

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-06-30**
SEC Accession No. [0000102267-96-000023](#)

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FILER

UPTOWNER INNS INC

CIK: **102267** | IRS No.: **550457171** | State of Incorpor.: **WV** | Fiscal Year End: **0630**
Type: **10-K** | Act: **34** | File No.: **000-01957** | Film No.: **96662638**
SIC: **7011** Hotels & motels

Mailing Address
P O BOX 2172
HUNTINGTON WV 25722

Business Address
P O BOX 2172
HUNTINGTON WV 25722
304-525-7741

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20459
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 1996; COMMISSION FILE NUMBER 0-1957

UPTOWNER INNS, INC.
(Exact Name of Registrant as Specified in its Charter)

West Virginia
(State or Other Jurisdiction of
Incorporation or Organization)

55-0457171
(I.R.S. Employer
Identification Number)

1415 4th Avenue, Huntington, West Virginia
(Address of Principal Executive Offices)

25701
(Zip Code)

Registrant's Telephone Number, including area code (304) 525-7741

Securities registered pursuant to Section 12 (g) of the Act:

1,583,563 shares of common stock - \$0.50 par value
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and, (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The aggregate market value of the voting stock held by non-affiliates of the registrant, as of the 30th day of June 1996, was \$612,166.

As of June 30, 1995, the close of the period covered by this report, the registrant had 1,583,563 shares of its common capital

stock issued and outstanding. The registrant has issued no other stock.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement to be filed by the registrant, pursuant to Regulation 14A, is incorporated herein by reference in Part III, Items 10 and 11.

PART I

ITEM 1. BUSINESS.

(a) The registrant, Uptowner Inns, Inc., is a corporation that was incorporated in the State of West Virginia on July 1, 1961. The registrant owns and operates a motor hotel with a Holiday Inns Franchise that consists of dining, banquet, and lounge facilities, and also operates three apartment buildings, rental properties all located in the City for Huntington, West Virginia.

A wholly owned subsidiary of the registrant, Motel and Restaurant Supply, which was incorporated in the State of West Virginia on July 16, 1966, has had no activity since 1981.

Neither the registrant nor any of its subsidiaries has experienced bankruptcy, receivership or similar proceedings; has been involved in reclassification, merger or consolidation; has acquired or, except as hereinafter set forth, disposed of any material amount of assets otherwise than in the ordinary course of business; or has undertaken any material change in the mode of conducting its business.

(b) The registrant is engaged in substantially two line of businesses: the operation of motor hotels and related facilities; and the operation of residential/commercial rental properties.

(c) The registrant is engaged in substantially two line of business, to wit, the operation of motor hotels with dining and banquet facilities, and residential/commercial rentals. The income of the registrant from rentals exceeds ten percent of the consolidated revenue of the registrant and its subsidiaries, which consolidated revenue did not exceed \$50,000,000. during any of the last three fiscal years.

The hotel industry is highly competitive with the registrant competing against numerous national hotel franchises in Huntington, West Virginia. As the Companies' operations are generally one business segment, its competition locally includes Radisson hotel, Ramada Inn, Holiday Inn, Comfort Inn, and Red Roof Inn.

Seasonality directly affects this business as a result of people not traveling or vacationing in large numbers in the late fall and winter because of poor weather at these geographical locations.

At June 30, 1996, the registrant and its subsidiaries employ approximately 55 employees.

(d) The registrant has no foreign operation.

PART II

Item 2. Properties.

(a) The main physical property of the registrant is a 140 unit, four story motor hotel, with swimming pool, dining, banquet, and lounge facilities, located in downtown Huntington, West Virginia, at 1415 Fourth Avenue. This property is owned in fee by the registrant and operated with a Holiday Inn Franchise. The motor hotel is subject to a mortgage in favor of the Twentieth Street Bank, Huntington, West Virginia, in the original amount of \$2,000,000., payable in monthly installments of \$22,568. per month, including interest at 10% until February 4, 2004, when the amount due must be paid in full. The balance at June 30, 1996 is \$1,435,579.

(b) The registrant owns in fee two lots, used for the overflow parking, across the street from its main motor hotel at 1432-34 Fourth Avenue, in Huntington, West Virginia.

(c) The registrant owns in fee an undeveloped lot acquired for future development or parking, across an alley from its main motor hotel at 1400 Fifth Avenue in Huntington, West Virginia.

(d) The registrant owns in fee a lot improved by a three story brick building used as a fraternity house, across an alley from its main motor hotel, 1434 Fifth Avenue, in Huntington, West Virginia,

acquired for rental and for future development.

(e) The registrant owns in fee two lots immediately west of its motor hotel, 1401 Fourth Avenue, in Huntington, West Virginia, acquired for future development and currently used for parking. This property is subject to a first mortgage in favor of the Twentieth Street Bank in the original amount of \$2,000,000. as noted in Item 2 (a).

(f) The registrant owns in fee and operates a 40 unit, two story apartment building within one city block of the motor hotel, at 1340 Fourth Avenue, in Huntington, West Virginia.

(g) The registrant owns in fee a lot acquired for future development or parking, across the street from its main motor hotel at 1420 Fourth Avenue, in Huntington, West Virginia.

(h) The registrant owns in fee an undeveloped lot acquired for future development or for parking, across an alley from its main motor hotel at 1438 Fifth Avenue, in Huntington, West Virginia.

(i) The registrant owns in fee a vacant lot within one city block of the main motor hotel at 1326 Fourth Avenue, in Huntington, West Virginia.

PART II

(j) The registrant owns in fee a lot improved by a three story building originally used as a store and apartment, within one city block of the main motor hotel at 1416-18 Fourth Avenue, in Huntington, West Virginia, acquired for rental and for future development, subject to a mortgage in favor of Betty M. Dove, in the original amount of \$76,000., 10% interest, maturing June 2002, the balance of which was \$40,100. at June 30, 1996.

(k) The registrant owns in fee two parcels within one city block of the main motor hotel at 1436-38 Fourth Avenue and 1440-42

Fourth Avenue, in Huntington, West Virginia acquired for future development.

(l) The registrant owns in fee a parcel of real estate on the west side of Huntington approximately 3 miles from the main motor hotel and at an exit for Interstate 64. This purchase was finalized in October 1988 from an option entered into in 1983. The property is to be operated as a rental property until it is deemed beneficial to build and operate a decent motel in that location.

(m) The registrant purchased a parcel of real estate with a residential building in January 1990. This property is across an alley from the main motor hotel and was acquired for future development and parking.

(n) The registrant purchased a parcel of real estate with a building housing residential and commercial tenants in July 1991. This property is across the street from its main motor hotel and adjacent to other rental properties and parking facilities. The property has been renovated and is now fully utilized as rental property. The property is subject to a mortgage in favor of West Virginia Housing Development Fund in the original amount of \$500,000., 5.5% rate of interest, maturing November 2018, the balance of which is \$474,122.

(o) On November 21, 1995, Uptowner Inns, Inc. entered into a contract with the Huntington Urban Renewal Authority, for the purchase of land in Huntington, West Virginia, approximately one mile from the main motor hotel in the amount of \$588,060. A good faith deposit of \$250,000. was made on the above date. The sale is expected to be closed by October 1996. Uptowner Inns, Inc. is committed to make agreed upon improvements to this land.

ITEM 3. LEGAL PROCEEDINGS:

A suit in which the Uptowner Inns, Inc. is a defendant has been filed by an individual who was severely injured in an auto accident by a patron of the lounge. Legal counsel believes that good defenses exist in this action, and that the case will ultimately be resolved in Uptowner Inns, Inc.'s favor. The insurance company has denied liability in this case and legal counsel believes the risk of loss will fall to Uptowner Inns, Inc.

There are other suits pending at June 30, 1996 in which the Corporation is a defendant. In the opinion of management and

legal counsel, the Corporation's potential liability arising from such cases is not reasonably determinable at this time.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS.

(a) The common stock of the registrant is traded in the over-the-counter market. During the past two years, there has been limited activity of common stock. These shares were traded at \$.65 a share.

(b) As of the 20th day of September 1996, the approximate number of record holders of common stock securities of the registrant was 1,461.

(c) The registrant has paid no dividends with respect to its common stock during the past two years.

ITEM 6. SELECTED FINANCIAL DATA.

The following financial information of Uptowner Inns, Inc. and Subsidiaries is for the years ended June 30, 1996, June 30, 1995, June 30, 1994, June 30, 1993 and June 30, 1992 on a scope similar to that set forth in the report included elsewhere in this report. These Summaries should be read in conjunction with the financial statements and related notes included elsewhere in this report.

<TABLE>

UPTOWNER INNS, INC.

SELECTED FINANCIAL DATA

<CAPTION>

	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Operating Revenues	2,098,085	2,317,690	2,114,079	2,152,955	2,114,112
Income (Loss) from Operations	93,835	187,670	(81,046)	(67,587)	(58,767)
Net Income (Loss)	89,458	494,600	(81,046)	(65,637)	(59,848)
Net Income (Loss) per share	.06	.31	(.05)	(.04)	(.04)
Weighted Average Number of Shares	1,583,563	1,583,563	1,583,563	1,583,563	1,583,563
Cash Dividends Per Share	-	-	-	-	-
Total Assets	5,011,385	5,119,107	4,976,461	4,732,530	4,538,590
Long-Term Debt	2,322,279	2,527,941	2,924,973	2,376,002	2,032,224

</TABLE>

<TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

<CAPTION>

REVENUES

	1996	1995	1994
<S>	<C>	<C>	<C>
Total Revenues	\$2,098,085.	\$ 2,317,690.	\$ 2,114,079.
Percentage Increase (Decrease)	(9.5)%	9.6%	(1.8)%
Motor Inn Revenues	1,322,668.	1,528,981.	1,418,332.
Percentage Increase (Decrease)	(13.5)%	7.8%	(2.3)%
Percentage of Total Revenues	63.0%	66.0%	67.1%
Food and Beverage	435,756	463,231.	449,818.
Percentage Increase (Decrease)	(5.9)%	3.0%	(3.3)%
Rents	233,853.	226,197.	175,289.
Percentage Increase (Decrease)	3.4%	29.0%	35.7%

</TABLE>

Motor Inn revenues decreased due to local economic conditions and competition from other facilities. The food and beverage decrease is due to the decreased number of guests and local competition in the food industry. Rents increased due to a change in the personnel managing the rental units, and improved occupancy.

<TABLE>

<CAPTION>

OPERATING COST AND EXPENSES

	1996	1995	1994	1993
--	------	------	------	------

<S>	<C>	<C>	<C>	<C>
Cost of Sales	\$ 362,029.	\$ 397,215.	\$ 457,974.	\$ 471,601.
Percentage increase (decrease)	(8.9)%	(13.3)%	(2.9)%	2.3%
Salaries	475,637.	489,763.	403,436.	440,389.
Percentage increase (decrease)	(2.9)%	(21.4)%	(8.4)%	4.5%
Advertising	117,833.	136,137.	139,974.	70,197.
Percentage increase (decrease)	(13.4)%	(2.7)%	99.4%	(89.6)%
Utilities	150,454.	142,520.	152,825.	135,385.
Percentage increase (decrease)	5.6%	(6.7)%	12.9%	3.2%
Repairs and Maint.	66,769.	95,049.	156,963.	117,398.
Percentage increase (decrease)	(29.8)%	(39.4)%	33.7%	24.0%
Interest	222,742.	236,900.	202,215.	241,060.
Percentage increase (decrease)	(6.0)%	17.2%	(16.1)%	7.2%
Taxes and License	197,093.	208,048.	123,811.	126,150.
Percentage increase (decrease)	(5.3)%	68.0%	(1.9)%	14.5%
Insurance and Other	34,912.	45,027.	46,573.	59,514.
Percentage increase (decrease)	(22.5)%	(3.3)%	(21.7)%	33.6%
Total Cost and Expenses	2,004,250.	2,130,020.	2,195,125.	2,220,542.
Percentage increase (decrease)	(5.9)%	(3.0)%	(1.1)%	2.1%

Costs and expenses are slightly less overall due to the decreased revenues. However, major decreases in repairs and maintenance and due to plans to close the motel property on completion of a new motel which is projected to be 15 to 18 months from the balance sheet date. Insurance has decreased due to more favorable premiums in the current year.

</TABLE>

[CAPTION]

OTHER INCOME (EXPENSE)

	1996	1995	1994
Gain (Loss) on sales of property, plant and equipment	\$ -	\$ -	\$ -
Gain (Loss) on disposal of subsidiary	\$ -	306,930.	-

INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE FEDERAL INCOME TAXES

	1996	1995	1994
	\$ 93,835.	\$ 494,600.	\$ (81,046.)

INCOME TAXES

	1996	1995	1994
Income taxes (benefit)	\$ 4,377.	\$ -	\$ -
Effective tax rate	4.7%	-	-

There is no tax benefit for the fiscal years 1994 and 1993 due to the loss and the lack of any taxable income to apply this against. For the year ended June 30, 1996, the Company utilized operating loss carryforwards in the amount of \$38,160. to offset taxable income and incurred \$4,377. in alternative minimum tax. The Company has a carryforward loss for taxable income until the year 2008.

INCOME (LOSS)

	1996	1995	1994
--	------	------	------

The sale of the Parkersburg property in August 1994, with the gain of \$306,930., had an obvious impact on income, but the increase in revenues of \$203,611. and the decrease of expenses of \$65,105. resulted in a significant change in Income From Operations; however, decreased revenues of \$219,605. in 1996 and decreased costs and expenses of \$125,770. resulted in a decrease in Income From Operations of \$93,835. in 1996.

[CAPTION]

LIQUIDITY AND CAPITAL RESOURCES

	1996	1995
Resources available at June 30, 1996 and 1995		
Cash	\$ 463,998.	\$ 298,380.
Investments	-	576,470.

The liquidity of the Company decreased in 1996 due to the contract with Huntinton Urban Renewal authority to purchase land and construct a new motel. Almost \$500,000. has been invested as of June 30, 1996 from current cash fund.

The future liquidity will be affected by the Company's operations and will not improve significantly under current economic conditions. It is possible further decline will occur due to the restructuring of the current property on completion of the new hotel, now projected for late 1997.

UPTOWNER INNS, INC. AND SUBSIDIARIES

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10, Part III, will be set forth in the definitive proxy statement to be filed by the registrant, pursuant to Regulation 14A, under the captions "Election of Directors" and "Executive Officers of the Company" and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by Item 11, Part III, will be set forth in the definitive proxy statement to be filed by the registrant, pursuant to Regulation 14A, under the caption "Remuneration of Directors and Executive Officers", and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(a) The registrant has issued only one type of security, namely, common capital stock. The following table sets forth certain information as to the persons and groups who are known to the registrant to be the beneficial owners of more than five percent of its voting securities.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Violet Midkiff 922 Eleventh Street Huntington, West Virginia	694,686 Direct and Indirect	43.9

(b) The following table sets forth certain information as to each class of equity securities of the registrant beneficially owned by all directors and officers of the registrant as a group.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Arthur J. Huber	30,049 Indirect	1.9
Common	James R. Camp	8,371 Direct	.5
Common	Violet Midkiff	694,686 Direct and Indirect	43.9

Item 12. Security Ownership of Certain Beneficial Owners and Management (Cont'd)

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	Louis Abraham	3,346 Direct	.2
Common	Carl Midkiff	9,020 Direct and Indirect	.6
Common	Olive Hager	21,870 Direct	1.4
Common	Six Officers and Directors as a Group	767,342 Direct and Indirect	48.5

(c) There is no arrangement, known to the registrant, the operation of which may at a subsequent date result in a change in control of the registrant.

UPTOWNER INNS, INC. AND SUBSIDIARIES

ITEM 14 EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) (1) Financial Statements:

Uptowner Inns, Inc. and Subsidiaries
Opinion of Independent Certified Public Accountant
Consolidated Balance Sheets as of
June 30, 1996 and 1995
Consolidated Statement of Income for the
Year Ended June 30, 1996 and 1995
Consolidated Statement of Stockholders' Equity
for the Year Ended June 30, 1996 and 1995
Consolidated Statement of Cash Flows for the
Year Ended June 30, 1996 and 1995
Notes to Consolidated Financial Statements

Uptowner Inns, Inc. and Subsidiaries

Opinion of Independent Certified Public Accountant
 Consolidated Balance Sheets as of June 30, 1994 and 1993
 Consolidated Statement of Income for the
 Years Ended June 30, 1994, 1993 and 1992
 Consolidated Statement of Stockholders' Equity
 for the Years Ended June 30, 1994, 1993 and 1992
 Consolidated Statement of Cash Flows for the
 Years Ended June 30, 1994, 1993 and 1992
 Notes to Consolidated Financial Statements

(A) (2) Schedules:

- Schedule II -- Accounts Receivable from
 Related Parties and Underwriters
 Schedule V -- Property, Plant and Equipment
 Schedule VI -- Accumulated Depreciation of
 Property, Plant and Equipment
 Schedule VIII -- Valuation of Qualifying Accounts
 Schedule XII -- Mortgage Loans on Real Estate

All other schedules are omitted since required information is either not applicable, not deemed material or is shown in the respective financial statements or in the notes thereto.

(A) (3) Exhibits:

(22) Subsidiaries of Uptowner Inns, Inc.:

All other required exhibits are incorporated in the Registration Statement Number 2-90194 of Uptowner Inns, Inc.

No reports on Form 8-K have been filed during the period covered by this report.

UPTOWNER INNS, INC. AND SUBSIDIARIES

ACCOUNTS RECEIVABLE FROM RELATED PARTIES AND UNDERWRITERS

Schedule II

Column A	Column B	Column C	Column D	Column E	Column F
	Balance at			Other Changes	Balance at

Description	Beginning Period	Additions	Retirements	Increase (Decrease)	End of Period
As to Uptowner Inns, Inc. and Subsidiaries:					
Year ended June 30, 1996					
Receivable	\$ 5,931.	\$ -	\$ 5,931.	\$ -	\$ -
Year ended June 30, 1995					
Receivable	\$ 1,382.	\$ 5,931.	\$ 1,382.	\$ -	\$ 5,931.
Year ended June 30, 1994					
Receivable	\$ -	\$ 1,382.	\$ -	\$ -	\$ 1,382.

UPTOWNER INNS, INC. AND SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT

Schedule V

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning Period	Additions	Retirements	Other Changes Increase (Decrease)	Balance at End of Period

Year Ended June 30, 1996:

Land	\$ 808,921.	\$ 279,000.	\$ -	\$ -	\$1,087,921.
Building and improvements	5,322,204.	-	-	-	5,322,204.
Furniture and equipment	1,349,786.	55,250.	-	-	1,405,036.
China, glassware and linen	37,458.	-	-	-	37,458.
Construction in Progress	-	143,390.	-	-	143,390.
Totals	\$7,518,369.	\$ 477,640.	\$ -	\$ -	\$7,996,009.

Year Ended June 30, 1995:

Land	\$ 985,437.	\$ -	\$ 176,516.	\$ -	\$ 808,921.
Building and improvements	6,462,612.	-	1,092,949.	(47,459.)	5,322,204.
Furniture and equipment	1,398,888.	43,852.	140,413.	47,459.	1,349,786.
China, glassware and linen	37,458.	-	-	-	37,458.
Totals	\$8,884,395.	\$ 43,852.	\$ -	\$1,409,878.	\$7,518,369.

Year Ended June 30, 1994:

Land	\$ 985,437.	\$ -	\$ -	\$ -	\$ 985,437.
Building and improvements	5,630,773.	831,839.	-	-	6,462,612.
Furniture and equipment	1,379,614.	19,274.	-	-	1,398,888.
China, glassware and linen	37,458.	-	-	-	37,458.
Construction in progress	394,483.	-	-	(394,483)	-
Totals	\$8,427,765.	\$ 851,113.	\$ -	\$ (394,483)	\$8,884,395.

UPTOWNER INNS, INC. AND SUBSIDIARIES

ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Schedule VI

Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning Period	Additions At Cost	Retirements or Sales	Other Changes Increase (Decrease)	Balance at End of Period
Year Ended June 30, 1996:					
Building and improvements	\$2,205,539.	\$ 174,740.	\$ -	\$ -	\$2,380,279.
Furniture and equipment	1,165,388.	42,193.	-	-	1,207,581.
China, glassware and linen	22,846.	-	-	-	22,846.
Totals	\$3,393,773.	\$ 216,933.	\$ -	\$ -	\$3,610,706.

Year Ended June 30, 1995:

Building and improvements	\$2,978,072.	\$ 31,062.	\$ 803,595.	\$ -	\$2,205,539.
Furniture and equipment	1,159,656.	146,145.	140,413.	-	1,165,388.
China, glassware and linen	22,846.	-	-	-	22,846.
Totals	\$4,160,574.	\$ 177,207.	\$ 944,008.	\$ -	\$3,393,773.

Year Ended June 30, 1994:

Building and improvements	\$2,640,418.	\$ 337,654.	\$ -	\$ -	\$2,978,072.
Furniture and					

equipment	1,229,365.	-	69,709.	-	1,159,656.
China, glassware and linen	22,846.	-	-	-	22,846.
Totals	\$3,892,629.	\$ 337,654.	\$ 69,709.	\$ -	\$4,160,574.

UPTOWNER INNS, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

Schedule VIII

Column A	Column B	Column C	Column D	Column E	Column F
		(1) Additions	(2)		
Description	Balance at Beginning Period	Charged to Profit and Loss	Charged to Other Accounts	Deductions From Reserves	Balance at End of Period
As to Uptowner Inns, Inc.:					
Year ended June 30, 1996:					
Reserve for doubtful accounts	\$ 3,000.	\$ -	\$ -	\$ -	\$ 3,000.
Year ended June 30, 1995:					
Reserve for doubtful accounts	\$ 3,000.	\$ -	\$ -	\$ -	\$ 3,000.
Year ended June 30, 1994:					
Reserve for doubtful accounts	\$ 3,000.	\$ -	\$ -	\$ -	\$ 3,000.

As to Uptowner Inns, Inc.
and Subsidiaries:

Year ended June 30, 1996:

Reserve for doubtful accounts	\$	3,000.	\$	-	\$	-	\$	-	\$	3,000.
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Year ended June 30, 1995:

Reserve for doubtful accounts	\$	3,000.	\$	-	\$	-	\$	-	\$	3,000.
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Year ended June 30, 1994:

Reserve for doubtful accounts	\$	3,000.	\$	-	\$	-	\$	-	\$	3,000.
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UPTOWNER INNS, INC. AND SUBSIDIARIES

NOTES PAYABLE

Schedule XII

	1996	1995
10% mortgage note due a financial institution, secured by a deed of trust, payable at \$733. per month, including interest, until June 2002	\$40,100.	\$44,546.
2% note due City of Huntington, secured by a second deed of trust, payable at \$2,024. per month, including interest, until January 2008	250,881.	269,939.
10% note due a financial institution, secured by a deed of trust, payable at \$22,568. per month including interest, until February 2004	1,435,579.	1,554,279.
Deferred payment note due the City of Huntington, secured by a deed of trust on rental property,		

payable in full during first five years if property is sold, 20% forgiveness per year in sixth through tenth years, dated September 1989	36,000.	45,000.
7.5% mortgage note, unsecured, payable at \$218. per month, including interest, until January 1995	22,182.	23,260.
Prime plus 1% installment note due a financial institution, secured by second deed of trust, payable at \$1,213. per month, including interest, until September 2002	70,278.	78,195.
Prime plus 2% installment note due a financial institution, secured by equipment, payable at \$586. per month, including interest, until February 1997	5,106.	11,224.

UPTOWNER INNS, INC. AND SUBSIDIARIES

NOTES PAYABLE

Schedule XII

	1996	1995
5.5% mortgage note due to the West Virginia Housing Development Fund, secured by a deed of trust, payable at \$3,070. per month, including interest, until November 2018	474,122.	484,577.
Prime plus 1% installment note due a financial institution, secured by a		

deed of trust, payable at \$2,902. per month, including interest, until February 1999	218,147.	231,057.
10% note due an individual, interest payable annually, due December 1993	8,000.	8,000.
10% note due an individual interest payable annually, due December 1993	39,810.	39,810.
	2,600,204.	2,789,887.
Less current portion	277,925.	261,946.
	\$ 2,322,279.	\$ 2,527,941.

UPTOWNER INNS, INC. AND SUBSIDIARIES

Exhibit 22 - Subsidiaries of Uptowner Inns, Inc.

- * Motel & Restaurant Supply
100% Owned Subsidiary
Incorporated in the State of West Virginia

- * Represents a Corporation which had
no activity during
fiscal year June 30, 1996 or 1995

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant)

UPTOWNER INNS, INC.

By: Violet Midkiff
Violet Midkiff, President
November 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: Arthur Huber
Arthur Huber, Vice President
November 1996

By: James R. Camp
James R. Camp, Treasurer and Director
November 1996

By: Olive Hager
Olive Hager, Secretary and Director
November 1996

By: Carl E. Midkiff
Carl E. Midkiff, Director
November 1996

By: Louis Abraham
Louis Abraham, Director

November 1996

AUDIT REPORT

OF

UPTOWNER INNS, INC. AND SUBSIDIARIES

FOR THE YEAR ENDED JUNE 30, 1996 AND 1995

SEPTEMBER 05, 1996

SOMERVILLE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Uptowner Inns, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Uptowner Inns, Inc. and Subsidiary as of June 30, 1996 and June 30, 1995, and the related consolidated statements of income, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 included 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Uptowner Inns, Inc. and Subsidiary as of June 30, 1996 and June 30, 1995, and the consolidated results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

SOMERVILLE & COMPANY

September 5, 1996

UPTOWNER INNS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

June 30, 1996 and 1995

<TABLE>

<CAPTION>

ASSETS

	1996	1995
Current Assets:		
<S> Cash		<C> \$ 463,998.
Investments	-	576,470.
Accounts receivable (less allowance for doubtful accounts of \$3,000. in 1996 and 1995)	54,656.	79,702.
		\$ 298,380.

Receivable - stockholders	-	5,931.
Receivable - other	-	430.
Inventories	9,226.	10,703.
Prepaid expenses	28,398.	18,710.
Total current assets	\$ 556,278.	990,326.

Property, Plant and Equipment:

Land	1,087,921.	808,921.
Buildings and improvements	5,322,204.	5,322,204.
Furniture and equipment	1,442,494.	1,387,244.
Construction in Progress	143,390.	-
	7,996,009.	7,518,369.
Less accumulated depreciation and amortization	3,610,706.	3,393,773.
Property, plant and equipment - net	4,385,303.	4,124,596.

Other Assets:

Deposits and other	69,804.	4,185.
Total Other Assets:	69,804.	4,185.
	\$ 5,011,385.	\$ 5,119,107.

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

June 30, 1996 and 1995

<TABLE>

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1996	1995
Current Liabilities:		
<S>	<C>	<C>

Accounts payable	\$ 71,182.	\$ 32,592.
Accrued liabilities	94,041.	89,634.
Taxes other than		
Federal income tax	107,742.	158,236.
Current portion of long-term debt	277,925.	261,946.
Total current liabilities	\$ 550,890.	\$ 542,408.

Long-Term Debt:

Notes payable	2,322,279.	2,527,941.
Total liabilities	2,873,169.	3,070,349.

Stockholders' Equity:

Common stock - \$.50 par value; authorized - 5,000,000 shares issued - 1,583,563 shares	791,782.	791,782.
Additional paid - in capital	1,032,290.	1,032,290.
Retained earnings	314,144.	224,686.
Total stockholders' equity	2,138,216.	2,048,758.

Total Liabilities and Equity: \$ 5,011,385. \$ 5,119,107.

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF INCOME

For the years ended June 30, 1996 and 1995

<TABLE>

<CAPTION>

	1996	1995
<S>	<C>	<C>
Revenues:		
Rooms	\$ 1,322,668.	\$ 1,528,981.
Food and beverage	435,756.	463,231.
Telephone	31,676.	47,118.

Rent	233,853.	226,197.
Other	74,132.	52,163.
Total operating revenues	\$ 2,098,085.	\$ 2,317,690.
Costs and Expenses:		
Operating departments:		
Cost of sales	241,148.	236,210.
Salaries	475,637.	489,763.
Other	120,881.	161,005.
General and administrative	159,848.	202,154.
Advertising	117,833.	136,137.
Utilities	150,454.	142,520.
Repairs and maintenance	66,769.	95,049.
Interest	222,742.	236,900.
Taxes and licenses	197,093.	208,048.
Insurance and other	34,912.	45,027.
Depreciation and amortization	216,933.	177,207.
Total costs and expenses	2,004,250.	2,130,020.
Operating income (loss)	93,835.	187,670.
Other Income (Expense):		
Gain on disposal of subsidiary	-	306,930.
Income before Federal Income Taxes	93,835.	494,600.
Federal Income Taxes:		
Current	4,377.	-
Deferred	-	-
Net Income (Loss)	\$ 89,458.	\$ 494,600.
Net Income per Share	\$.06	\$.31

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

For the years ended June 30, 1996 and 1995

<TABLE>

<CAPTION>

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
Balance -				
June 30, 1994	\$ 791,782.		\$ 1,032,290.	\$(269,914.) \$ 1,554,158.
Net Income	-	-	494,600.	494,600.
Balance -				
June 30, 1995	\$ 791,782.	\$ 1,032,290.	\$ 224,686.	\$ 2,048,758.
Net Income	-	-	89,458.	89,458.
Balance -				
June 30, 1996	\$ 791,782.	\$ 1,032,290.	\$ 314,144.	\$ 2,138,216.

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 1996 and 1995

<TABLE>

<CAPTION>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1996	1995
Cash Flows From Operating Activities:		
Net income	\$ 89,458.	\$ 494,600.
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	\$ 216,933.	\$ 177,207.
Debt forgiveness	(9,000.)	-
(Gain) loss on disposal of subsidiary	-	(306,930.)
(Increase) decrease in other assets	(65,619.)	37,072..
(Increase) decrease in current assets:		
Accounts receivable	25,046.	(28,910.)
Receivable - stockholders	5,931.	(4,549.)
Receivable - other	430.	(280.)
Inventories	1,477.	7,903.
Prepaid expenses	(9,688.)	2,544.
Increase (decrease) in current liabilities:		
Accounts payable	38,590.	20,105.
Accrued liabilities	4,407.	(55.)
Taxes other than Federal income taxes	(50,494.)	(22,217.)
Total adjustments	158,013.	(118,110.)
Net Cash Provided By Operating Activities	247,471.	376,490.

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 1996 and 1995

<TABLE>

<CAPTION>

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	1996	1995
Cash Flows From Investing Activities:		

Purchase of investments	\$ -	\$ (576,470.)
Proceeds from sale of investments	576,470.	-
Proceeds from sale of fixed assets	-	750,000.
Capital expenditures	(477,641.)	(21,053.)
Net cash provided by investing activities	\$ 98,829.	\$ 152,477.
Cash Flows From Financing Activities:		
Principal payments of long-term debt	(180,682.)	(349,786.)
Net Increase in Cash and Cash Equivalents	165,618.	179,181.
Cash and Cash Equivalents at Beginning of Year	298,380.	119,199.
Cash and Cash Equivalents at End of Year	\$ 463,998.	\$ 298,380.

</TABLE>

Supplemental Disclosure of Cash Flow Information:

<TABLE>

<CAPTION>

Cash Paid During the Year for:

<S>	<C>	<C>
Interest	\$ 218,827.	\$ 232,323.
Income taxes	4,377.	-

</TABLE>

The accompanying notes are an integral part of these financial statements.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

A. Principles of consolidation:

The consolidated financial statements include the accounts of Uptowner Inns, Inc. and its Subsidiary after elimination of all material intercompany balances and transactions.

B. Dominant Industry:

The Company and its Subsidiary operate a motor inn in West Virginia which constitute the majority of operations of the Company. Information about revenues, profitability, and identifiable assets of these domestic operations is presented in the basic financial statements.

C. Inventories:

Inventories are stated at the lower of cost or market on the first-in, first-out method.

D. Property, plant and equipment:

Property, plant and equipment are stated at cost with depreciation being provided on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10 - 40 years
Furniture and equipment	2 - 10 years

Repairs, maintenance and renewals are charged to operations as incurred, and expenditures for significant betterments and renewals are capitalized.

The cost of fixed assets retired or sold, together with the related accumulated depreciation, are removed from the accounts and the resulting gain or loss is included in net earnings.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies (Cont'd):

E. Investments:

The Company's investments in debt securities, which typically mature in one year or less, are held to maturity and valued at amortized cost, which approximates fair value.

F. Income taxes:

The income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to different methods of depreciation for book and tax purposes and net operating loss carryovers. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

G. Per share computations:

Income per share computations are based on the weighted average number of common shares outstanding during the year. The average number of shares outstanding was 1,583,563 for 1996, 1995 and 1994.

H. Cash and cash equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, of which the Company had none.

I. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Disposal of subsidiary:

On August 31, 1994, the Company sold all the assets of Uptowner Inns of Parkersburg, its wholly owned subsidiary for cash of \$750,000. The transaction resulted in a gain of \$306,930., which has been included in operations in the year ended June 30, 1995.

Following is a summary of net assets and results of operations of Uptowner Inns of Parkersburg as of June 30, 1995 and for the year then ended.

<TABLE>

<S>		<C>	
	Cash	\$	-
	Prepaid expenses		-
	Property, plant and equipment		-
	Other assets		-
	Total assets		-
	Accounts payable		-
	Due parent company		-
	Other current liabilities		-
	Total liabilities		-
	Net assets (liabilities)	\$	-
			For the Year
			Ended
			June 30, 1995
	Operating revenues	\$	-
	Costs and expenses		35,527.
	Net Income from operations		(35,527.)
	Other income		572,710.
	Gain on disposal		306,930.
	Net Income (Loss)	\$	844,113.

</TABLE>

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Investments:

A summary of investment securities classified as held to maturity as of June 30, 1995 is as follows:

	1996		1995	
	Fair Value	Amortized Cost	Fair Value	Amortized Cost
U.S. Treasury Bills (maturing within one year)	\$ -	\$ -	\$ 576,470.	\$ 576,470.

4. Long-term debt:

The long-term indebtedness of the Company at June 30, 1996 and 1995, were as follows:

	1996	1995
10% mortgage note due a financial institution, secured by a deed of trust, payable at \$733. per month, including interest, until June 2002	\$ 40,100.	\$ 44,546.
2% note due City of Huntington, secured by a second deed of trust, payable at \$2,024. per month, including interest, until January 2008	250,881.	269,939.
10% note due a financial institution, secured by a deed of trust, payable at \$22,568. per month including interest, until February 2004	1,435,579.	1,554,279.
Deferred payment note due the City of Huntington, secured by a deed of trust on rental property, payable in full during first five years if property is sold, 20% forgiveness per year in sixth through tenth years, dated September 1989	36,000.	45,000.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Long-term debt (Cont'd):	1996	1995
7.5% mortgage note, unsecured, payable at \$218. per month, including interest, until January 1995	\$ 22,182.	\$ 23,260.
Prime plus 1% installment note due a financial institution, secured by second deed of trust, payable at \$1,213. per month, including interest, until September 2002	70,278.	78,195.
Prime plus 2% installment note due a financial institution, secured by equipment, payable at \$586. per month, including interest, until February 1997	5,106.	11,224.
5.5% mortgage note due to the West Virginia Housing Development Fund, secured by a deed of trust, payable at \$3,070. per month, including interest, until November 2018	474,122.	484,577.
Prime plus 1% installment note due a financial institution, secured by a deed of trust, payable at \$2,902. per month, including interest, until February 1999	218,146.	231,057.
	2,552,394.	2,742,077.
Less current portion	230,115.	214,136.
	\$2,322,279.	\$2,527,941.

Maturities of long-term debt, including debt to stockholders, range

from 1996 to 2008 and principal payment requirements during the next five years ending June 30, are as follows:

<TABLE>

<S>	<C>	<C>	
	1997		\$ 277,925.
	1998		220,531.
	1999		407,710.
	2000		241,233.
2001		262,999.	
	Thereafter		1,189,807.
			\$ 2,600,205.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Related party transactions:

During October 1988, the Company purchased property from a related entity for the sum of \$528,659. Two notes existing at the time of purchase are being paid by the Company. One loan was refinanced to a nonstockholder in 1989. In addition, notes were executed for the balance of the purchase price. These loans at June 30, 1996 and 1995 were:

	1996	1995
10% note due an individual, interest payable annually, due December 1993	\$ 8,000.	\$ 8,000.
10% note due an individual, interest payable annually, due December 1993	39,810.	39,810.
	47,810.	47,810.
Less current portion	47,810.	47,810.
	\$ -	\$ -

The Company and its subsidiary have entered into transactions with various entities controlled and related to one of the Company's shareholders. Following is a summary of transactions with these entities as of and for the year ended June 30, 1996:

Purchases from related companies	\$ 39,018.
----------------------------------	------------

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Federal income taxes:

A reconciliation of income tax at the statutory rates to the Company's effective rate for the years ended June 30, 1996 and 1995 is as follows:

</TABLE>
<TABLE>
<CAPTION>

	1996		1995	
	Amount	% of Pre-Tax Income	Amount	% of Pre-Tax Income
<S>	<C>	<C>	<C>	<C>
Income tax provision at statutory rate	\$ 31,904.	34.0	\$ 168,164.	34.0
Increases (reductions):				
Gain on disposal	-	-	20,228.	4.1
Depreciation difference	(19,449.)	(20.7)	(26,738.)	(5.4)
Other			519.	.5
Alternative minimum tax	(12,974.)	(13.8)	-	-
Utilization of operating loss carryforward	(12,974.)	(13.8)	(165,131.)	(33.4)
Actual provision and effective rate	\$ 4,377.	4.7%	\$ -	-

</TABLE>

The Company has available at June 30, 1996, unused operating loss carryforwards that may be applied against future taxable income and that expire as follows:

<TABLE>
<CAPTION>

Expiration Date	Unused Operating Loss Carryforwards
<S>	<C>
June 30, 2001	\$ 32,487.
June 30, 2002	433,830.
June 30, 2003	245,295.
June 30, 2004	128,142.
June 30, 2005	147,900.
June 30, 2006	78,505.
June 30, 2007	18,147.
June 30, 2008	70,932.
	\$ 1,155,238.

</TABLE>

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Federal Income taxes (Cont'd):

Amounts for deferred tax assets are as follows:

Deferred tax assets as of June 30, 1996 and 1995 are as follows:

<TABLE>

	1996	1995
<S>	<C>	<C>
Deferred tax asset	\$ 83,885.	\$ 117,746.
Valuation allowance	83,885.	117,746.
	\$ -	\$ -

</TABLE>

7. Parent Company information:

Following is the selected information for Uptowner Inns, Inc., Parent Company only, as of June 30, 1996 and 1995 and the year then ended:

<TABLE>

<CAPTION>

	1996	1995
<S>	<C>	<C>
Operating revenues	\$ 2,094,543.	\$ 2,317,690.
Income from operations	93,835.	158,487.
Net income (loss)		(349,513.)
Current assets		621,852.
Total assets		5,019,959.
Current liabilities		550,890.
Total liabilities		2,873,169.

</TABLE>

8. Contingencies:

A suit in which the Uptowner Inns, Inc. is a defendant has been filed by an individual who was severely injured in an auto accident by a patron of the lounge. Legal counsel believes that good defenses exist in this action, and that the case will ultimately be resolved in Uptowner Inns, Inc.'s favor. The insurance company has denied liability in this case and legal counsel believes the risk of loss will fall to Uptowner Inns, Inc.

There are other suits pending at June 30, 1996 in which the Corporation is a defendant. In the opinion of management and legal counsel, the Corporation's potential liability arising from such cases is not reasonably determinable at this time.

UPTOWNER INNS, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Commitments:

The Company has entered into a maintenance agreement expiring in May 1999.

Minimum future payments under the non-cancelable agreement for each of the next five years and in the aggregate are:

<TABLE>

<CAPTION>

Year Ended	Amount
<S>	<C>
1997	\$ 1,653.
1998	1,653.
1999	1,515.
2000	-
2001	-
Total minimum future payments	\$ 4,821.

</TABLE>

On November 21, 1995, Uptowner Inns, Inc. entered into a contract with the Huntington Urban Renewal Authority, Huntington, West Virginia, for the purchase of land in the amount of \$588,060. A good faith deposit of \$250,000. was made on the above date. The sale is expected to be closed by October 1996. Uptowner Inns, Inc. is committed to make agreed upon improvements to this land.

10. Credit risk:

The Company maintains cash balances at several banks. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000.

11. Reclassification:

Certain reclassifications have been made to prior year financial statements to present them in conformity with the current year.

<TABLE> <S> <C>

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