AMEN PROPERTIES INC
Form 8-K/A
January 06, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-KA

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report
January 6, 2003

AMEN Properties, Inc.
(Exact name of registrant as specified in its Charter)

Delaware
(State or other jurisdiction of incorporation)

00-22847
(Commission File Number)

54-1831588
(IRS Employer Identification No.)

303 W. Wall Street, Suite 1700
Midland, Texas 79701
(Address of principal executive offices) (Zip Code)

(915) 684-3821
(Registrant's telephone number, including area code)

NA

(Former Name of Former Address, if Changed Since Last Report)

Current Report Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

FORM 8-K/A

Item 7. Financial Statements and Exhibits.

On November 7, 2002, the Company filed a Current Report on Form 8-K disclosing the completion of the TCTB acquisition, whereby AMEN acquired approximately 65% of the limited partnership shares of TCTB Partners, Ltd. The purpose of this Current Report is provide certain financial information with respect to this acquisition, which information was impracticable to provide at the time AMEN filed the Current Report on Form 8-K on November 7, 2002. The financial information also includes updated information related to the asset sale to Salem Communications, which closed on October 4, 2002 and was disclosed in a press release and in a Current Report on Form 8-K filed with the SEC by the Company on October 15, 2002.

(a) Financial Statements - The following financial statements are included

I. Unaudited Financial Statements for the two buildings owned by TCTB for the nine months ending September 30, 2002

II. Audited Financial Statements for the two buildings owned by TCTB from inception to December 2000, and December 2001

I. Unaudited Financial Statements for the two buildings owned by TCTB for nine months ending September 30, 2002

The following financial statements are provided for the interim period ended September 30, 2002 for TCTB. Also included are operations financial statements for 1500 Broadway, Ltd. through liquidation effective June 5, 2002 when TCTB acquired the Lubbock property from 1500 Broadway, Ltd. Therefore, the financial statements of TCTB include the operations of the Midland and Lubbock building from June to September 2002. The 1500 Broadway, Ltd. Partnership was liquidated upon closing of the sale of the Lubbock property to TCTB. The operations of the Lubbock building are reflected in the 1500 Broadway, Ltd. unaudited financial statements through May 2002, and are compared to operations of the Lubbock building in 2001 for the six months ended June 30, 2002.

TCTB PARTNERS, LTD.
(A TEXAS LIMITED PARTNERSHIP)

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TCTB Partners, Ltd.
(A Texas Limited Partnership)
BALANCE SHEETS
(Unaudited)
September 30,

ASSETS

	2002	2001
CURRENT ASSETS		
Cash	$ 339,353	$ 98,318
Accounts receivable	37,458	16,443
Total current assets	376,811	114,761
INVESTMENTS	359,371	362,500
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $493,795 and $279,728	8,568,966	4,085,371
OTHER ASSETS	145,945	35,373
TOTAL ASSETS	$9,451,093	$4,598,005
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 193,573	$ 16,961
Accrued liabilities	120,469	90,949
Deferred revenues	74,495	37,008
Current portion of long-term debt	150,252	562,322
Total current liabilities	538,789	707,240
LONG-TERM DEBT, less current portion	6,349,748	2,355,482
PARTNERS' CAPITAL	2,562,556	1,535,283
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$9,451,093	$4,598,005

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

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TCTB Partners, Ltd.
(A Texas Limited Partnership)
STATEMENTS OF EARNINGS
(Unaudited)
Nine months ended September 30,

	2002	2001
Rental revenues	$2,402,090	$1,664,610
Expenses:		
Operating expense	1,344,952	1,067,413
Depreciation and amortization expense	277,941	149,983
Interest expense	243,403	178,635
Total expenses	1,866,296	1,396,031
Net earnings from operations	535,794	268,579
Other income, net	2,968	4,891

NET EARNINGS	$ 538,762	$ 273,470
	==========	==========

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)
STATEMENTS OF CASH FLOWS
(Unaudited)
Nine months ended September 30,

	2002	2001
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Net earnings	$ 538,762	$ 273,470
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	277,941	149,983
Changes in assets and liabilities:		
Decrease in accounts receivable-trade	(74,856)	(64,440)
Increase in other assets	10,968	89,532
(Decrease) increase in accounts payable	45,337	(150,139)
Decrease in accrued liabilities	111,576	388
Increase (decrease) in deferred revenues	32,371	(19,091)
Net cash provided by operating activities	942,099	279,703
Cash flows from investing activities:		
Property and equipment additions	(4,448,395)	(43,699)
Investments in partnerships		(362,500)
Net cash used in investing activities	(4,448,395)	(406,199)
Cash flows from financing activities:		
Additional borrowings of debt	6,800,000	465,524
Repayment of debt	(3,082,003)	(305,071)
Distributions	(100,000)	(285,524)
Net cash (used in) provided by financing activities	3,617,997	(125,071)
Net increase (decrease) in cash and cash equivalents	111,701	(251,567)
Cash and cash equivalents at beginning of period	227,652	349,885
Cash and cash equivalents at end of period	$ 339,353	$ 98,318

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
Unaudited
September 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Basis of Accounting

TCTB Partners, Ltd. (the Partnership), a Texas Limited Partnership was organized effective March 1, 2000. The primary business activities of the Partnership is to engage generally in the real estate business, including, but not limited to, the purchase, improvement, development, leasing, sale, and exchange of real estate, and the construction, alteration, or repair of buildings or structures on real estate. The Partnership operates primarily in Midland, Texas.

2. Cash Equivalents

The Partnership considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

3. Long-Lived Assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g. abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Partnership has adopted the SFAS No. 144 effective January 1, 2002. Management does not believe that impairment exists or that the adoption of SFAS No. 144 will have a significant impact on results of operations or financial position.

4. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated economic lives of 40 years for building improvements and 3-15 years for machinery and equipment, or the lease term, whichever is less. Maintenance and repairs are charged to operations as incurred. Renewals and significant betterments and improvements are capitalized and depreciation over their estimated useful lives.

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TCTB Partners, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Unaudited
September 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Lease Revenue Recognition

Certain of the Partnership lease agreements contain provisions for escalating rental payments over the life of the leases. In accordance with the provisions of SFAS No. 13, Accounting for Leases, the Partnership recognizes rental income from these leases on a straight-line basis over the life of the respective leases.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

7. Environmental

The Partnership is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Partnership to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings. Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can reasonably be estimated.

NOTE B - CONCENTRATIONS OF CREDIT RISK

The Partnership maintains cash balances at one financial institution, which at times may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

The Partnership's revenues are derived principally from uncollateralized rents from tenants. The concentration of credit risk in a single industry affects its overall exposure to credit risk because tenants may be similarly affected by changes in economic and other conditions.

NOTE C - LONG-TERM DEBT

On April 4, 2000, the Partnership entered into a loan agreement with a reputable financial institution for a term loan in the amount of $2,962,723 with an interest rate equal to the financial institution's prime rate plus one quarter of one percentage point (.25%), but in no event to exceed the highest lawful rate. Commencing on May 15, 2000, the Partnership was required to make monthly payments of outstanding principal, each in the amount of $27,135, plus accrued interest. The final date of maturity is April 15, 2005, at which time all of the outstanding principal and accrued interest shall be due and payable in their entirety. The loan agreement is secured by substantially all of the assets of the Partnership. The loan agreement restricts cash distributions to the partners' owners other than for purposes of allowing those Partners to pay any income taxes owed by them in connection with their ownership of interests in the Partnership. The loan agreement also contains other customary conditions and events of default, the failure to comply with, or occurrence of, would prevent any further borrowings and would generally require the repayment of any outstanding borrowings along with accrued interest under the loan agreement. Such events of default include (a) non-payment of loan agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances and (d) bankruptcy.

On April 26, 2001, the Partnership entered into an agreement to borrow an additional $285,524 as an amendment to the previous loan agreement, for a total term loan in the amount of $2,897,963. Commencing on May 15, 2001, the Partnership was required to make monthly payments of outstanding principal, each in the amount of $30,300, plus accrued interest. The final maturity date remains at April 15, 2005, along with all other terms of the original term note. As of December 31, 2001, the outstanding principal balance was $2,782,004. The term note was subsequently paid in full in the second quarter of 2002.

On June 5, 2002, the Partnership entered into a loan agreement with a reputable financial institution for a term note of $6,800,000 and a revolving line of credit note of $200,000. The term note bears interest at a fixed rate per annum of 7.23% and the line of credit bears interest at a variable rate per annum equal to the Wells Fargo Bank Texas, N.A. Base Rate plus one-half of one percentage point (0.5000%). Commencing on June 30, 2002, the Partnership was required to start making monthly payments of principal and interest in the amount of $53,663 for the term note until maturity of the note on May 31, 2009. Commencing on June 30, 2002, the Partnership was required to start making monthly interest payments computed on the unpaid principal balance of the revolving line of credit note due to mature on May 31, 2003.

NOTE C - LONG-TERM DEBT (CONTINUED)

The loan agreement is secured by substantially all of the assets of the Partnership. The loan agreement restricts cash distributions to the partners' owners. The Partnership shall not declare or pay any distributions in excess of tax liability due annually (but in any event, no more than 40% of net income), either in cash or any other property to any partner or partners' owners, nor redeem, retire, repurchase or otherwise acquire any interest of any partner or partners' owners. The loan agreement also contains other customary conditions and events of default, the failure to comply with, or occurrence of, would prevent any further borrowings and would generally require the repayment of any outstanding borrowings along with accrued interest under the loan agreement. Such events of default include (a) non-payment of loan agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances, (d) bankruptcy and (e) a final judgment or order for the payment of money in excess of $100,000.

Maturities of long-term debt at September 30, 2002 were as follows:

2002	$ 34,245
2003	168,225
2004	180,799
2005	194,313
2006	208,837
Thereafter	5,713,581
Total	6,500,000
Less: current portion	150,252
Long-term portion	$ 6,349,748

TCTB Partners, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Unaudited
September 30, 2002

NOTE D - ACQUISITION OF 1500 BROADWAY BUILDING AND RENTAL ARRANGEMENTS

Effective June 5, 2002, the Partnership purchased a building located at 1500 Broadway, Lubbock, TX, from a third party for $4,100,000. The Partnership has acquired the building subject to their existing operating leases. Future minimum lease payments under non-cancelable operating leases aggregate approximately $10,300,791 as of September 30, 2002 and are due as follows:

2002	$ 436,359
2003	1,623,431
2004	1,548,693
2005	1,422,234
2006	1,257,094
Thereafter	4,012,980
Total	$ 10,300,791

The Partnership also has rented facilities under operating leases in Midland, TX. Future minimum lease payments under non-cancelable operating leases aggregate approximately $3,783,517 as of September 30, 2002 and due as follows:

2002	$ 503,593
2003	1,290,652
2004	1,084,455
2005	630,515
2006	139,075
Thereafter	135,227
Total	$ 3,783,517

TCTB Partners, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
Unaudited
September 30, 2002

NOTE D - ACQUISITION OF 1500 BROADWAY BUILDING AND RENTAL ARRANGEMENTS (CONTINUED)

The following represents the portion of TCTB's Statement of Earnings for the nine-months ended September 30, 2002 related to the Lubbock building:

Revenue	$ 612,933
Expenses:	
Operating expenses	288,101
Depreciation and amortization	129,307
Interest expense	88,761
Total expenses	$ 506,169
Net earnings from operations	$ 106,764

NOTE E - RELATED PARTY TRANSACTIONS

For the nine-month periods ended September 30, 2002 and 2001 certain of the Partnership's partners were tenants. The Partnership received rental income from these partners of approximately $96,000 in each of these nine-month periods.

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1500 Broadway, Ltd.
(A TEXAS LIMITED PARTNERSHIP)

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1500 Broadway, Ltd.
(A Texas Limited Partnership)
BALANCE SHEETS
(Unaudited)

ASSETS

	May 31,	June 30,

	2002	2001
CURRENT ASSETS		
Cash	$ 116,364	$ 27,792
Total current assets	116,364	27,792
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $190,958 and $63,498	2,912,824	1,800,704
OTHER ASSETS	5,392	10,530
TOTAL ASSETS	$3,034,580	$1,839,026
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 43,958	$ 40,058
Total current liabilities	43,958	40,058
PARTNERS' CAPITAL	2,990,622	1,798,968
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$3,034,580	$1,839,026

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

1500 Broadway, Ltd.
(A Texas Limited Partnership)
STATEMENTS OF EARNINGS
(Unaudited)

	Five Months Ended May 31, 2002	Six Months Ended June 30, 2001
Rental revenues	$803,374	$822,091
Expenses:		
Operating expense	467,998	593,796
Depreciation and amortization expense	69,807	49,646
Total expenses	537,805	643,442
NET EARNINGS	$265,569	$178,649

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

1500 Broadway, Ltd.
(A Texas Limited Partnership)
STATEMENTS OF CASH FLOWS
(Unaudited)

	Five Months Ended May 31, 2002	Six Months Ended June 30, 2001
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Net earnings	$ 265,569	$ 178,649
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	69,807	49,646
Changes in assets and liabilities:		
Decrease in accounts receivable	72,866	4,494
(Increase) in other assets	(4,742)	(10,530)
(Decrease) in accounts payable	(35,008)	(206,627)
(Decrease) in deferred revenues	(83,678)	(983)
Net cash provided by operating activities	284,814	14,649
Cash flows from investing activities:		
Property and equipment additions	(731,009)	(399,045)
Net cash used in investing activities	(731,009)	(399,045)
Cash flows from financing activities:		
Contributions	518,785	375,000
Distributions	(493,867)	--
Net cash provided by financing activities	24,918	375,000
Net increase in cash and cash equivalents	(421,277)	(9,396)
Cash and cash equivalents at beginning of period	537,641	37,188
Cash and cash equivalents at end of period	$116,364	$27,792

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

1500 Broadway, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
Unaudited
June 5, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Basis of Accounting

1500 Broadway, Ltd. (the Partnership), a Texas Limited Partnership was organized effective June 13, 2000. The primary business activities of the Partnership is to engage generally in the real estate business, including, but not limited to, the purchase, improvement, development, leasing, sale, and exchange of real estate, and the construction, alteration, or repair of buildings or structures on real estate. The Partnership operates primarily in Lubbock, Texas.

2. Cash Equivalents

The Partnership considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalent.

3. Long-Lived Assets

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g. abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Partnership has adopted the SFAS No. 144 effective January 1, 2002. Management does not believe that impairment exists or that the adoption of SFAS No. 144 will have a significant impact on results of operations or financial position.

4. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated economic lives of 40 years for building improvements and 3-15 years for machinery and equipment, or the lease term, whichever is less. Maintenance and repairs are charged to operations as incurred. Renewals and significant betterments and improvements are capitalized and depreciation over their estimated useful lives.

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1500 Broadway, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
Unaudited
June 5, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Lease Revenue Recognition

Certain of the Partnership lease agreements contain provisions for escalating rental payments over the life of the leases. In accordance with the provisions of SFAS No. 13, Accounting for Leases, the Partnership recognizes rental income from these leases on a straight-line basis over the life of the respective leases.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

7. Environmental

The Partnership is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Partnership to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings.

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can reasonably be estimated.

NOTE B - CONCENTRATIONS OF CREDIT RISK

The Partnership maintains cash balances at one financial institution, which at times may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

The Partnership's revenues are derived principally from uncollateralized rents from tenants. The concentration of credit risk in a single industry affects its overall exposure to credit risk because tenants may be similarly affected by changes in economic and other conditions.

1500 Broadway, Ltd.
(A Texas Limited Partnership)
NOTES TO FINANCIAL STATEMENTS
Unaudited
June 5, 2002

NOTE C - SALE OF PARTNERSHIP ASSETS

Effective June 5, 2002, the Partnership sold its primary asset, the building located at 1500 Broadway to a third party for $4,100,000 and liquidated the Partnership.

II. Audited Financial Statements for the two buildings owned by TCTB, for the period inception to December 2000, and December 2001

On August 15, 2002 the CPA firm of Johnson Miller & Co. of Midland, TX, completed an audit of the income statements for TCTB and 1500 Broadway, Ltd., a Texas limited partnership. The primary assets of TCTB and 1500 Broadway, Ltd. are the Midland and Lubbock properties, respectively, which are the subject of potential acquisition by the Company as indicated in Proposal Two. The audited income statements for TCTB related to the Midland building are for the year ended December 31, 2001 and for the period from March 1, 2000 (date of inception) through December 31, 2000. The audited income statements for 1500 Broadway, Ltd., related to the Lubbock building are for the year ended December 31, 2001 and for the period from June 13, 2000 (date of inception) through December 31, 2000. Prior to these periods, these buildings were not revenue producing assets, and therefore a schedule of operating revenues and expenses is not available.

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

TCTB PARTNERS, LTD.
(A TEXAS LIMITED PARTNERSHIP)

December 31, 2001 and 2000

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Report of Independent Certified Public Accountants

To the Members of
TCTB Partners, Ltd.
A Texas Limited Partnership

We have audited the balance sheets of TCTB Partners, Ltd. a Texas Limited Partnership, (the Partnership) as of December 31, 2001 and 2000, and the related statements of earnings, partners' capital and cash flows for the year ended

December 31, 2001 and for the period from March 1, 2000 (date of inception) through December 31, 2000. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 from 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 financial statements referred to above present fairly, in all material respects, the financial position of TCTB Partners, Ltd., a Texas Limited Partnership, as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the year ended December 31, 2001 and the period from March 1, 2000 (date of inception) through December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Midland, Texas
August 15, 2002

/s/: Johnson, Miller & Co.

TCTB Partners, Ltd.
(A Texas Limited Partnership)

BALANCE SHEETS

December 31,

ASSETS

		2001	2000
CURRENT ASSETS			
Cash (note A2)	$	227,652	349
Accounts receivable		91,426	155
Accounts receivable - related party		-	2
Total current assets		319,078	507
INVESTMENTS		364,580	
PROPERTY AND EQUIPMENT, net of accumulated depreciation			

of $202,507 and $77,361 (notes A4, A5 and E)		4,390,596	4,044
OTHER ASSETS		18,924	20
	$	5,093,178	4,572
LIABILITIES AND PARTNERS' CAPITAL			
CURRENT LIABILITIES			
Accounts payable	$	74,795	84
Accrued liabilities		165,532	169
Deferred revenues		72,139	68
Current portion of long-term debt (note C)		457,790	111
Total current liabilities		770,256	434
LONG-TERM DEBT, less current portion (note C)		2,324,214	2,645
PARTNERS' CAPITAL		1,998,708	1,492
	$	5,093,178	4,572

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

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TCTB Partners, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF EARNINGS

Year ended December 31, 2001 and from
March 1, 2000 (Date of Inception) to December 31, 2000

		2001	2000
Rental revenues	$	2,166,374	1,380,432
Expenses:			
Operating expense		1,440,558	971,066
Depreciation and amortization expense		128,408	79,808
Interest expense		224,439	192,491
Other expense		21,874	25,126
Total expenses		1,815,279	1,268,491

Net earnings from operations	351,095	111,941
Other income, net	7,569	11,187
NET EARNINGS	$ 358,664	123,128

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

Year ended December 31, 2001 and from
March 1, 2000 (Date of Inception) to December 31, 2000

	General Partner
Beginning Partners' Capital, March 1, 2000	$ -
Contributions	13,694
Net earnings	1,231
Ending Partners' Capital, December 31, 2000	14,925
Contributions	1,475
Net earnings	3,586
Ending Partners' Capital, December 31, 2001	$ 19,986

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF CASH FLOWS

Year ended December 31, 2001 and from
March 1, 2000 (Date of Inception) to December 31, 2000

		2001	2
Increase (Decrease) in Cash and Cash Equivalents			
Cash flows from operating activities:			
Net earnings	$	358,664	
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization		128,408	
Equity in income from investment in partnerships		(2,080)	
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable-trade		63,918	
Decrease (increase) in accounts receivable-related party		21,875	
Decrease (increase) in other assets		1,691	
(Decrease) increase in accounts payable		(9,975)	
(Decrease) increase in accrued liabilities		(3,876)	
Increase in deferred revenues		3,487	
Net cash provided by operating activities		562,112	
Cash flows from investing activities:			
Property and equipment additions		(60,974)	(
Investments in partnerships		(362,500)	
Net cash used in investing activities		(423,474)	(
Cash flows from financing activities:			
Additional borrowings of debt		-	
Repayment of debt		(260,871)	
Partner contributions		-	
Net cash (used in) provided by financing activities		(260,871)	
Net increase in cash and cash equivalents		(122,233)	
Cash and cash equivalents at beginning of period		349,885	
Cash and cash equivalents at end of period	$	227,652	
Cash paid during the year for:			
Interest	$	224,439	

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF CASH FLOWS

Year ended December 31, 2001 and from
March 1, 2000 (Date of Inception) to December 31, 2000

		2001	
Noncash investing and financing activities:			
Acquisition of property and equipment in exchange for a partnership interest	$	413,289	
Acquisition of debt in exchange for a partnership interest		285,524	
Exchange of related party liability for a partnership interest		19,772	

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

TCTB Partners, Ltd.
(A Texas Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Basis of Accounting

TCTB Partners, Ltd. (the Partnership), a Texas Limited Partnership was organized effective March 1, 2000. The primary business activities of the

Partnership is to engage generally in the real estate business, including, but not limited to, the purchase, improvement, development, leasing, sale, and exchange of real estate, and the construction, alteration, or repair of buildings or structures on real estate. The Partnership operates primarily in Midland, Texas.

2. Cash Equivalents

The Partnership considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

3. Fair Value of Financial Instruments

The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 107, Disclosures about Fair Value of Financial Instruments, which requires entities to disclose the SFAS No. 107 value of certain on-and off-balance sheet financial instruments for which it is practicable to estimate. Value is defined in SFAS No. 107 as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Partnership believes the carrying amounts of its financial instruments classified as current assets and liabilities in its balance sheet approximate SFAS No. 107 value due to the relatively short maturity of these instruments. The Partnership considers the disclosure of the SFAS 107 value of the loans to be impracticable.

4. Long-Lived Assets

In March 1995, the FASB issued SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, which requires impairment losses to be recorded on long-lived assets used in operation when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. Management does not believe that impairment exists.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated economic lives of 40 years for building improvements and 3-15 years for machinery and equipment, or the lease term, whichever is less. Maintenance and repairs are charged to operations as incurred. Renewals and significant betterments and improvements are capitalized and depreciation over their estimated useful lives.

6. Lease Revenue Recognition

Certain of the Partnership lease agreements contain provisions for escalating rental payments over the life of the leases. In accordance with the provisions of SFAS No. 13, Accounting for Leases, the Partnership recognizes rental income from these leases on a straight-line basis over the life of the respective leases.

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

8. Impact of Recently Issued Accounting Standards

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g. abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Partnership expects to adopt the SFAS No. 144 effective January 1, 2002 and does not anticipate adoption will have a significant effect on results of operations or financial position.

9. Environmental

The Partnership is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Partnership to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Environmental (Continued)

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can reasonably be estimated.

NOTE B - CONCENTRATIONS OF CREDIT RISK

The Partnership maintains cash balances at one financial institution, which at times may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

The Partnership's revenues are derived principally from uncollateralized rents from tenants. The concentration of credit risk in a single industry affects its overall exposure to credit risk because tenants may be similarly affected by changes in economic and other conditions.

NOTE C - LONG-TERM DEBT

On April 4, 2000, the Partnership entered into a loan agreement with a reputable financial institution for a term loan in the amount of $2,962,723 with an interest rate equal to the financial institution's prime rate plus one quarter of one percentage point (.25%), but in no event to exceed the highest lawful rate. Commencing on May 15, 2000, the Partnership was required to make monthly payments of outstanding principal, each in the amount of $27,135, plus accrued interest. The final date of maturity is April 15, 2005, at which time all of the outstanding principal and accrued interest shall be due and payable in their entirety. The loan agreement is secured by substantially all of the assets of the Partnership. The loan agreement restricts cash distributions to the partners' owners other than for purposes of allowing those Partners to pay any income taxes owed by them in connection with their ownership of interests in the Partnership. The loan agreement also contains other customary conditions and events of default, the failure to comply with, or occurrence of, would prevent any further borrowings and would generally require the repayment of any outstanding borrowings along with accrued interest under the loan agreement. Such events of default include (a) non-payment of loan agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances and (d) bankruptcy. As of December 31, 2000, the outstanding principal balance was $2,757,351.

NOTE C - LONG-TERM DEBT (CONTINUED)

On April 26, 2001, the Partnership entered into an agreement to borrow an additional $285,524 as an amendment to the previous loan agreement, for a total term loan in the amount of $2,897,963. Commencing on May 15, 2001, the Partnership was required to make monthly payments of outstanding principal, each in the amount of $30,300, plus accrued interest. The final maturity date remains at April 15, 2005, along with all other terms of the original term note. As of December 31, 2001, the outstanding principal balance was $2,782,004. The term note was subsequently paid in full in fiscal year 2002.

On June 5, 2002, the Partnership entered into a loan agreement with a reputable financial institution for a term note of $6,800,000 and a revolving line of credit note of $200,000. The term note bears interest at a fixed rate per annum of 7.23% and the line of credit bears interest at a variable rate per annum equal to the Wells Fargo Bank Texas, N.A. Base Rate plus one-half of one percentage point (0.5000%). Commencing on June 30, 2002, the Partnership was required to start making monthly payments of principal and interest in the amount of $53,663 for the term note until maturity of the note on May 31, 2009. Commencing on June 30, 2002, the Partnership was required to start making monthly interest payments computed on the unpaid principal balance of the revolving line of credit note due to mature on May 31, 2003. The loan agreement is secured by substantially all of the assets of the Partnership. The loan agreement restricts cash distributions to the partners' owners. The Partnership shall not declare or pay any distributions in excess of tax liability due annually (but in any event, no more than 40% of net income), either in cash or any other property to any partner or partners' owners, nor redeem, retire, repurchase or otherwise acquire any interest of any partner or partners' owners. The loan agreement also contains other customary conditions and events of default, the failure to comply with, or occurrence of, would prevent any further borrowings and would generally require the repayment of any outstanding borrowings along with accrued interest under the loan agreement. Such events of default include (a) non-payment of loan agreement debt and interest thereon, (b) non-compliance with the terms of the credit agreement covenants, (c) cross-default with other debt in certain circumstances, (d) bankruptcy and (e) a final judgment or order for the payment of money in excess of $100,000.

NOTE C - LONG-TERM DEBT (CONTINUED)

Maturities of long-term debt at December 31, 2001 were as follows:

2002	$	457,790
2003		492,007
2004		528,782
2005		568,305
2006		610,783
Thereafter		124,337
Total		2,782,004
Less: current portion		457,790
Long-term portion	$	2,324,214

NOTE D - RENTAL ARRANGEMENTS

The Partnership has rented facilities under operating leases. Future minimum lease payments under non-cancelable operating leases aggregate approximately $5,294,000 and $7,255,000 as of December 31, 2001 and 2000, respectively and are due as follows:

December 31, 2001:

2002	$	2,014,361
2003		1,290,652
2004		1,084,455

2005		630,515
2006		139,075
Thereafter		135,227
Total	$	5,294,285

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TCTB Partners, Ltd.
(A Texas Limited Partnership)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001 and 2000

NOTE E - PROPERTY AND EQUIPMENT INFORMATION

The following is a summary of property and equipment and the related accumulated depreciation as of December 31, 2001 and 2000:

Buildings	$ 4
Furniture and fixtures	
Vehicle	
Tenant improvements	
Land	
	4
Accumulated depreciation	
Property and equipment, net	$ 4

NOTE F - SIGNIFICANT TENANTS

For the year ended December 31, 2001, rent income that accounted for more than ten-percent of the partnership's revenue was as follows:

Bank of America, N.A.	32%
Pioneer Natural Resources USA, Inc.	15%
Faskin Oil and Ranch, Inc.	13%

NOTE G - RELATED PARTY TRANSACTIONS

During 2001 and 2000 certain of the Partnership's partners were tenants. The Partnership received rental income from these partners of approximately

$128,000 and $57,300 during 2001 and 2000, respectively.

At December 31, 2000, the General Partner owed the Partnership approximately $1,000.

NOTE H - SUBSEQUENT EVENTS

Effective June 5, 2002, the Partnership purchased a building from a third party for $4,100,000.

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FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

1500 BROADWAY, LTD.
(A TEXAS LIMITED PARTNERSHIP)

December 31, 2001 and 2000

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Report of Independent Certified Public Accountants

To the Members of
1500 Broadway, Ltd.
A Texas Limited Partnership

We have audited the balance sheets of 1500 Broadway, Ltd., a Texas Limited Partnership, (the Partnership) as of December 31, 2001 and 2000, and the related statements of earnings, partners' capital and cash flows for the year ended December 31, 2001 and for the period from June 13, 2000 (date of inception) through December 31, 2000. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 from 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 financial statements referred to above present fairly, in all material respects, the financial position of 1500 Broadway, Ltd., a Texas Limited Partnership, as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the year ended December 31, 2001 and the period from June 13, 2000 (date of inception) through December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

Midland, Texas
August 15, 2002

/s/: Johnson, Miller & Co.

1500 Broadway, Ltd.
(A Texas Limited Partnership)

BALANCE SHEETS

December 31,

ASSETS

CURRENT ASSETS	
Cash (note A2)	$
Accounts receivable	
Total current assets	
PROPERTY AND EQUIPMENT, net of accumulated	

depreciation of $121,151 and $13,852 (notes A3, A4 and D)

OTHER ASSETS

$

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES
Accounts payable $
Deferred revenues

Total current liabilities
72,804

PARTNERS' CAPITAL

$

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

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1500 Broadway, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF EARNINGS

Year ended December 31, 2001 and from
June 13, 2000 (Date of Inception) to December 31, 2000

		2001	2000
Rental revenues	$	1,776,604	765,344
Expenses:			
Operating expense		1,305,690	664,748
Depreciation and amortization expense		107,299	13,852
Total expenses		1,412,989	678,600
NET EARNINGS	$	363,615	86,744

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

1500 Broadway, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

Year ended December 31, 2001 and from
June 13, 2000 (Date of Inception) to December 31, 2000

Beginning Partners' Capital, June 13, 2000	$	-
Contributions		1,200,000
Distributions		(41,425)
Net earnings		86,744
Ending Partners' Capital, December 31, 2000		1,245,319
Contributions		1,300,000
Distributions		(208,799)
Net earnings		363,615
Ending Partners' Capital, December 31, 2001	$	2,700,135

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

1500 Broadway, Ltd.
(A Texas Limited Partnership)

STATEMENTS OF CASH FLOWS

Year ended December 31, 2001 and from
June 13, 2000 (Date of Inception) to December 31, 2000

	2001	2000
Increase (Decrease) in Cash and Cash Equivalents		

Cash flows from operating activities:			
Net earnings	$	363,615	86,744
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization		107,299	13,852
Changes in assets and liabilities:			
Increase in accounts receivable		(68,372)	(4,494
Increase in other assets		(650)	-
(Decrease) increase in accounts payable		(167,719)	246,685
Increase in deferred revenues		82,695	983
Net cash provided by operating activities		316,868	343,770
Cash flows from investing activities:			
Property and equipment additions		(907,616)	(1,465,157
Net cash used in investing activities		(907,616)	(1,465,157
Cash flows from financing activities:			
Contributions		1,300,000	1,200,000
Distributions		(208,799)	(41,425
Net cash provided by financing activities		1,091,201	1,158,575
Net increase in cash and cash equivalents		500,453	37,188
Cash and cash equivalents at beginning of period		37,188	-
Cash and cash equivalents at end of period	$	537,641	37,188

The accompanying summary of accounting policies and footnotes are an integral part of these financial statements.

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1500 Broadway, Ltd.
(A Texas Limited Partnership)

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Basis of Accounting

1500 Broadway, Ltd. (the Partnership), a Texas Limited Partnership was organized effective June 13, 2000. The primary business activities of the Partnership is to engage generally in the real estate business, including, but not limited to, the purchase, improvement, development, leasing, sale, and exchange of real estate, and the construction, alteration, or repair of buildings or structures on real estate. The Partnership operates primarily in Lubbock, Texas.

2. Cash Equivalents

The Partnership considers cash on hand, cash on deposit in banks, money market mutual funds and highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalent.

3. Long-Lived Assets

In March 1995, the Financial Accounting Standard Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, which requires impairment losses to be recorded on long-lived assets used in operation when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS No. 121 also addresses the accounting for long-lived assets that are expected to be disposed of. Management does not believe that impairment exists.

4. Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is based on the straight-line method over the estimated economic lives of 40 years for building improvements and 3-15 years for machinery and equipment, or the lease term, whichever is less. Maintenance and repairs are charged to operations as incurred. Renewals and significant betterments and improvements are capitalized and depreciation over their estimated useful lives.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Lease Revenue Recognition

Certain of the Partnership lease agreements contain provisions for escalating rental payments over the life of the leases. In accordance with the provisions of SFAS No. 13, Accounting for Leases, the Partnership recognizes rental income from these leases on a straight-line basis over the life of the respective leases.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

7. Impact of Recently Issued Accounting Standards

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which supersedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. SFAS No. 144 provides more guidance on estimating cash flows when performing a recoverability test, requires that a long-lived asset to be disposed of other than by sale (e.g. abandoned) be classified as "held and used" until it is disposed of, and establishes more restrictive criteria to classify an asset as "held for sale." The Partnership expects to adopt SFAS No. 144 effective January 1, 2002 and does not anticipate adoption will have a significant effect on results of operations or financial position.

8. Environmental

The Partnership is subject to extensive federal, state and local environmental laws and regulations. These laws regulate asbestos in buildings that require the Partnership to remove or mitigate the environmental effects of the disposal of the asbestos at the buildings.

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Costs are expensed when they relate to an existing condition caused by past operations and will not contribute to current or future revenue generation. Liabilities related to environmental assessments and/or remedial efforts are accrued when property or services are provided or can reasonably be estimated.

NOTE B - CONCENTRATIONS OF CREDIT RISK

The Partnership maintains cash balances at one financial institution, which at times may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risks on such accounts.

The Partnership's revenues are derived principally from uncollateralized rents from tenants. The concentration of credit risk in a single industry affects its overall exposure to credit risk because tenants may be similarly affected by changes in economic and other conditions.

NOTE C - RENTAL ARRANGEMENTS

The Partnership has rented facilities under operating leases. Future minimum lease payments under non-cancelable operating leases aggregate approximately $11,610,000 and $13,129,000 as of December 31, 2001 and 2000, respectively and are due as follows:

December 31, 2001:

2002	$	1,745,434
2003		1,623,431

2004		1,548,693
2005		1,422,234
2006		1,257,094
Thereafter		4,012,980
Total	$	11,609,866

December 31, 2000:

2001	$	1,518,671
2002		1,745,434
2003		1,623,431
2004		1,548,693
2005		1,422,234
Thereafter		5,270,074
Total	$	13,128,537

There can be no assurance that any of the Partnership's leases will be renewed.

1500 Broadway, Ltd.
(A Texas Limited Partnership)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2001 and 2000

NOTE D - PROPERTY AND EQUIPMENT INFORMATION

The following is a summary of property and equipment and the related accumulated depreciation as of December 31, 2001 and 2000:

		2001	2000
Buildings	$	1,651,098	1,10
Furniture and fixtures		13,873	
Equipment		22,774	
Tenant improvements		455,028	11
Land		230,000	23
		2,372,773	1,46
Accumulated depreciation		(121,151)	(1
Property and equipment, net	$	2,251,622	1,45

The Partnership has a non-cancelable operating lease agreement for land on which approximately twenty-five per cent of the Partnership's rental office is built. The terms of the present lease agreement will expire on September 30, 2013. The existing lease requires monthly lease payments of $3,495 per month. These payments are adjusted every five years for the change in the consumer price index. The next adjustment will occur on October 1, 2003. Future minimum lease payments under the agreement aggregate approximately $ 493,000 as of December 31, 2001 and are as follows:

2002	$	41,940
2003		41,940
2004		41,940
2005		41,940
2006		41,940
Thereafter		283,095
Total	$	492,795

NOTE E - SIGNIFICANT TENANTS

For the year then ended December 31, 2001, rent income that accounted for more than ten-percent of the Partnership's revenue was as follows:

Wells Fargo Bank, Texas N.A.	37%
Lubbock Club	11%

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(b) Pro forma financial information.

The following unaudited pro forma condensed consolidated financial statements are filed with this report:

-- Pro Forma Consolidated Balance Sheet at September 30, 2002

-- Pro Forma Consolidated Statements of Operations for Year Ended December 31, 2001

-- Pro Forma Consolidated Statements of Operations for Nine Months Ended September 30, 2002

The Pro Forma Consolidated Balance Sheet of the Company as of September 30, 2002 reflects the financial position of the Company assuming the asset sale and the asset acquisition had occurred on September 30, 2002. All material adjustments required to reflect the asset sale are set forth in the column labeled "Asset Sale Pro Forma Adjustments." All material adjustments required to reflect the asset acquisition are set forth in the column labeled "Asset Acquisition Pro Forma Adjustments." The data contained in the column labeled "September 2002 Actual" is derived from the Company's unaudited consolidated balance sheet as of September 30, 2002. The pro forma data is for informational purposes only and may not necessarily reflect the Company's financial position or what the financial position would have been had the asset sale and the asset acquisition occurred on September 30, 2002.

The unaudited Pro Forma Consolidated Statements of Operations were prepared to illustrate the estimated effects of the discontinuance of the business associated with the asset sale as of January 1, 2001. Pursuant to SFAS No. 144, the Company has removed the business attributable to the asset being sold from continuing operations in the periodic statement of operations for the nine months ended September 30, 2002. The net loss attributable to the business of the asset being sold is reflected in discontinued operations in the income statement for the nine months ended September 30, 2002. The unaudited Pro Forma Consolidated Statements of Operations exclude the effects of transactions that are not reasonably expected to reoccur subsequent to the asset sale. The unaudited pro forma consolidated statements of operations and related notes are provided for informational purposes only and do not purport to be indicative of the results of operations that would have been reported had the events assumed, occurred on the dates indicated, or purport to be indicative of results of operations that may be achieved in the future.

The unaudited Pro Forma Consolidated Balance Sheet and the unaudited Pro Forma Consolidated Statements of Operations should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of the Company, including the notes thereto, appearing in the Company's Annual Form 10-K for the year ended December 31, 2001 and "Management's Discussion and Analysis or Plan of Operation" and the consolidated financial statements of the Company, including the notes thereto, appearing on interim report Form 10-QSB for the quarter ended September 30, 2002.

AMEN Properties, Inc.
BALANCE SHEET

	Actual September 2002 (unaudited)	(a) Asset Sale Pro Forma Adjustments	(b) Asset Acquisition Pro Forma Adjustments	Pro Forma September 2002 (unaudited)
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$199,018	$4,100,000	$(1,606,521)	$2,692,496
Short-term investments	76,234			76,234
Accounts receivable	210,680		37,458	248,139
Deferred costs	33,668			33,668
Assets held for sale	2,624,436	(2,624,436)		
Total current assets	3,144,036	1,475,564	(1,569,063)	3,050,537
LONG TERM INVESTMENTS	52,326			52,326
PROPERTY AND EQUIPMENT, net	18,562		11,874,886	11,893,448
OTHER ASSETS:				
Deposits	62,165	(60,000)	7,485	9,650
Deferred costs			138,460	138,460

Goodwill, net	300,399			300,399
Total other assets	362,564	(60,000)	145,945	448,509
TOTAL ASSETS	$3,577,488	$1,415,564	$10,451,768	$15,444,820
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES:				
Accounts payable	$244,692		$193,573	$438,265
Accrued liabilities	1,474,946		925	1,475,871
Deferred revenue			38,042	38,042
Total current liabilities	1,719,638		232,540	1,952,178
OTHER LIABILITIES:				
Accounts payable	131,328		111,600	242,928
Other liabilities	597		44,397	44,994
LONGTERM DEBT				
Note Payable-Wells Fargo			6,500,000	6,500,000
Promissory Note - TCTB			2,789,087	2,789,087
Total Long Term Debt			9,289,087	9,289,087
MINORITY INTEREST			774,144	774,144
STOCKHOLDERS' EQUITY				
Preferred stock, $.001 par value, 5,000,000 shares authorized, 80,000 Series "A" shares issued and outstanding	80			80
80,000 Series "B" shares issued and outstanding	80			80
Common stock, $.01 par value, 20,000,000 shares authorized, 7,968,221 shares issued and outstanding	79,682			79,682
Common stock warrants	127,660			127,660
Additional paid-in capital	42,052,931			42,052,931
Retained Earnings (Accumulated deficit)	(40,538,640)	1,415,564		(39,123,076)
Accumulated other comprehensive loss:				
Net unrealized gain on available-for-sale securities	4,132			4,132
Total stockholders' equity	1,725,925	1,415,564		3,141,489
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,577,488	$1,415,564	$10,451,769	$15,444,821
	0		0	0

See accompanying notes.

AMEN Properties, Inc.
Proforma Statement of Operations

	Historical Year Ended December 31, 2001	(a) Asset Sale Pro Forma Adjustment	(b) Asset Acquistion Pro Forma Adjustment	Pro Forma Year Ended December 31, 2001	Undaudited Nine Months Ended September 30, 2002	(a Asse Pro Adju
Total Revenues	$4,506,291	$(3,302,484)	$3,942,978	$5,146,785	$664,722	$
Operating Expenses:						
Building Operations, Cost of goods and services	1,737,095	(783,078)	2,746,248	3,700,265	507,592	
Crosswalk operations	2,774,780	(2,774,780)	0	0	0	
Sales and marketing	1,525,243	(1,331,013)	0	194,230	102,855	
Depreciation, Amortization of Goodwill and Intangibles	1,682,235	(1,485,557)	235,707	432,385	0	
Impairment Loss	0	0	0	0	450,000	
General and administrative	1,654,513	(1,185,471)	21,874	490,916	431,959	(9
Total operating expenses	$9,373,866	$(7,559,899)	$3,003,829	$4,817,796	$1,492,406	$(9
Operating Income (Loss) from Continued Operations	$(4,867,575)	$4,257,415	$939,149	$328,989	$(827,685)	$9
Other Income (Expense) Net	83,061	-	(216,870)	(133,809)	21,126	
Income (Loss) from Continued Operations	$(4,784,514)	$4,257,415	$722,279	$195,180	$(806,559)	$9
Loss from discontinued operations	0	0	0	0	(2,122,597)	2,12
Income attributed to Minority Interest	0	0	(253,791)	(253,791)	0	
Gain (loss) before cumulative effect of a change in accounting policy	$(4,784,514)	$4,257,415	$468,488	$(58,611)	$(2,929,156)	$2,2
Recognition of impairment loss as a result of transitional goodwill impairment test	0	0	0	0	(750,000)	
Net Income (Loss)	$(4,784,514)	$4,257,415	$468,488	$(58,611)	$(3,679,156)	$2,2

See accompanying notes.

Notes to Pro Forma Financial Statements:

(A) To record the asset sale of the crosswalk.com website to Salem for $4.1 million and the related gain on sale. On May 24, 2002, following the approval of our board of directors, we entered into a letter of intent agreement with OnePlace, LLC, a wholly owned subsidiary of Salem Communications ("Salem"). The asset purchase agreement dated as of August 19, 2002, contemplates that, subject to the satisfaction of the conditions contained therein (including obtaining the approval of the stockholders of AMEN, formally Crosswalk.com), Oneplace, LLC would acquire substantially all of the Company's Internet related intellectual property and other technology assets, email lists and newsletters, customer base and trademarks for a purchase price of $4.1 million, to be paid in cash

(B) To record the asset acquisition of approximately 65% of the limited partnership shares of TCTB Partners, Ltd. The adjustments assume full consolidation of the partnership with minority interest. The value of the two real estate buildings represents a "stepped-up" basis to current fair market value for AMEN's 65% interest. The remaining 35% is stated at carryover basis. The long term debt, which was refinanced in 2002, and the other assets and liabilities are deemed to be stated at current fair market value. On November 7, 2002, AMEN announced that on October 31, 2002, it entered into an Agreement and Transfer of Limited Partnership Interest ("the Agreement') with certain limited partners ("the Selling Partners") of TCTB Partners, Ltd. ("TCTB"). Pursuant to the Agreement, the Selling Partners agreed to sell their limited partnership interest ("the LP Interest") in TCTB to the Company effective October 1, 2002, resulting in the Company acquiring 64.86248% of TCTB. The assets of TCTB are two secondary office market properties in Midland and Lubbock, Texas.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMEN Properties, Inc.

(Registrant)

Date: January 6, 2003

By /s/ Eric Oliver

Chairman of the Board of Directors and Chief Executive Officer
(Signature)*