

**OPPORTUNITY VILLAGE  
FOUNDATION, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2006 AND 2005

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**JUNE 30, 2006 AND 2005**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Opportunity Village Foundation, Inc.

We have audited the accompanying statements of financial position of Opportunity Village Foundation, Inc. ("Foundation") as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended June 30, 2006. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Stewart, Archibald & Barney, LLP*

Las Vegas, Nevada  
September 21, 2006

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**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2006 AND 2005**

<b>ASSETS</b>	<b>2006</b>	<b>2005</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ -	\$ -
Investments, at market value	4,666,391	2,963,321
Interest receivable	11,333	11,527
Unconditional promises to give, current	1,147,400	1,770
Grants receivable	217,138	506,476
Prepaid expenses and other	72,405	9,557
Donated inventory	27,325	10,992
<b>Total current assets</b>	<b>6,141,992</b>	<b>3,503,643</b>
<b>Property and equipment:</b>		
Automobiles and trucks	41,074	41,074
Buildings and improvements	944,309	932,857
Machinery and equipment	593,904	440,507
Carousel	254,613	254,613
Construction in progress	614,017	182,526
Accumulated depreciation	(915,649)	(746,365)
<b>Net property and equipment</b>	<b>1,532,268</b>	<b>1,105,212</b>
<b>Other noncurrent assets:</b>		
Cash restricted to investment in building	3,038,334	876,743
Investments, at market value (restricted)	4,865,997	4,278,756
Other assets	6,000	160,000
Unconditional promises to give, net of current portion	2,101,835	6,250
<b>Total other noncurrent assets</b>	<b>10,012,166</b>	<b>5,321,749</b>
<b>Total assets</b>	<b>\$ 17,686,426</b>	<b>\$ 9,930,604</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 182,344	\$ 98,155
Bank overdraft	288,472	-
Deferred income	160,959	156,922
Due to Opportunity Village	29,022	-
Line of credit	-	298,516
<b>Total current liabilities</b>	<b>660,797</b>	<b>553,593</b>
<b>Net assets:</b>		
Unrestricted	5,872,063	4,221,512
Temporarily restricted (Note 4)	8,375,229	2,776,411
Permanently restricted (Note 4)	2,778,337	2,379,088
<b>Total net assets</b>	<b>17,025,629</b>	<b>9,377,011</b>
<b>Total liabilities and net assets</b>	<b>\$ 17,686,426</b>	<b>\$ 9,930,604</b>

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

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2006 AND 2005**

	2006	2005
<b>Change in unrestricted net assets</b>		
Revenues, gains, and support:		
Public support:		
Organization and individual contributions	\$ 447,969	\$ 518,081
Other revenues:		
Fundraising revenues	5,197,615	3,397,807
Interest, dividends, and other	117,555	110,311
Gain on investments	692,193	433,085
Gain on sale of land held for investment	844,801	-
Net assets released from restriction due to satisfaction of program restrictions	467,510	625,141
<b>Total unrestricted revenues, gains, and support</b>	<b>7,767,643</b>	<b>5,084,425</b>
Expenses and losses:		
Support services:		
Fundraising	4,224,725	2,657,661
Management and general	574,447	495,132
<b>Total unrestricted expenses and losses</b>	<b>4,799,172</b>	<b>3,152,793</b>
Increase in unrestricted net assets before grants to Opportunity Village	2,968,471	1,931,632
Grants to Opportunity Village	(1,317,920)	(2,326,562)
<b>Increase (decrease) in unrestricted net assets</b>	<b>1,650,551</b>	<b>(394,930)</b>
<b>Change in temporarily restricted net assets</b>		
Revenues, gains, and support:		
Public support:		
Organization and individual contributions	143,690	296,541
Grants	144,054	107,271
Other revenues and charges:		
Contributions to capital campaign	5,058,293	16,046
In-kind donations	400,000	76,640
Interest and dividends	91,779	25,591
Gain on investments	228,512	50,186
Bad debts	-	-
Net assets released from restriction due to satisfaction of program restrictions	(467,510)	(625,141)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>5,598,818</b>	<b>(52,866)</b>

(Continued)

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

**OPPORTUNITY VILLAGE FOUNDATION, INC.  
 STATEMENTS OF ACTIVITIES (CONTINUED)  
 YEARS ENDED JUNE 30, 2006 AND 2005**

	2006	2005
<b>Change in permanently restricted net assets</b>		
Revenues, gains, and support:		
Public support:		
Organization and individual contributions	399,249	-
<b>Increase in permanently restricted net assets</b>	<b>399,249</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>7,648,618</b>	<b>(447,796)</b>
<b>Net assets, beginning of year</b>	<b>9,377,011</b>	<b>9,824,807</b>
<b>Net assets, end of year</b>	<b>\$ 17,025,629</b>	<b>\$ 9,377,011</b>

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

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2006**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005**

	Support Services		Totals	
	Fundraising	Management and General	(Memorandum Only)	
	2006	2005	2006	2005
Staff salaries	\$ 544,638	\$ -	\$ 544,638	\$ 441,508
Payroll taxes	41,567	-	41,567	28,057
Employee health insurance	28,690	-	28,690	20,973
Utilities	-	9,716	9,716	9,818
Depreciation	169,898	-	169,898	151,811
Supplies	21,505	-	21,505	12,496
Insurance and taxes	38,332	-	38,332	71,648
Transportation	15,831	-	15,831	14,434
Fundraising	242,237	-	242,237	224,912
In-kind donations	3,093,496	-	3,093,496	1,631,917
Advertising and publications	20,464	-	20,464	47,291
Telephone	-	31,392	31,392	14,810
Conferences	-	9,569	9,569	21,349
Repairs and maintenance	-	23,305	23,305	18,160
Professional fees	-	232,731	232,731	118,961
Postage	8,067	-	8,067	12,615
Facilities overhead allocation for services provided by Opportunity Village	-	18,891	18,891	42,673
Administrative overhead allocation for services provided by Opportunity Village	-	144,085	144,085	206,917
Other	-	104,759	104,759	62,443
<b>Total</b>	<b>\$ 4,224,725</b>	<b>\$ 574,448</b>	<b>\$ 4,799,173</b>	<b>\$ 3,152,793</b>

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

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ 7,648,618	\$ (447,796)
Depreciation expense	169,898	151,811
Adjustment for purchase of assets restricted to investment in building	(2,161,591)	(157,621)
(Gain) loss on disposal of assets	(844,801)	22,287
Donated assets	(108,811)	226,868
(Gain) loss on investments	(920,705)	(483,271)
(Increase) decrease in:		
Accrued interest receivable	194	7,292
Pledges receivable	(3,241,215)	82,650
Grants receivable	289,338	371,516
Prepaid expenses and other assets	(62,848)	9,312
Donated inventory	(16,333)	33,638
Other assets	4,000	-
Increase (decrease) in:		
Deferred income	4,037	(53,896)
Bank overdraft	288,472	-
Accounts payable	84,189	(81,442)
Due to Opportunity Village	29,022	-
<b>Net cash provided by (used in) operating activities</b>	<b>1,161,464</b>	<b>(318,652)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of land	994,801	-
Sale of restricted assets	406,947	122,854
Expenditures for acquisition of property and equipment with restricted cash	(406,947)	(122,854)
Purchase of assets restricted to investment in building	(2,161,591)	(157,621)
Expenditures for acquisition of property and equipment	(480,581)	(354,822)
Cash paid for investments	(14,871,923)	(7,084,974)
Proceeds from sale of investments	13,494,755	6,979,951
<b>Net cash used in investing activities</b>	<b>(3,024,539)</b>	<b>(617,466)</b>
<b>Cash flows from financing activities:</b>		
Net proceeds (payments) on line of credit	(298,516)	298,516
Contributions restricted for purchasing building	2,161,591	157,621
<b>Net cash provided by financing activities</b>	<b>1,863,075</b>	<b>456,137</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>-</b>	<b>(479,981)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>-</b>	<b>479,981</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental information:</b>		
Cash paid during the year for interest	\$ <u>42,733</u>	\$ <u>-</u>

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



**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2006 AND 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Opportunity Village Foundation, Inc. (the "Foundation") is 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.

The following is a summary of significant accounting policies:

Basis of Presentation

The Foundation presents its financial statements in accordance with Statement 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.

Investments

Investments are recorded at market value in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

Property and Equipment

Buildings and improvements, furniture, and equipment are recorded at cost or, in the case of contributions, at fair value on the date of the gift. It is Management's policy to capitalize expenditures for these items in excess of \$1,000. Depreciation is provided for on the straight-line method over estimated useful lives of 3 to 5 years for automobiles, 3 to 7 years for furniture and equipment, 15 years for the carousel, and 5 to 30 years for buildings and improvements.

Revenue Recognition

The Foundation 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.

The Foundation reports gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction.

Contributions of services are recognized when received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Management and general expenses are allocated between the Foundation and Opportunity Village Association for Retarded Citizens, Inc. ("Opportunity Village"), a not-for-profit organization operated to assist and train adults with severe intellectual disabilities through vocational training, employment and similarly organized activities. The allocation is based on each entity's percentage of the combined revenues of both entities. For the years ended June 30, 2006 and 2005, management and general expenses of \$162,976 and \$249,590, respectively, were allocated from Opportunity Village to the Foundation.

Deferred Income

The Foundation received pre-payments for future fundraising events that are scheduled for fiscal year 2006. Accordingly, the amounts have been recorded as deferred income and will be recognized as revenue when the events occur.

Total Columns on Combined Statement

Total columns in the statement of functional expenses are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operation in conformity with accounting principles generally accepted in the United States of America. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 revenues and expenses during the period. Management uses estimates and assumptions to determine the useful lives for fixed assets. Actual results could differ from those estimates.

Nonprofit Status

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not include a provision for income taxes.

Advertising

The Foundation expensed all of its advertising costs as they were incurred. Advertising expense for the years ended June 30, 2006 and 2005 were \$644 and \$19,351, respectively.

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. The allowance as of June 30, 2006 and 2005 was \$25,000.

Related Parties

Opportunity Village is financially dependant 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 interests of individuals with intellectual disabilities. This support totaled \$1,317,920 and \$2,326,562 for the years ended June 30, 2006 and 2005, respectively.

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

The Foundation maintains operating accounts with Wells Fargo Bank where an Opportunity Village board member is employed as a Vice-President. Fees paid to Wells Fargo Bank totaled \$5,524 and \$5,680 for the years ended June 30, 2006 and 2005, respectively. Wells Fargo Bank supports the Foundation by providing volunteers and recruiting volunteers from other organizations for fundraising events. Wells Fargo Bank also financially supports a number of fundraising events.

The Foundation utilizes Morrissey Insurance as a broker for employee health and life insurance where a board member is President. Commissions paid to Morrissey Insurance totaled \$803 and \$923 for the years ended June 30, 2006 and 2005, respectively. Morrissey Insurance financially supports a number of fundraising events.

The Foundation maintains investments with Bank of America where an Opportunity Village board member is employed in an executive capacity. Those investments totaled approximately \$1,400,000 and \$1,300,000 at June 30, 2006 and 2005, respectively. There were no commissions paid to Bank of America for the years ended June 30, 2006 and 2005. Bank of America financially supports a number of fundraising events.

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Related Parties (continued)

The Foundation utilizes Eckelkamp Retirement Planning as an investment broker where an Opportunity Village board member is President. Those investments totaled approximately \$9,090,259 and \$6,020,242 at June 30, 2006 and 2005, respectively. Fees paid to Eckelkamp Retirement Planning totaled \$27,772 and \$23,109 for the years ended June 30, 2006 and 2005, respectively. Eckelkamp Retirement Planning financially supports a number of fundraising events.

The Foundation utilizes JMA Architecture Studios for various architectural services where a board member is President. Fees paid to JMA totaled \$522,331 and \$137,419 for the years ended June 30, 2006 and 2005, respectively. JMA donates a significant portion of those fees back to the Foundation and financially supports a number of fundraising events.

Impairment of Long-Lived Assets

The Foundation 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 the assets.

The Foundation believes that no adjustment for impairment is necessary at June 30, 2006 and 2005.

**2. INVESTMENTS**

Equity securities with readily determinable fair value and all debt securities are reported at estimated fair value based on quoted market prices. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. A substantial portion of endowment funds is presently invested in corporate bonds and mutual funds. The net appreciation in the fair market value of these investments (in aggregate) at June 30, 2006 and 2005 was \$920,705 and \$483,271, respectively. Since their market values are not readily determinable on open markets, the REIT's are stated at market values as provided by the investment manager. Investments consist of the following at June 30:

	<u>2006</u>	<u>2005</u>
Corporate bonds and bond funds	\$ 1,008,734	\$ 1,850,008
Mutual funds - equity securities	7,504,605	5,392,069
Certificates of deposit	600,000	-
REIT's	<u>419,049</u>	<u>-</u>
Total	<u>\$ 9,532,388</u>	<u>\$ 7,242,077</u>

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

**3. PROPERTY AND EQUIPMENT**

The Foundation incurred construction in progress expenditures of \$970,843 and \$442,509, respectively, for leasehold improvements. During the year ended June 30, 2006 and 2005, the Foundation transferred a total of \$298,970 and \$503,113, respectively, as grants to Opportunity Village for equipment and leasehold improvements. The Foundation's Board of Directors relinquished all interests in these fixed assets.

**4. NATURE AND AMOUNT OF NET ASSETS**

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

Permanently restricted net assets are restricted by the donor for investment in perpetuity, the income from which is available to support any activity of the Foundation.

Temporarily and permanently restricted net assets are available for the following purposes at June 30:

	<u>2006</u>	<u>2005</u>
Christopher Smith Endowment	\$ 1,217,278	\$ 914,771
CDBG Grants	-	294,945
Capital Campaign Drive	<u>7,157,951</u>	<u>1,566,695</u>
Total temporarily restricted net assets	<u>\$ 8,375,229</u>	<u>\$ 2,776,411</u>
Lied Foundation Endowment	\$ 2,229,088	\$ 2,229,088
Carousel Endowment	150,000	150,000
Forrest Endowment	<u>399,247</u>	<u>-</u>
Total permanently restricted net assets	<u>\$ 2,778,335</u>	<u>\$ 2,379,088</u>

**5. IN-KIND CONTRIBUTIONS**

In-kind contributions principally consist of donated supplies and professional services for support and fundraising events. The estimated fair value of recognized donated supplies and services included the following at June 30:

	<u>2006</u>	<u>2005</u>
Program service		
Fundraising	<u>\$ 3,093,496</u>	<u>\$ 1,631,917</u>

The estimated fair value of unrecorded donated services, which principally consist of non-professional volunteers, was approximately \$1,182,594 and \$1,175,692 for the years ended June 30, 2006 and 2005, respectively. As required by SFAS 116, *Accounting for Contributions Received and Contributions Made*, these amounts are not included in the in-kind donations listed in the statements of activities and changes in net assets on page 3.

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

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**6. LINE OF CREDIT**

The Foundation and Opportunity Village have available a line of credit with Wells Fargo Bank for \$1,500,000. Interest is at the bank's prime rate. The line of credit is secured by all assets of both organizations. At June 30, 2006 and 2005, the organizations had drawn \$1,128,516 and \$305,179, respectively on the line of credit. At June 30, 2006 and 2005 the Foundation was obligated for \$0 and \$298,516, respectively.

The line of credit agreement requires the organizations to maintain certain financial covenants. The organizations have complied with the covenants as of June 30, 2006.

**7. CONCENTRATION OF CREDIT RISK**

The Foundation has concentrated its credit risk by maintaining deposits in financial institutions which at the 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. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

At June 30, 2006 and 2005, the Foundation had cash deposits in excess of federally insured limits of \$1,730,958 and \$750,044, respectively.

**8. OTHER ASSETS**

The following is a summary of other assets as of June 30:

	<u>2006</u>	<u>2005</u>
Donated land held for sale:		
Las Vegas, Nevada	\$ -	\$ 150,000
Employee Assisted Housing Receivable	<u>6,000</u>	<u>10,000</u>
Total	<u>\$ 6,000</u>	<u>\$ 160,000</u>

**9. UNCONDITIONAL PROMISES TO GIVE**

As of June 30, 2006 the Board of County Commissioners of Clark County and the City of Henderson have made written promises to give \$217,139 in Community Development Block Grant funds, all of which is receivable in less than one year. The funds are to be used for various building improvements and program assistance and are on a reimbursable basis.

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

**9. UNCONDITIONAL PROMISES TO GIVE (Continued)**

Unconditional promises to give are restricted to the purchase of building and consists of the following as of June 30, 2006 and 2005:

	2006	2005
Receivable in less than one year	\$ 1,147,400	\$ 1,770
Receivable in one to five years	2,473,700	31,250
Total unconditional promises to give	3,621,100	33,020
Less unamortized discount	(346,865)	-
Less allowance for doubtful accounts	(25,000)	(25,000)
Net unconditional promises to give	<u>\$ 3,249,235</u>	<u>\$ 8,020</u>

Unconditional promises to give are reflected at the present value of estimated future cash flows using a discount rate of 4% in 2006. Amounts are recorded as temporarily restricted net assets until released from restriction.

**10. LEASES**

The Foundation's leasing arrangements consist primarily of the leasing of retail space under an operating lease with noncancelable terms that expire in 2007, with the option to extend the lease for an additional two years.

The Foundation has also entered into a thirty year leasing arrangement with Clark County for land located at the corner of Buffalo and Patrick, with the option to extend the lease for two additional fifteen year periods. The yearly lease expense of \$1,200 has an estimated fair market value of \$576,900, of which the Foundation has recognized \$575,700 as an in-kind donation during the year ended June 30, 2006.

The total expense incurred under the leases for the year ended June 30, 2006 and 2005 were \$20,756 and \$12,222, respectively. Future minimum payments under the operating lease as of June 30, 2006 are as follows:

Fiscal Year	
<u>Ending June 30,</u>	
2007	\$ 21,362
2008	12,039
2009	1,200
2010	1,200
2011	1,200
Thereafter	<u>33,400</u>
	<u>\$ 70,401</u>

**OPPORTUNITY VILLAGE FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**JUNE 30, 2006 AND 2005**

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**11. 403(B) RETIREMENT PLAN**

The Foundation 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 ending June 30, 2006 and 2005, the Foundation matched 50% of an employee's contribution to the plan up to \$2,000 per year. Retirement plan expenses were \$5,308 and \$5,438, respectively.

**12. ITEMS RECLASSIFIED NOT SPECIFICALLY IDENTIFIED**

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported total net assets.