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OPPORTUNITY VILLAGE

ASSOCIATION FOR RETARDED CITIZENS

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

HOULDSWORTH
RUSSO & CO., P.C.
certified public accountants

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Opportunity Village Association for Retarded Citizens
Las Vegas, Nevada

We have audited the accompanying statement of financial position of Opportunity Village Association for Retarded Citizens ("Opportunity Village") as of June 30, 2009 and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Opportunity Village's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Opportunity Village's 2008 financial statements, and, in our report dated October 23, 2008, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Opportunity Village as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Houldsworth, Russo + Co., P.C.

Henderson, Nevada
November 12, 2009

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OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current assets:		
Cash	$ 202,950	$ 65,410
Accounts receivable, net of allowance	2,077,235	1,648,882
Government support receivable	556,300	490,400
Employee receivable, current	12,525	11,514
Due from Opportunity Village Foundation, Inc.	-	34,396
Inventory	66,704	119,870
Prepaid expenses and other	149,100	289,633
	3,064,814	2,660,105
Property and equipment:		
Land	450,000	450,000
Buildings and improvements	10,902,146	11,001,132
Machinery and equipment	2,912,500	2,279,431
Automobiles and trucks	825,477	524,237
Work in process	19,000	141,317
Accumulated depreciation	(6,841,239)	(6,053,916)
	8,267,884	8,342,201
Other noncurrent assets:		
Deposits	16,518	16,037
Employee receivable, long-term	6,100	15,514
Deferred compensation	206,215	179,297
Down payment assistance receivable	250,151	236,155
Other assets	6,720	6,948
	485,704	453,951
	$ 11,818,402	$ 11,456,257

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2009 AND 2008

	2009	2008
LIABILITIES AND NET ASSETS		
Current liabilities:		
Overdraft payable	$ 67,891	$ 81,051
Accounts payable	382,470	322,904
Accrued expenses	680,588	646,560
Due to Opportunity Village Foundation, Inc.	382,704	-
Deferred compensation	206,215	182,656
Current portion of capital lease obligation	46,450	-
Current portion of long-term debt	-	2,641
	1,766,318	1,235,812
Long-term liabilities:		
Capital lease obligation	164,219	-
	1,930,537	1,235,812
Net assets:		
Unrestricted	9,887,865	10,220,445
	$ 11,818,402	$ 11,456,257

See accompanying notes to financial statements

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Changes in unrestricted net assets		
Revenues, gains, and support:		
Government support	$ 5,763,138	$ 5,532,287
Other revenues:		
Service contracts	8,507,490	7,155,920
Thrift store sales, net	928,453	877,852
General contract sales	2,793,753	3,343,233
Vehicle sales, net	139,241	197,572
Other	27,207	35,353
Grants from the Foundation	1,524,165	1,608,430
	13,920,309	13,218,360
	19,683,447	18,750,647
Expenses:		
Program services:		
Service contracts	7,801,913	6,329,389
Thrift store	929,374	944,931
Work-training and adult development	8,867,408	8,639,578
Support services:		
Management and general	2,329,211	2,342,099
Loss on disposal of assets	88,121	5,791
	20,016,027	18,261,788
Increase (decrease) in net assets	(332,580)	488,859
Net assets, beginning of year	10,220,445	9,731,586
Net assets, end of year	$ 9,887,865	$ 10,220,445

See accompanying notes to financial statements

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008)

	Program Services					Total	
	Service	Thrift Store	Work-training	Total	Management and General	2009	2008
Staff salaries	$ 2,973,472	$ 365,841	$ 4,283,041	$ 7,622,354	$ 1,095,701	$ 8,718,055	$ 7,673,281
Client salaries	1,982,537	102,091	681,296	2,765,924	404	2,766,328	2,572,196
Payroll taxes	586,612	37,833	422,986	1,047,431	125,052	1,172,483	1,100,982
Employee benefits	999,396	46,547	510,677	1,556,620	187,598	1,744,218	1,442,034
Staff training and development	4,791	55	3,793	8,639	17,173	25,812	34,318
Utilities	27,519	92,062	354,056	473,637	22,044	495,681	432,831
Rent	3,278	-	213,371	216,649	200,798	417,447	421,321
Depreciation and amortization	80,588	40,616	612,356	733,560	200,692	934,252	908,177
Cost of sales	-	-	525,143	525,143	-	525,143	919,686
Supplies	313,804	15,069	215,226	544,099	28,801	572,900	514,702
Insurance and taxes	35,808	24,925	81,100	141,833	12,090	153,923	135,430
Transportation expenses	108,718	85,675	286,428	480,821	47,659	528,480	500,383
Interest	-	-	9,830	9,830	458	10,288	2,028
Commissions and bank fees	211,629	9,100	7,629	228,358	16,989	245,347	206,099
Advertising and publications	-	8,569	64,455	73,024	10	73,034	65,880
Provision for bad debts	55,470	29	38,838	94,337	153	94,490	4,558
Customer relations	4,099	249	18,867	23,215	837	24,052	21,253
Telephone	51,507	11,084	74,967	137,558	98,323	235,881	179,262
Conferences	7,632	360	6,027	14,019	14,450	28,469	41,829
Repairs and maintenance	17,946	81,825	200,724	300,495	23,461	323,956	345,121
Recruitment	32,360	2,057	29,185	63,602	10,553	74,155	87,234
Professional fees	279,262	4,809	170,936	455,007	198,192	653,199	534,932
Freight	-	-	29,772	29,772	-	29,772	34,820
Postage	657	82	5,365	6,104	7,966	14,070	13,617
Dues	4,358	50	10,177	14,585	18,000	32,585	25,640
Uniforms	20,470	446	11,163	32,079	1,807	33,886	38,383
Total expenses	$ 7,801,913	$ 929,374	$ 8,867,408	$ 17,598,695	$ 2,329,211	$ 19,927,906	$ 18,255,997

See accompanying notes to financial statements

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Increase (decrease) in net assets	$ (332,580)	$ 488,859
Adjustments to reconcile increase (decrease) in net assets to net cash:		
Loss on disposal of assets	88,121	5,791
Depreciation and amortization expense	934,252	908,177
Provision for bad debt	94,490	4,558
Donated assets	(27,900)	(16,710)
Foundation payable forgiven	(1,027,695)	(1,178,074)
(Increase) decrease in:		
Accounts receivable	(522,843)	(116,799)
Government support receivable	(65,900)	(19,844)
Employee receivable	8,403	11,514
Down payment assistance receivable	(13,996)	25,000
Inventory	53,166	29,249
Due from Foundation	34,396	(34,396)
Prepaid expenses and other	140,761	(108,572)
Deposits	(481)	18,282
Deferred compensation	(26,918)	(16,098)
Increase (decrease) in:		
Bank overdraft	(13,160)	(71,695)
Accounts payable	59,566	(95,734)
Accrued expenses	34,028	66,184
Deferred compensation	23,559	16,098
Due to Foundation	1,410,399	450,000
Net cash provided by operating activities	849,668	365,790
Cash flows from investing activities:		
Purchase of property and equipment	(680,876)	(374,858)
Net cash used in investing activities	(680,876)	(374,858)
Cash flows from financing activities:		
Payments on capital lease obligations	(28,611)	-
Payments on long-term debt	(2,641)	(35,214)
Net cash used in financing activities	(31,252)	(35,214)

See accompanying notes to financial statements

OPPORTUNITY VILLAGE ASSOCIATION FOR RETARDED CITIZENS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Net increase (decrease) in cash	137,540	(44,282)
Cash, beginning of year	65,410	109,692
Cash, end of year	$ 202,950	$ 65,410
Supplemental disclosures:		
Assets acquired through capital lease obligations	$ 239,280	$ -
Cash paid for interest	$ 9,830	$ 2,028
Imputed interest on capital lease obligations	458	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Opportunity Village Association for Retarded Citizens ("Opportunity Village") is a not-for-profit Organization operated to assist and train adults with severe intellectual disabilities through vocational training, employment and similarly organized activities in the Southern Nevada region. Opportunity Village also operates one thrift store. Opportunity Village receives funding from the State of Nevada and local government, as well as self-earned income.

The following is a summary of significant accounting policies:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Opportunity Village presents its financial statements in accordance with Statements of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding its financial position and changes in financial position activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The prior year comparative information has been summarized as derived from the prior year audited financial statements.

Accounts and Government Receivable, Net

Accounts receivable result from contracts for the services of Opportunity Village clients, including contracts with the government, and are shown net of allowance. Management reviews accounts receivable balances and performs credit evaluations of its customers in order to determine whether or not a provision for potential credit losses is necessary. At June 30, 2009 and 2008, the allowance for doubtful accounts were $176,985 and $85,091, respectively. All amounts recorded are expected to be received within one year.

Inventory

Inventory consists of items used in the Employment Training Center and materials used in work performed on various service contracts, and is stated at the lower of cost (determined by the first-in, first-out method) or market.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash includes cash on hand and demand deposits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Opportunity Village capitalizes all expenditures for property and equipment in excess of $1,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years for automobiles, 3 to 10 years for furniture and equipment, 5 to 30 years for buildings and improvements, and 47 years for site improvements at the new facilities.

Income Tax Status

Opportunity Village is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Opportunity Village qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Revenue Recognition

Opportunity Village accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made.* As such, contributions are recognized as revenue when they are received or unconditionally pledged.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Opportunity Village receives a substantial amount of donated clothing and furniture that is held for sale through its thrift store outlet. The donated materials are not recorded as revenue until sold. All other assets unconditionally donated and retained by Opportunity Village are recorded at fair market value on the date of donation. Thrift store sales are shown net of markdowns. Markdowns for the years ended June 30, 2009 and 2008 were $94,744 and $203,010, respectively.

Opportunity Village also receives vehicle donations. Vehicle sales are processed by an outside company that charges a fee. Opportunity Village receives the proceeds of these sales net of related fees. Related fees for the years ended June 30, 2009 and 2008 were $60,906 and $86,948, respectively.

Government support is obtained from the State of Nevada to subsidize staffing and operating costs. Revenue is recorded and matched in the same period as the costs incurred. Government support receivable represents support pledged unconditionally by the State of Nevada. This support is expected to be collected within one year and has been reported at net realizable value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Service contracts are obtained from various government agencies, including the National Industries for the Severely Handicapped ("NISH"), and other private agencies throughout the community. Revenue is recorded and matched in the same period as the costs are incurred.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Management and general expenses are shared and allocated between Opportunity Village and Opportunity Village Foundation ("Foundation"), a not-for-profit organization organized to raise, invest, and distribute funds to promote the interests of persons with severe intellectual disabilities and to promote capital campaign drives. Opportunity Village provides management services on behalf of the Foundation. The allocation of such expenses to the Foundation is based on a salary allocation and estimated costs to provide facilities maintenance and custodial services to the Foundation. For the years ended June 30, 2009 and 2008, management and general expenses of $360,528 and $253,557 were allocated from Opportunity Village to the Foundation, respectively.

Donated Services

The estimated fair value of unrecorded donated services, which principally consist of non-professional volunteers, was approximately $126,583 and $87,346 of the years ended June 30, 2009 and 2008, respectively. As required by SFAS 116, *Accounting for Contributions Received and Contributions Made,* these amounts are not included in the revenues listed in the statements of activities and changes in net assets.

During the years ended June 30, 2009 and 2008, Opportunity Village received $13,020 and $13,875 in donated services for accounting and fingerprinting services for the Oventures program of Opportunity Village, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates. Significant estimates include accounts receivable allowance and the estimated useful lives for fixed assets.

Reclassifications

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 presentation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-Lived Assets

Opportunity Village follows the provisions of SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of.* SFAS No. 121 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of assets.

Management of Opportunity Village believes that no adjustment for impairment is necessary at June 30, 2009 and 2008.

Shipping and Handling

Shipping and handling costs are expensed as incurred. Total shipping and handling costs for the years ended June 30, 2009 and 2008 were $29,772 and $34,820 and are allocated among program services expenses on the statement of functional expenses, respectively.

Subsequent Events

Subsequent events have been evaluated through November 12, 2009, which is the date the financial statements were available to be issued.

2. ADVERTISING

Opportunity Village expensed all of its advertising costs as they were incurred. Advertising costs totaled $73,034 and $65,880 during the years ended June 30, 2009 and 2008, respectively.

3. DEFERRED COMPENSATION AGREEMENT

Opportunity Village entered into agreements with various employees, which were amended during the year ended June 30, 2006. Opportunity Village agreed to establish a deferred compensation account and annually credit two equal installments of $7,000 for each employee under the agreements on the last day of August and February during the continuance of the employees' employment. The employees are fully vested on all funds placed in the deferred compensation account including all investment income and losses. The fully vested amount, including the accumulated investment income or losses, will be distributed to the employee or beneficiary at the employees' departure, disability or death. The total amount contributed by Opportunity Village under these agreements for the years ended June 30, 2009 and 2008 were $28,000 and $28,000, respectively.

4. ASSISTED HOUSING PROGRAM RECEIVABLE

Opportunity Village offers a down payment assistance loan program for eligible employees. Employees with one year of service and no disciplinary actions in the previous twelve months can receive a loan of up to $10,000 for down payment assistance for a personal and primary residence. For every year the employee continues their employment with Opportunity Village, the loan is forgiven at a rate of 20% a year. If employment is terminated or their personal residence is sold, the remaining loan is payable in monthly installments with a fixed 5% interest. At June 30, 2009 and 2008, $18,625 and $27,028 were receivable from employees, of which $12,525 and $11,514 were expected to be forgiven within one year. For the years ended June 30, 2009 and 2008, $12,875 and $11,514 were forgiven, respectively.

Opportunity Village received grant funding during the fiscal year ending June 30, 2002 to offer a down payment assistance loan program for clients to purchase a primary residence. Clients can receive a loan of up to $25,000 for down payment assistance for a personal and primary residence. Under the grant agreement, the clients must repay the loan upon the sale of the residence. Additionally, the entire amount of the loan will be forgiven after 15 years. At June 30, 2009 and 2008, the receivable balance outstanding under this program was $250,151 and $236,155, respectively.

5. LONG-TERM DEBT

The following is a summary of long-term debt at June 30, 2009 and 2008:

	2009	2008
Note payable, non-interest bearing, due $2,934 monthly, maturing in fiscal year 2009, secured by a license agreement for software and maintenance support. Imputed interest was insignificant.	$ -	$ 2,641
Less current portion	-	2,641
Total long-term debt, less current portion	$ -	$ -

6. CAPITAL LEASE OBLIGATIONS

Opportunity Village leases assets under long-term agreements that are classified as capital leases. Amortization related to these leases is included in depreciation expense. The fair market value of the office equipment acquired through capital leases exceeded the total minimum lease payments under the lease. Therefore, interest was imputed on these capital lease calculations. The assets include the following property as of June 30, 2009 and 2008:

6. CAPITAL LEASE OBLIGATIONS (Continued)

	2009	2008
Office equipment	$ 61,284	$ -
Vehicles	177,996	-
Less accumulated depreciation	21,481	-
	$ 217,799	$ -

The following is a schedule of future minimum lease payments for the capital leases as of June 30:

2010	$ 59,678
2011	59,678
2012	59,678
2013	53,768
2014	10,929
	243,731
Less: amount representing interest	33,061
Less: current portion	46,451
Long-term portion	$ 164,219

7. RETIREMENT PLAN

Opportunity Village has a 403 (b) plan that covers all employees meeting certain eligibility requirements into which employees may make contributions on a pre-tax basis. The annual matching contribution is discretionary as determined by the Board of Directors. During the years ended June 30, 2009 and 2008, Opportunity Village matched 50% of employees' contributions to the plan, up to $2,000 per year. Employer contributions to the retirement plan for the years ended June 30, 2009 and 2008 were $43,817 and $47,859, respectively.

Opportunity Village provides services under several AbilityOne federal contracts. All of these contracts are subject to the McNamara-O'Hara Service Contract Act of 1965, as amended. The Service Contract Act requires that a contractor pay no less than applicable direct labor wages and provide certain fringe benefits in accordance with geographically specific Wage Determinations issued on no less than an annual basis by the Department of Labor. One of the Service Contract Act's fringe benefits is the provision of Health and Welfare funds. The Health and Welfare rate is paid per hour up to 40 hours in a week or 2,080 hours in a year. To comply with the fringe benefit requirement for Health and Welfare, an employer must calculate and track the Health and Welfare due to each employee subject to the Act and discharge the obligation in one of two ways; 1) apply the funds to a bona fide benefits program for the employee or 2) pay the benefit in cash to the employee on their regular pay day. Health and Welfare funds paid to an employee in cash must be tracked and recorded separate from wages. Opportunity

7. RETIREMENT PLAN (Continued)

Village has elected to offer employees subject to the Act the opportunity to participate in the bona fide health insurance benefit. Health and Welfare Funds are applied to the employee's premium for participation in the health plan. In the event that the Health and Welfare Funds exceed the premium due, the remainder is applied to a retirement account for the employee, also a bona fide benefit. In the event of a shortfall in the Health and Welfare Funds and the premium due, the remainder is then requested from the employee. Employees may elect to waive the health insurance benefit. Should an employee waive health insurance benefits, 100% of the Health and Welfare funds due are applied to their retirement account. Employer contributions to the retirement plan for the years ended June 30, 2009 and 2008 were $820,085 and $664,765, respectively.

8. CONCENTRATIONS

Opportunity Village has concentrated its credit risk by maintaining deposits in financial institutions which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. Opportunity Village has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

As of and for the year ended June 30, 2009, three customers made up 57% of total contract revenue, 49% of total revenue, and 64% of total accounts and government receivable.

9. LEASES

Opportunity Village's leasing arrangements consist primarily of the leasing of office equipment and rental space under operating leases with noncancelable terms that expire on various dates through 2011. The expense incurred under these leases for the years ended June 30, 2009 and 2008 were $417,448 and $421,321, respectively. Future minimum payments under these operating leases as of June 30, 2009 are as follows:

Fiscal Year Ending June 30,	
2010	$ 291,692
2011	5,625
	$ 297,317

10. RELATED PARTIES

Opportunity Village is financially dependent on the Foundation to provide funds to cover grants and cash to cover operational shortfalls. The Foundation was organized as a not-for-profit corporation for the purpose of organizing fundraising events and capital campaigns in order to promote the interest of individuals with intellectual disabilities. Opportunity Village recognized $1,524,165 and $1,608,430 in

10. RELATED PARTIES (Continued)

revenue for the years ended June 30, 2009 and 2008, respectively. The Foundation grant revenue recognized consists of $237,545 and $240,085 in cash grants, $231,025 and $190,271 in in-kind services, $27,900 and 16,710 in in-kind assets, and $1,027,695 and $1,178,074 in forgiven debt at June 30, 2009 and 2008, respectively. The forgiven debt at June 30, 2008 included the amount due to the Foundation of $728,074 that was presented on the financial statements for the year ended June 30, 2007. The Foundation had an amount due to Opportunity Village of $0 and $34,396 for the years ended June 30, 2009 and 2008, respectively. Opportunity Village had an amount due to the Foundation of $382,704 and $0, for the years ended June 30, 2009 and 2008, respectively. The Foundation received a pledge in the prior year for in-kind gasoline, in which Opportunity Village utilized $135,088 and $94,434 during the years ended June 30, 2009 and 2008, respectively. Additionally, the Foundation has been granted the right to use the land on which the Oakey campus was built and the Southwest campus is being constructed. As the campuses were constructed on these leased parcels of land, Opportunity Village recognized $95,937 and $95,837 in in-kind rent expense for the years ended June 30, 2009 and 2008, respectively.

During the years ended June 30, 2009 and 2008, the Foundation transferred assets with a fair market value of $27,900 and $16,710 to Opportunity Village, respectively. The Foundation's Board of Directors relinquished all interests in these fixed assets.

Opportunity Village will occasionally conduct business with its board members. The following transactions are at arms' length and at market value.

Opportunity Village purchases its advertising from the Las Vegas Review-Journal where a board member is employed as Director of Advertising. Those purchases totaled $8,894 and $10,174 for the years ended June 30, 2009 and 2008, respectively.

Opportunity Village purchased a number of its vehicles from Desert Automotive Group where a Foundation board member is employed as Vice-President of Marketing. Those purchases totaled $0 and $113 for the years ended June 30, 2009 and 2008, respectively. Desert Automotive Group provides these vehicles at wholesale pricing and has spearheaded a major campaign to support our vehicle donation program.

Opportunity Village utilizes Morrissey Insurance as a broker for employee health and life insurance where a Foundation board member is the owner. Commissions paid to Morrissey Insurance totaled $56,720 and $48,393 for the years ended June 30, 2009 and 2008, respectively.

Opportunity Village utilizes R & R Partners for various advertising services where a Foundation board member is Executive Vice President. Fees paid to R & R Partners totaled $50,319 and $45,059 for the years ended June 30, 2009 and 2008, respectively.

Opportunity Village utilizes MoneyQuest Corporation as the collection agency for past due customer receivables where a board member is a consultant for the corporation. Fees paid to MoneyQuest Corporation totaled $4,984 and $0 for the years ended June 30, 2009 and 2008, respectively.

11. COMMITMENTS AND CONTINGENCIES

In January 2008, Opportunity Village and the Foundation entered into an agreement to borrow funds from the proceeds of the sale of bonds issued by Clark County, Nevada. The Variable Rate Demand Economic Development Revenue Bonds (Opportunity Village Foundation Project) Series 2007 were issued in the amount of $24,275,000. The funds will be used to finance the costs of construction of a building to be located on land leased from Clark County at the intersection of Buffalo and Patrick in Clark County, Nevada. The funds will also be used for the renovation and improvement of the Organizations' existing administrative facilities located in the City of Las Vegas, Nevada. Upon completion, the project will be used as administrative headquarters and as employment and training facilities to assist, train and employ intellectually handicapped adults.

The obligation of the loan repayment is with the Foundation and the related debt is recorded on the books of the Foundation. However, the loan agreement requires that substantially all of the unrestricted assets of Opportunity Village be pledged as collateral for the repayment of the obligation. The leasehold improvements at the intersection of Buffalo and Patrick in Clark County, Nevada is recorded on the Foundation's books until completion of the project, at which time the asset will be transferred as a grant from the Foundation to Opportunity Village and the Foundation's Board of Directors will relinquish all interests in these fixed assets.

On January 1, 2007, a standby letter of credit of approximately $25 million was issued to the Foundation under an agreement, expiring January 25, 2011, which is being maintained as security for performance and advances received on the Variable Rate Demand Economic Development Revenue Bonds (Opportunity Village Foundation Project) Series 2007 that were issued in the amount of $24,275,000 and as security for debt service payments under industrial revenue bond loan agreements. The agreement provides a maximum commitment for a letter of credit of $24,586,253 and is collateralized by deeds of trust to the leasehold improvements at the intersection of Buffalo and Patrick in Clark County, Nevada as recorded on the books of the Foundation and on the thrift store property recorded on the books of Opportunity Village.

On May 20, 2009, Opportunity Village and Opportunity Village Foundation entered into a line of credit that they share and for which they are both liable. The line of credit was secured for $1,250,000 with an interest rate of prime plus one half percent (prime rate at June 30, 2009 was 3.25%). The line of credit matures on June 5, 2010. Opportunity Village is required to maintain tangible net worth not to exceed total liabilities. The line of credit is collateralized by all inventory, accounts receivable, and equipment. There was no outstanding balance on the line of credit at June 30, 2009 and 2008.

Opportunity Village may become involved in legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on Opportunity Village's financial position, results of operations, or liquidity.