

THE V FOUNDATION

September 30, 2007 and 2006

Financial Statements

With

Independent Auditor's Report



LYNCH & HOWARD, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

Member
American Institute of Certified Public Accountants
Center for Public Company Audit Firms
Private Companies Practice Section

Independent Auditor's Report

Board of Directors
The V Foundation
Cary, North Carolina

We have audited the accompanying statements of financial position of The V Foundation (a nonprofit organization) as of September 30, 2007 and 2006, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. 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 audits 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 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 V Foundation as of September 30, 2007 and 2006, 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.

Lynch & Howard, PLLC

Certified Public Accountants

Raleigh, North Carolina
April 16, 2008

THE V FOUNDATION

2

Statements of Financial Position

September 30, 2007 and 2006

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current assets		
Cash and cash equivalents	\$ 7,744,475	\$ 6,143,485
Pledges receivable	1,800,637	1,682,014
Accounts receivable	1,545,855	180,000
Inventory	1,954	8,290
Prepaid expenses	23,655	12,102
Total current assets	<u>11,116,576</u>	<u>8,025,891</u>
Property and equipment		
Furniture and equipment	73,187	95,725
Accumulated depreciation	<u>(54,855)</u>	<u>(72,094)</u>
Property and equipment, net	<u>18,332</u>	<u>23,631</u>
Other assets		
Pledge receivables - long-term	2,240,303	2,512,997
Investments designated for long-term use	16,828,051	12,757,382
Intangible assets - finite-lived, net of amortization	<u>758</u>	<u>931</u>
Total other assets	<u>19,069,112</u>	<u>15,271,310</u>
Total assets	<u>\$ 30,204,020</u>	<u>\$ 23,320,832</u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 854,482	\$ 1,020,100
Capital lease obligations	-	4,848
Grants payable	<u>5,900,000</u>	<u>4,650,000</u>
Total current liabilities	<u>6,754,482</u>	<u>5,674,948</u>
Long-term liabilities		
Capital lease obligations	-	1,212
Grants payable	<u>6,620,000</u>	<u>3,910,000</u>
Total long-term liabilities	<u>6,620,000</u>	<u>3,911,212</u>
Net assets		
Unrestricted net assets	2,005,629	(80,338)
Temporarily restricted net assets	259,250	880,160
Permanently restricted net assets	<u>14,564,659</u>	<u>12,934,850</u>
Total net assets	<u>16,829,538</u>	<u>13,734,672</u>
Total liabilities and net assets	<u>\$ 30,204,020</u>	<u>\$ 23,320,832</u>

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

THE V FOUNDATION

Statements of Activities and Changes in Net Assets

For the Years Ended September 30, 2007 and 2006

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support				
Contributions	\$ 5,991,891	\$ 334,250	\$ 1,629,809	\$ 7,955,950
Special events, net of expenses	3,259,365	-	-	3,259,365
Investment income, net of expenses	434,829	-	-	434,829
Net realized and unrealized gains on investments designated for long-term use	1,870,427	-	-	1,870,427
	11,556,512	334,250	1,629,809	13,520,571
Net assets released from restrictions				
Satisfaction of program restrictions	955,160	(955,160)	-	-
Total revenues, gains and other support	12,511,672	(620,910)	1,629,809	13,520,571
Expenses				
Program	9,836,609	-	-	9,836,609
Management and general	253,105	-	-	253,105
Fund-raising	335,991	-	-	335,991
Total expenses	10,425,705	-	-	10,425,705
Changes in net assets	2,085,967	(620,910)	1,629,809	3,094,866
Net assets - beginning of year				
As previously reported	(80,338)	880,160	12,934,850	13,734,672
Prior period adjustment - Note 11	-	-	-	-
Net assets - beginning of year, as restated	(80,338)	880,160	12,934,850	13,734,672
Net assets - end of year	\$ 2,005,629	\$ 259,250	\$ 14,564,659	\$ 16,829,538

2006			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 3,472,433	\$ 209,554	\$ 1,662,514	\$ 5,344,501
2,726,304	-	-	2,726,304
305,874	24,354	-	330,228
<u>851,447</u>	<u>-</u>	<u>-</u>	<u>851,447</u>
7,356,058	233,908	1,662,514	9,252,480
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,356,058</u>	<u>233,908</u>	<u>1,662,514</u>	<u>9,252,480</u>
8,603,865	-	-	8,603,865
298,577	-	-	298,577
387,938	-	-	387,938
<u>9,290,380</u>	<u>-</u>	<u>-</u>	<u>9,290,380</u>
<u>(1,934,322)</u>	<u>233,908</u>	<u>1,662,514</u>	<u>(37,900)</u>
1,753,984	646,252	11,272,336	13,672,572
100,000	-	-	100,000
<u>1,853,984</u>	<u>646,252</u>	<u>11,272,336</u>	<u>13,772,572</u>
<u>\$ (80,338)</u>	<u>\$ 880,160</u>	<u>\$ 12,934,850</u>	<u>\$ 13,734,672</u>

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

THE V FOUNDATION

Statements of Functional Expenses

For the Years Ended September 30, 2007 and 2006

	2007			
	<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Grant expense	\$ 8,910,000	\$ -	\$ -	\$ 8,910,000
Direct fund-raising	-	-	23,332	23,332
Personnel expenses				
Salaries and wages	471,274	129,220	159,625	760,119
Payroll taxes	30,308	8,310	10,266	48,884
Employee benefits	85,625	23,472	28,995	138,092
Occupancy expenses				
Rent	28,738	7,880	9,734	46,352
Maintenance	3,261	894	1,104	5,259
Utilities	11,409	3,128	3,864	18,401
Insurance	19,345	5,304	6,553	31,202
Office expenses				
Credit card processing	34,538	9,470	11,698	55,706
Data processing and online servicing	11,887	3,259	4,026	19,172
Licenses	6,382	1,750	2,162	10,294
Other supplies and expenses	11,841	3,247	4,011	19,099
Professional fees	28,119	6,750	8,338	43,207
Travel related expenses	55,616	15,250	18,837	89,703
Public relations and advertising	50,005	13,711	16,937	80,653
Printing and postage				
Postage and shipping	23,243	6,373	7,873	37,489
Printing, copying and stationary	47,961	13,150	16,244	77,355
Uncollectible pledges	-	-	-	-
Depreciation	6,952	1,906	2,355	11,213
Amortization	105	31	37	173
	<u>\$ 9,836,609</u>	<u>\$ 253,105</u>	<u>\$ 335,991</u>	<u>\$ 10,425,705</u>

2006			
<u>Program</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
\$ 7,592,000	\$ -	\$ -	\$ 7,592,000
-	-	39,597	39,597
452,225	133,444	155,684	741,353
32,100	9,472	11,051	52,623
78,904	23,277	27,156	129,337
24,422	7,206	8,408	40,036
2,624	774	904	4,302
9,702	2,863	3,340	15,905
10,265	3,029	3,534	16,828
30,983	9,143	10,666	50,792
16,933	4,997	5,829	27,759
3,198	944	1,101	5,243
6,523	1,925	2,246	10,694
12,410	3,662	4,272	20,344
51,457	15,184	17,715	84,356
61,901	18,266	21,310	101,477
24,803	7,318	8,539	40,660
29,967	8,843	10,317	49,127
156,114	46,066	53,744	255,924
7,228	2,133	2,488	11,849
106	31	37	174
<u>\$ 8,603,865</u>	<u>\$ 298,577</u>	<u>\$ 387,938</u>	<u>\$ 9,290,380</u>

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

Statements of Cash Flows

For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Changes in net assets	\$ 3,094,866	\$ (37,900)
Adjustments to reconcile changes in net assets provided by operating activities		
Depreciation	11,213	11,849
Donated equipment	(5,187)	(6,164)
Loss on disposal of equipment	-	1,735
Net unrealized and realized gains on investments designated for long-term use	(1,870,427)	(851,447)
Pledges restricted for long-term investments	(1,783,880)	(2,093,688)
Amortization of intangibles	173	174
Changes in operating assets and liabilities		
Pledges receivable	154,071	687,098
Accounts receivable	(1,365,855)	451,100
Inventory	6,336	5,409
Prepaid expenses	(11,553)	(5,781)
Accounts payable and accrued expenses	(165,618)	964,280
Grants payable	<u>3,960,000</u>	<u>3,410,000</u>
Net cash provided by operating activities	<u>2,024,139</u>	<u>2,536,665</u>
Cash flows from investing activities		
Purchase of furniture and equipment	(727)	(762)
Purchase of investments designated for long-term use	(14,545,538)	(6,928,868)
Proceeds from sale of investments restricted for long-term use	<u>12,345,376</u>	<u>4,741,954</u>
Net cash used by investing activities	<u>(2,200,889)</u>	<u>(2,187,676)</u>
Cash flows from financing activities		
Payments under capital lease obligations	(6,060)	(4,848)
Proceeds from pledges restricted for long-term investments	<u>1,783,800</u>	<u>2,093,688</u>
Net cash provided by financing activities	<u>1,777,740</u>	<u>2,088,840</u>
Increase in cash and cash equivalents	1,600,990	2,437,829
Cash and cash equivalents - beginning of year	<u>6,143,485</u>	<u>3,705,656</u>
Cash and cash equivalents - end of year	<u>\$ 7,744,475</u>	<u>\$ 6,143,485</u>

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

Note to Financial Statements

September 30, 2007 and 2006

1. Summary of Significant Accounting Policies

- a. **Nature of organization** – The V Foundation (the “Foundation”) was incorporated on February 12, 1993 as a nonprofit, charitable organization dedicated to saving lives by helping to find a cure for cancer. The Foundation’s mission is to generate broad based support for cancer research and to create an urgent awareness among all Americans of the importance of the war against cancer. The Foundation accomplishes its mission through advocacy, education, fund-raising and philanthropy.
- b. **Basis of presentation** – The financial statements have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Assets which are fully available at the discretion of management and the Board of Directors.

Temporarily restricted net assets – Assets which will be available for expenditures upon certain conditions being met. At such time, these assets will be reclassified as unrestricted net assets.

Permanently restricted net assets – Endowment funds for which the principal is required to remain intact. The donors of these assets permit the Foundation to use all or part of the income earned on related investments for general purposes.

Revenues – Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

- c. **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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- d. **Cash and cash equivalents** – For purposes of reporting cash flows, the Foundation considers cash and cash equivalents to be cash on hand, cash in banks and all highly liquid debt instruments with a maturity of less than three months. There were no cash payments for income taxes or for interest at September 30, 2007 or 2006.

Note to Financial Statements

September 30, 2007 and 2006

1. Summary of Significant Accounting Policies (cont.)

- e. **Accounts receivable** – Accounts receivable consist of contributions receivable and are stated at the amount the Foundation expects to collect. The Foundation uses the allowance method to determine uncollectible accounts. The allowance is based on prior years' experience and management's analysis of the account. Accounts are charged off to the allowance when management deems the account will not be collectible. Past due status is based on how recently payments have been made on the account. The Foundation estimates the accounts receivable at September 30, 2007 and 2006 will be fully collectible; therefore, no allowance has been established.
- f. **Inventory** – Inventory is valued at the lower of cost, as determined on a first-in, first-out basis or market.
- g. **Property and equipment** – Property and equipment (including capital lease assets) purchased are stated at cost or fair market value at the date of donation in-kind in excess of \$500. Depreciation is recorded using the straight-line method over the estimated useful lives of three to seven years. The estimated fair value of donated property is recorded as contributions income and fixed assets in the period received. The Foundation received \$5,187 and \$6,164 of donated equipment for the years ended September 30, 2007 and 2006, respectively.

Expenditures for repairs and maintenance are charged to expense as incurred. The costs of major renewals and betterments are capitalized and depreciated over their estimated useful lives. Upon disposition, the cost and related accumulated depreciation accounts are relieved and any related gain or loss is included in operations.

- h. **Investments designated for long-term use** – The Foundation records all publicly traded marketable equity securities and all debt securities at fair value based upon quoted market prices at the statements of financial position date, with realized and unrealized gains and losses being reported in the statements of activities and changes in net assets. The Board of Directors has designated investments to support the operations of future years.

The Foundation also holds stock in nonpublicly traded companies and values these securities at cost. The aggregate carrying amount of these investments at September 30, 2007 and 2006 was \$75,000 and \$50,000, respectively. The fair value of these investments has not been estimated because there are no triggering events or changes in circumstances that may have a significant adverse effect on their value, and the Foundation is exempt from estimating fair value under Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 126, "Exemption from Certain Required Disclosures about Financial Instruments for Certain Nonpublic Entities."

- i. **Amortization of copyrights and trademarks** – The cost of copyrights and trademarks is amortized on a straight-line basis over a period of 15 years.

Note to Financial Statements

September 30, 2007 and 2006

1. Summary of Significant Accounting Policies (cont.)

- j. **Income taxes** – The Foundation is exempt from federal income taxes in accordance with Internal Revenue Code Section 501c(3) and a similar state statute, except for any unrelated business income. Since there was no unrelated business income during the years ended September 30, 2007 or 2006, no provision for income taxes has been made.
- k. **Contributions** – Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.
- l. **Recognition of program grants** – Program grants and the corresponding grants payable are recognized at the time the grant award letter is sent to the recipient. All grants are payable in less than five years. Grants to be awarded more than one year in the future are discounted at an appropriate rate commensurate with the risk involved.
- m. **In-kind donations** – Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.
- n. **Functional expenses** – Expenses are charged to programs based on direct expenditures incurred. Any expenditure not directly chargeable is allocated to programs based on management's estimate.
- o. **Advertising** – The Foundation expenses advertising as incurred. Advertising expense was \$9,985 and \$7,050 for the years ended September 30, 2007 and 2006, respectively.
- p. **Long-lived assets** – The Foundation reviews the carrying value of property and equipment for impairment whenever certain triggering events or changes in circumstances indicate that the carrying value of an asset may not be recoverable from estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying amount exceeds the fair value of assets. The factors considered by management in performing this assessment include operating results, trends, prospects, as well as the effects of obsolescence, demand, competition and other economic factors. Based on management's assessment, no triggering events or changes in circumstances occurred during the years ended September 30, 2007 or 2006.
- q. **Reclassifications** – Certain reclassifications have been made to the 2006 amounts in order to conform to the 2007 presentation.

Note to Financial Statements

September 30, 2007 and 2006

2. Pledges Receivable

Pledges receivable relate to amounts owed from endowed pledges and events held to support the Foundation. The Foundation considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made. Pledges receivable are summarized as follows:

	<u>2007</u>	<u>2006</u>
Unconditional promises expected to be collected in		
Less than one year	\$ 1,800,637	\$ 1,682,014
One year to five years	2,827,975	3,159,800
Greater than five years	<u>97,500</u>	<u>142,500</u>
	4,726,112	4,984,314
Less unamortized discount (5.34% and 8.25%)	<u>(685,172)</u>	<u>(789,303)</u>
	4,040,940	4,195,011
Current portion	<u>1,800,637</u>	<u>1,682,014</u>
Long-term portion	<u>\$ 2,240,303</u>	<u>\$ 2,512,997</u>

3. Restrictions on Net Assets

Permanently restricted net assets represent contributions made by donors who have restricted the use of their contributions to provide funding for The V Foundation Endowment Fund. The V Foundation Endowment Fund has been established to provide funding for the operations of the Foundation from the earnings on restricted assets.

The V Foundation Endowment Fund contributions totaled \$1,629,809 and \$1,662,514 for the years ended September 30, 2007 and 2006, respectively

Temporarily restricted net assets represent contributions and event income that has been restricted for use by the donor. Contributions and event income restricted for this purpose totaled \$334,250 and \$209,554 for the years ended September 30, 2007 and 2006, respectively.

Note to Financial Statements

September 30, 2007 and 2006

4. **Investments**

The Foundation's investments consist of the following:

	<u>2007</u>	<u>2006</u>
Marketable securities		
Carried at fair value		
U.S. Treasury securities	\$ 3,412,257	\$ 1,880,365
Corporate debt securities	2,442,819	1,290,174
Equity securities	10,780,726	9,512,636
Mutual funds	66,310	-
Accrued interest	50,939	24,207
Equity securities at cost	<u>75,000</u>	<u>50,000</u>
 Total marketable securities	 <u>\$ 16,828,051</u>	 <u>\$ 12,757,382</u>

The following summarizes the investment return and its classification in the statements of activities and changes in net assets:

	<u>2007</u>	<u>2006</u>
Dividends and interest	\$ 584,884	\$ 426,223
Investment expenses	(150,055)	(120,349)
Net realized gains	1,553,977	853,663
Net unrealized gains	<u>316,450</u>	<u>22,138</u>
 Total marketable securities	 <u>\$ 2,305,256</u>	 <u>\$ 1,181,675</u>

5. **Retirement Plan**

The Foundation maintains a Simple IRA plan for its eligible employees. The Foundation matches up to 3% of each participating employee's compensation. The expense was \$18,823 and \$13,900 for the years ended September 30, 2007 and 2006, respectively.

Note to Financial Statements

September 30, 2007 and 2006

6. Property and Equipment

Property and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Furniture and fixtures	\$ 29,814	\$ 29,814
Office equipment	<u>43,373</u>	<u>65,911</u>
	73,187	95,725
Less allowance for accumulated depreciation	<u>(54,855)</u>	<u>(72,094)</u>
	<u>\$ 18,332</u>	<u>\$ 23,631</u>

7. Special Events

During 2007 and 2006, ESPN, Inc. (a cable television network) held several special events with the specific objective of promoting and publicizing the charitable, educational and research activities of the Foundation. Net proceeds to the Foundation from these events totaled \$2,523,305 and \$1,092,081 for the years ended September 30, 2007 and 2006, respectively.

In July 2007 and 2006, the Foundation held its annual Wine Celebration in Napa Valley, California. A specific objective of the celebration was to promote and publicize the charitable, educational and research activities of the Foundation. The Foundation received net proceeds from the dinners and auctions held during the Wine Celebration of \$2,152,756 and \$1,372,749 for the years ended September 30, 2007 and 2006, respectively.

The Foundation received contributions of \$121,880 and \$285,550 for the years ended September 30, 2007 and 2006, respectively, from the Jimmy V. Celebrity Golf Classic, a separate but affiliated organization.

The amounts due from these special events were \$1,130,750 and \$100,000 at September 30, 2007 and 2006; respectively, and is included in accounts receivable on the statements of financial position. No portion of these amounts was older than 90 days for either year. No finance charges were accrued.

Note to Financial Statements

September 30, 2007 and 2006

8. Grants Payable

Grants payable are summarized as follows:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 5,900,000	\$ 4,650,000
One year to five years	<u>6,950,000</u>	<u>4,150,000</u>
	12,850,000	8,800,000
Less discount (4.75%)	<u>(330,000)</u>	<u>(240,000)</u>
	12,520,000	8,560,000
Current portion	<u>5,900,000</u>	<u>4,650,000</u>
Long-term portion	<u>\$ 6,620,000</u>	<u>\$ 3,910,000</u>

9. Lease Commitments

The Foundation leased office equipment under a zero interest capital lease that expires in 2007. The cost of the leased equipment was \$24,452. The amortization expense for the years ended September 30, 2007 and 2006 was \$4,840. The accumulated amortization was \$24,452 and \$19,612 at September 30, 2007 and 2006, respectively.

A new postage machine was leased under an operating lease when the previously described capital lease expired, with an effective date of October 1, 2007.

The Foundation also leases its office space under an operating agreement which expires in 2011. Rent expense for the Foundation totaled \$46,352 and \$40,036 for the years ended September 30, 2007 and 2006, respectively. A schedule of future minimum lease payments under the operating leases as of September 30, 2007 is as follows:

2008	\$ 44,586
2009	44,586
2010	44,586
2011	44,586
2012	<u>7,709</u>
	<u>\$ 186,053</u>

Note to Financial Statements

September 30, 2007 and 2006

10. Donations of In-kind Services

In-kind revenue and corresponding expenses recorded in these financial statements consist of the following:

	<u>2007</u>	<u>2006</u>
Call center	\$ 7,340	\$ 7,491
Facility rent	4,050	-
Accounting	<u>6,935</u>	<u>13,103</u>
	<u>\$ 18,325</u>	<u>\$ 20,594</u>

11. Concentrations of Credit Risk

The Foundation maintains cash deposits in banks in excess of the federally insured amounts in the amount of \$6,411,748. Pledge receivables are from individuals throughout the United States. At September 30, 2007, 84% of the Foundation's accounts receivable was from an affiliated organization and another 14% were from one other supporting organization. At September 30, 2006, 56% of the Foundation's accounts receivable was from an affiliated organization and 17% from the other supporting organization.

During 2007 and 2006, the Foundation recognized program grants for three recipients that represented 33% of grant expense.

12. Prior Period Adjustment

The Foundation recorded a prior period adjustment to recognize a discount for grants to be awarded more than one year in the future at a 4.75% rate. The following financial statement line items for fiscal year 2006 were affected by the prior period adjustment:

	<u>As Originally Reported</u>	<u>As Adjusted</u>	<u>Effect of Change</u>
Statement of activities and changes in net assets			
Revenues, gains and support	\$ 9,252,480	\$ 9,252,480	\$ -
Expenses	<u>9,430,380</u>	<u>9,290,380</u>	<u>140,000</u>
Changes in net assets	<u>\$ (177,900)</u>	<u>\$ (37,900)</u>	<u>\$ (140,000)</u>

Note to Financial Statements

September 30, 2007 and 2006

12. Prior Period Adjustment (cont.)

	As Originally <u>Reported</u>	As <u>Adjusted</u>	Effect of <u>Change</u>
Statement of financial position			
Current assets	\$ 8,025,891	\$ 8,025,891	\$ -
Property and equipment	23,631	23,631	-
Other assets	<u>15,271,310</u>	<u>15,271,310</u>	<u>-</u>
 Total assets	 <u>\$ 23,320,832</u>	 <u>\$ 23,320,832</u>	 <u>\$ -</u>
 Current liabilities	 \$ 5,674,948	 \$ 5,674,948	 \$ -
Long-term liabilities	4,151,212	3,911,212	240,000
Net assets	<u>13,494,672</u>	<u>13,734,672</u>	<u>(240,000)</u>
 Total liabilities and net assets	 <u>\$ 23,320,832</u>	 <u>\$ 23,320,832</u>	 <u>\$ -</u>

In addition, this prior period adjustment resulted in the restatement of the January 1, 2006 beginning nets by \$100,000.