income tax (benefit) of $6,132 and ($63,070))	7,805	-	(84,153)
Gain on Disposal of Discontinued Operations (net of income taxes of $180,800 and $14,063)	230,110	-	18,764
Net Income (Loss) from Discontinued Operations	237,915	-	(65,389)
NET INCOME	105,571	102,610	85,123
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized Gains (Losses) on Securities (net of income tax (benefit) of $36,260, ($27,990), and ($9,751))	47,932	(35,062)	(14,728)
Foreign Currency Translation Adjustment	51,672	106,063	(20,421)
Total Other Comprehensive Income (Loss)	99,604	71,001	(35,149)
COMPREHENSIVE INCOME	$ 205,175	$ 173,611	$ 49,974

COIT SERVICES, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2003, 2002 and 2001

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 105,571	$ 102,610	$ 85,123
Adjustments to Reconcile Net Income to			
Net Cash Provided by Operating Activities			
Depreciation and Amortization	1,264,203	1,208,769	1,093,063
Writeoff of Notes Receivable	103,000	-	-
(Gain) Loss on Sale of Property and Equipment	(1,400)	560	(1,737)
(Gain) on Sale of Discontinued Operations	(410,910)	-	-
(Gain) on Sale of Marketable Securities	-	-	(432)
Deferred Income Taxes	26,528	21,290	(41,589)
(Increase) Decrease in Operating Assets			
Accounts Receivable - Trade	(1,724,166)	(411,299)	110,392
Other Receivables	83,152	120,290	(135,404)
Prepaid Expenses	(93,176)	(335,936)	(204,950)
Increase (Decrease) in Operating Liabilities			
Accounts Payable	115,784	255,606	(10,359)
Accrued Expenses	470,342	(35,342)	(94,496)
Income Taxes Payable	-	(1,033)	1,033
Net Cash Provided (Used) by Operating Activities	(61,072)	925,515	800,644
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sale of Property and Equipment	1,400	-	496,780
Proceeds from Sale of Discontinued Operations	1,068,263	-	-
Purchase of Property and Equipment	(853,140)	(1,043,222)	(777,497)
Proceeds from Sale of Marketable Securities	2,093	-	179,497
Purchase of Marketable Securities	(940)	(1,575)	-
Principal Payments on Notes Receivable	202,654	70,579	79,959
Issuance of Notes Receivable	(158,682)	(146,640)	(351,464)
Purchase of Goodwill and Other Intangible Assets	(20,000)	-	-
Net Cash Provided (Used) by Investing Activities	241,648	(1,120,858)	(372,725)

See Notes to Consolidated Financial Statements

COIT SERVICES, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2003, 2002 and 2001
(Continued)

	2003	2002	2001
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Borrowings (Payments) on Lines of Credit	$ (815,000)	$ 445,394	$ 416,560
Proceeds from New Debt	1,000,000	-	-
Principal Payments on Debt	(383,376)	(250,123)	(1,003,254)
Net Cash Provided (Used) by Financing Activities	(198,376)	195,271	(586,694)
EFFECT OF EXCHANGE RATE CHANGES	(51,672)	106,063	(20,421)
NET INCREASE (DECREASE) IN CASH	(69,472)	105,991	(179,196)
CASH, Beginning of Year	239,554	133,563	312,759
CASH, End of Year	$ 170,082	$ 239,554	$ 133,563
SUPPLEMENTAL DISCLOSURES			
Operating Activities include cash paid for:			
Interest	$ 461,973	$ 388,422	$ 539,425
Income Taxes	$ 83,192	$ 152,617	$ 149,617
Noncash Investing and Financing Transactions:			
Retirement of Stock for Note Payable	$ 1,421,200		
Purchase of Tacoma Franchise for Receivables	$ 157,000		
Purchase of Vehicles with Notes Payable	$ 71,521		
Refinancing of Notes Payable			$ 2,488,046

See Notes to Consolidated Financial Statements

Coit Services, Inc.
Notes to Financial Statements
December 31, 2003, 2002 and 2001

1. **Summary of Significant Accounting Policies**

The Company

Coit Services, Inc. provides drapery, carpet and other cleaning services for commercial and residential customers in the United States and England. The Company has authorized independent franchises in approximately fifty-five cities in the United States and Canada to use the Company's name in exchange for initial and continuing franchise fees. Continuing franchise fees, which are based primarily on the franchisee's gross revenue, are included in net sales and total $2,128,529, $1,946,289 and $1,820,888 for the years ended December 31, 2003, 2002 and 2001, respectively.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. Upon consolidation, all material intercompany accounts, transactions and profits are eliminated.

Foreign Currency Translation

All balance sheet accounts of foreign subsidiaries are translated at the current exchange rate as of the end of the accounting period. Income statement items are translated at average currency exchange rates. The resulting translation adjustment is recorded as a separate component of stockholders' equity.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts Receivable is recorded net of an allowance for expected losses. The allowance is estimated from historical performance.

1. **Summary of Significant Accounting Policies (Continued)**

Property and Equipment and Depreciation

Property and Equipment are stated at cost. Depreciation and amortization are computed for financial reporting purposes using the straight-line method, with estimated useful lives of twenty years for buildings, life of the lease for leasehold improvements and three to ten years for vehicles, machinery and equipment. The cost of maintaining and repairing assets is expensed as incurred and major renewals and improvements are added to the asset cost.

Goodwill

Goodwill represents the excess of cost over the value of net tangible assets acquired in business combinations and is tested annually for impairment.

Intangible Assets

Intangible assets represent customer lists, franchise rights, and non-compete agreements acquired during the purchase of various franchises. Amortization of intangible assets is provided on the straight-line method over the useful lives which range from 5–15 years.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. Direct-response advertising consists primarily of yellow page advertisements. The capitalized costs of the advertising are amortized over a twelve-month period following the publication of the telephone directory in which it appears.

At December 31, 2003, 2002 and 2001, $504,775, $482,852 and $447,522 of advertising were reported as assets, respectively. Advertising expense for the years ended December 31, 2003, 2002 and 2001 was $5,599,092, $5,483,117 and $5,190,521, respectively.

1. **Summary of Significant Accounting Policies (Continued)**

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of tax currently due plus deferred taxes. The deferred taxes primarily relate to differences in vacation accrual, allowance for bad debts, depreciation, goodwill amortization, foreign currency gain or loss and deductibility of franchise tax for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will be either taxable or deductible when the assets and liabilities are recovered or settled.

Use of 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.

Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash deposits. At December 31, 2003, 2002 and 2001, the Company's uninsured balances were $394,414, $367,031, and $0, respectively.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

2. Marketable Securities

Marketable securities are classified as "available for sale" and carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

Following is a summary of marketable securities:

	2003	2002	2001
Marketable securities, at cost	$ 313,880	$ 315,032	$ 312,940
Gross unrealized gains	27,247	5,924	9,123
Gross unrealized losses	(73,949)	(136,817)	(76,447)
Marketable securities, at fair value	$ 267,178	$ 184,139	$ 245,616

3. Property and Equipment

	2003	2002	2001
Land	$ 956,414	$ 956,414	$ 956,414
Buildings	5,658,538	5,860,288	5,897,197
Machinery and Equipment	7,620,651	7,971,858	7,411,122
Vehicles	6,527,052	6,406,282	6,057,522
	20,762,655	21,194,842	20,322,255
Less: Accumulated Depreciation	(14,906,943)	(14,699,324)	(13,781,124)
Net Property and Equipment	$ 5,855,712	$ 6,495,518	$ 6,541,131

Depreciation expense for the years ended December 31, 2003, 2002 and 2001 was $1,145,837, $1,088,275 and $1,077,473, respectively.

4. **Goodwill**

The changes in the carrying amount of goodwill for the years ended December 31, 2003, 2002 and 2001 are as follows:

	2003	2002	2001
Beginning Balance	$ 786,360	$ 787,597	$ 833,823
Goodwill Acquired	31,200	-	-
Impairment Losses		(1,237)	
Goodwill Written Off Related to Sale of Discontinued Operations	(80,300)		
Amortization			(46,226)
Ending Balance	$ 737,260	$ 786,360	$ 787,597

Adoption of Financial Accounting Standards Statement No. 142 – *Goodwill and Other Intangible Assets*: For the years ended December 31, 2003, 2002 and 2001:

	2003	2002	2001
Reported Net Income	$ 49,625	$ 102,610	$ 85,123
Add Back: Goodwill Amortization			46,226
Adjusted Net Income	$ 49,625	$ 102,610	$ 131,349

5. **Intangible Assets**

	2003	2002	2001
Gross Carrying Amounts			
Customer Lists	$ 1,084,400	$ 1,064,400	$ 1,064,400
Covenants Not to Compete	456,500	456,500	456,500
Franchise Rights	364,100	344,100	344,100
Manuals and Training Systems	196,613	181,613	181,613
Subtotal	2,101,613	2,046,613	2,046,613
Less: Accumulated Amortization	(1,299,833)	(1,181,467)	(1,062,210)
Net Book Value	$ 801,780	$ 865,146	$ 984,403
Amortization Expense	$ 118,366	$ 119,257	$ 119,257

Coit Services, Inc.
Notes to Financial Statements
December 31, 2003, 2002 and 2001
(Continued)

5. **Intangible Assets (Continued)**

Estimated Amortization Expense – Year Ended December 31,

2004	$ 108,840
2005	$ 108,840
2006	$ 77,590
2007	$ 58,840
2008	$ 54,673

6. **Lines of Credit**

The Company has a revolving line of credit in the amount of $4,000,000 with Bank of America. The line of credit bears interest at prime, payable monthly, and is due May 15, 2008. The line of credit is secured by accounts receivable and machinery and equipment. The amount outstanding at December 31, 2003, 2002 and 2001 was $3,100,000, $3,315,000 and $3,219,606, respectively.

The Company has a revolving line of credit in the amount of $1,000,000 with Bank of America. The line of credit bears interest at prime, and is due July 1, 2004. The line of credit is secured by accounts receivable and machinery and equipment. The amount outstanding at December 31, 2003, 2002 and 2001 was $0, $600,000 and $250,000, respectively.

The Company has a revolving line of credit in the amount of $250,000 with Bank of America. The line of credit bears interest at prime, and is due July 1, 2004. The line of credit is secured by accounts receivable and machinery and equipment. The amount outstanding at December 31, 2003 was $0.

7. **Note Payable - Stockholder**

	2003
Janet J. Kearn, unsecured, monthly payments of $19,376 including interest at 7%, due July 2011, subordinated to bank notes	$ 1,365,130
Current	(141,437)
Long-Term Debt	$ 1,223,693

Coit Services, Inc.
Notes to Financial Statements
December 31, 2003, 2002 and 2001
(Continued)

7. Note Payable – Stockholder (Continued)

Following are maturities of long-term notes payable – stockholder:

2004	$ 141,437
2005	151,662
2006	162,625
2007	174,381
2008	186,987
Thereafter	548,037
	$ 1,365,130

8. Notes Payable

	2003	2002	2001
Bank of America, payable in quarterly installments of $52,632 plus interest at the bank's prime rate plus 0.5%, due May 2008, secured by accounts receivable, inventory, and machinery and equipment	$ 947,368	$ -	$ -
Bakker-Coit, Inc., interest only at 8% payable in monthly installments of $6,667 through April 2002, thereafter, monthly payments of $15,586 including interest at 8%, due April 2009, unsecured, guaranteed by the stockholders	779,080	898,548	1,000,000
Bank of America, payable in monthly installments of $6,254 plus interest at the calculated index figure plus 2.65%, due June 2006, secured by a deed of trust on land and building in Monrovia, California, guaranteed by certain stockholders of the corporation	684,336	710,429	733,318

Coit Services, Inc.
Notes to Financial Statements
December 31, 2003, 2002 and 2001
(Continued)

8. Notes Payable (Continued)

	2003	2002	2001
The Money Store Investment Corporation, payable in monthly installments of $4,558 including interest at prime plus 2.25%, due July 2012, secured by a first deed of trust on land and building in San Diego, California	$ 323,282	$ 351,237	$ 386,336
General Motors, payable in monthly installments of $1,186, no interest, due August 2005, secured by vehicle	22,531	-	-
Bank of America, payable in monthly installments of $868 including interest at 6.5%, due March 2005, secured by vehicle	13,869	-	-
Bank of America, payable in monthly installments of $966 including interest at 6.5%, due March 2005, secured by vehicle	12,466	-	-
Robert E. Welker, payable in monthly installments of $2,554 including interest at 9%, due August 2003, secured by a second deed of trust on land and building in San Diego, California	-	39,771	100,757
Total	2,782,932	1,999,985	2,220,411
Current	(438,084)	(229,448)	(274,881)
Long-Term Debt	$ 2,344,848	$ 1,770,537	$ 1,945,530

8. Notes Payable (Continued)

Aggregate maturities of long-term debt are as follows:

2004	$ 438,084
2005	425,234
2006	1,023,033
2007	410,841
2008	321,541
Thereafter	164,200
	$ 2,782,932

9. Leases

The company leases certain of its operating facilities, vehicles, and equipment under operating leases with various terms. Certain leases contain renewal or purchase options. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more consisted of the following at December 31, 2003:

2004	$ 2,148,552
2005	1,802,614
2006	912,448
2007	382,611
2008	335,718
	$ 5,581,943

The total cost of assets held under capital leases is as follows:

	2002	2001
Machinery and Equipment	$ 104,532	$ 125,756
Less: Accumulated Depreciation	(19,243)	(23,471)
	$ 85,289	$ 102,285

9. **Leases (Continued)**

Rental expenses for all operating leases were $2,679,368, $2,758,164 and $2,503,507, for 2003, 2002, and 2001, respectively. The company leases an office building from a stockholder under a month-to-month lease. Rental expense for this lease was $300,000, $255,000, and $255,000, in 2003, 2002, and 2001, respectively.

10. **Income Taxes**

	2003	2002	2001
Federal			
Current	$ (185,010)	$ 55,192	$ 105,029
Deferred	14,873	(422)	(17,878)
	(170,137)	54,770	87,151
State			
Current	(9,430)	53,307	131,438
Deferred	11,655	(5,095)	(1,545)
	2,225	48,212	129,893
Foreign			
Current	-	6,093	27,747
Deferred	-	(1,183)	(22,166)
	-	4,910	3,581
Total	$ (167,912)	$ 107,892	$ 220,625

The net deferred tax asset in the accompanying balance sheet consists of the following components:

	Federal	State	Foreign	Total
December 31, 2003				
Deferred Tax Assets	$ 143,877	$ 32,605	$ -	$ 176,482
Deferred Tax Liabilities	-	-	-	-
Net Deferred Tax Asset	$ 143,877	$ 32,605	$ -	$ 176,482
December 31, 2002				
Deferred Tax Assets	$ 192,053	$ 47,217	$ -	$ 239,270
Deferred Tax Liabilities	-	-	(35,721)	(35,721)
Net Deferred Tax Asset	$ 192,053	$ 47,217	$ (35,721)	$ 203,549

10. **Income Taxes (Continued)**

	Federal	State	Foreign	Total
December 31, 2001				
Deferred Tax Assets	$ 191,631	$ 42,122	$ -	$ 233,753
Deferred Tax Liabilities	-	-	(36,904)	(36,904)
Net Deferred Tax Asset	$ 191,631	$ 42,122	$ (36,904)	$ 196,849

11. **Employee Benefit Plan**

Effective January 1, 1989, the Company established the Coit Drapery Cleaners, Inc. Employee Savings and Retirement Plan (the Plan), a 401(k) deferred compensation plan. The Plan allows employees to contribute a portion of their total compensation. The Company may make a matching contribution at its discretion. Contributions of $0, $92,816, and $80,853, were made in 2003, 2002, and 2001, respectively. Administrative and trustee costs for the Plan are paid by the Company.

12. **Subsidiary Outside the United States**

A summary of the financial position of a subsidiary operating outside the United States (in U.S. dollars) is as follows:

	2002	2001
Cash	$ 94,936	$ 93,972
Accounts Receivable and Other Current Assets	163,819	192,619
Fixed Assets – Net	498,824	502,682
Total Assets	757,579	789,273
Current Liabilities	203,411	235,919
Capital Leases – Long-Term	9,053	34,897
Deferred Income Taxes	35,721	36,904
Total Liabilities	248,185	307,720
Net Assets Outside the U.S.	$ 509,394	$ 481,553

12. Subsidiary Outside the United States (Continued)

On December 17, 2003, the Company sold its subsidiary operating outside the United States. The company received cash of $1,068,263. The transaction resulted in a gain on disposal of discontinued operations of $410,910.

13. Contingent Liability

On May 8, 2003, Superior Coit, Inc, a subsidiary of Coit Services, Inc., acquired the assets and goodwill of a cleaning and restoration company in a business combination accounted for as a purchase, and began operation of the business. The purchase price of $1,000,000 exceeded the fair value of the net assets by $20,000, which represents goodwill and will be tested annually for impairment. In addition to the purchase price, an annual payment of $100,000 is required for each of the next five years, contingent on the annual cash flow of the subsidiary operations as determined each year for the year ended May 31.

14. Subsequent Event

On February 12, 2004, the Company acquired certain assets and goodwill of a cleaning company in a business combination accounted for as a purchase. The purchase price of $100,000 exceeded the fair value of the net assets by $20,000. Of the $20,000, $15,000 represents intangible assets and will be amortized over the useful lives which range from 5-15 years; $5,000 represents goodwill and will be tested annually for impairment.