

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED**  
**June 30, 2006**

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
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**June 30, 2006**

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SINGER LEWAK GREENBAUM & GOLDSTEIN LLP  
Certified Public Accountants & Management Consultants

## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
OPCC (formerly Ocean Park Community Center)  
Santa Monica, California

We have audited the accompanying statement of financial position of OPCC (formerly Ocean Park Community Center) ("OPCC") (a nonprofit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of OPCC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 OPCC as of June 30, 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2006 on our consideration of OPCC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental Schedule of Activities by Program on page 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California  
October 20, 2006



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**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
(A NONPROFIT ORGANIZATION)  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2006

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**ASSETS**

**Assets**

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Cash                                 | \$ | 3,253,688        |
| Investments                          |    | 1,711,688        |
| Receivables from government agencies |    | 1,137,201        |
| Pledges receivable                   |    | 1,730,458        |
| Prepaid expenses and other assets    |    | 84,649           |
| Deferred rent                        |    | 4,750,000        |
| Property and equipment, net          |    | <u>9,894,491</u> |

|                     |  |                             |
|---------------------|--|-----------------------------|
| <b>Total assets</b> |  | <b><u>\$ 22,562,175</u></b> |
|---------------------|--|-----------------------------|

**LIABILITIES AND NET ASSETS**

**Liabilities**

|                                       |    |                  |
|---------------------------------------|----|------------------|
| Accounts payable and accrued expenses | \$ | 1,494,105        |
| Accrued interest                      |    | 95,591           |
| Deposits held in trust                |    | 187,388          |
| Notes payable                         |    | 895,772          |
| Notes payable - forgivable            |    | <u>2,517,475</u> |

|                   |  |                  |
|-------------------|--|------------------|
| Total liabilities |  | <u>5,190,331</u> |
|-------------------|--|------------------|

**Commitments (Note 12)**

**Net assets**

|                        |  |                   |
|------------------------|--|-------------------|
| Unrestricted           |  | 5,813,901         |
| Temporarily restricted |  | <u>11,557,943</u> |

|                  |  |                   |
|------------------|--|-------------------|
| Total net assets |  | <u>17,371,844</u> |
|------------------|--|-------------------|

|   |  |                             |
|---|--|-----------------------------|
| <b>Total liabilities and net assets</b> |  | <b><u>\$ 22,562,175</u></b> |
|---|--|-----------------------------|

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

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF ACTIVITIES**  
**June 30, 2006**

|  | Unrestricted               | Temporarily<br>Restricted   | Total                       |
|--|----------------------------|-----------------------------|-----------------------------|
| <b>Revenue and support</b>   |                            |                             |                             |
| Revenue  |                            |                             |                             |
| Government agencies  | \$ 3,994,470               | \$ -                        | \$ 3,994,470                |
| Investment income, realized losses, and<br>unrealized gains on investments | 34,321                     | 137,435                     | 171,756                     |
| Support  |                            |                             |                             |
| Contributions  | 1,624,370                  | 666,991                     | 2,291,361                   |
| Contributed goods  | 52,717                     | 34,992                      | 87,709                      |
| Contributed services   | 214,312                    | 230,216                     | 444,528                     |
| Contributed rent   | -                          | 148,830                     | 148,830                     |
| Special events and mailings  | 431,485                    | 263,159                     | 694,644                     |
| Capital  | -                          | 3,379,641                   | 3,379,641                   |
| Net assets released from restrictions                                      |                            |                             |                             |
| Satisfaction of program restrictions                                       | <u>3,126,262</u>           | <u>(3,126,262)</u>          | <u>-</u>                    |
| Total revenue and support  | <u>9,477,937</u>           | <u>1,735,002</u>            | <u>11,212,939</u>           |
| <b>Functional expenses</b>   |                            |                             |                             |
| Program services   |                            |                             |                             |
| Access Center and Outreach Team  | 1,053,364                  | -                           | 1,053,364                   |
| Sojourn  | 1,306,524                  | -                           | 1,306,524                   |
| Night Light  | 153,781                    | -                           | 153,781                     |
| Turning Point Transitional Housing   | 882,267                    | -                           | 882,267                     |
| Daybreak   | 1,092,422                  | -                           | 1,092,422                   |
| Campion Mental Health Center   | 228,491                    | -                           | 228,491                     |
| Safe Haven   | 470,080                    | -                           | 470,080                     |
| Maryland Apartments  | 34,557                     | -                           | 34,557                      |
| K9 Connection  | 108,842                    | -                           | 108,842                     |
| Samoshel / SHWASHLOCK  | 555,036                    | -                           | 555,036                     |
| Supporting services  | 862,035                    | -                           | 862,035                     |
| Fundraising  | 271,109                    | -                           | 271,109                     |
| Capital  | 309,701                    | -                           | 309,701                     |
| Amortization of Deferred Rent  | <u>90,909</u>              | <u>-</u>                    | <u>90,909</u>               |
| Total functional expenses  | <u>7,419,118</u>           | <u>-</u>                    | <u>7,419,118</u>            |
| <b>Change in net assets</b>  | 2,058,819                  | 1,735,002                   | 3,793,821                   |
| <b>Net assets at beginning of year</b>                                     | <u>3,755,082</u>           | <u>9,822,941</u>            | <u>13,578,023</u>           |
| <b>Net assets, end of year</b>   | <u><b>\$ 5,813,901</b></u> | <u><b>\$ 11,557,943</b></u> | <u><b>\$ 17,371,844</b></u> |

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

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**June 30, 2006**

|  | Program Services           |                     |                   |                   |                     |                       |                   |                  |                   |                   |                     |                        |                     |                   |                  | Total       |                     |
|--|----------------------------|---------------------|-------------------|-------------------|---------------------|-----------------------|-------------------|------------------|-------------------|-------------------|---------------------|------------------------|---------------------|-------------------|------------------|-------------|---------------------|
|  | Access Center and Outreach |                     | Turning Point     |                   |                     | Campion Mental Health |                   | Maryland         |                   | SAMOSHEL/         |                     | Total Program Services | Supporting Services | Fund-raising      | Capital          |             | Deferred Rent       |
|  | Team                       | Sojourn             | Night Light       | Housing           | Daybreak            | Center                | Safe Haven        | Apart-ments      | K9 Connec-tion    | SHWASH-LOCK       |                     |                        |                     |                   |                  |             |                     |
| <b>Personnel expenses</b>                                      |                            |                     |                   |                   |                     |                       |                   |                  |                   |                   |                     |                        |                     |                   |                  |             |                     |
| Salaries   | \$ 541,383                 | \$ 856,174          | \$ 78,887         | \$ 538,499        | \$ 607,102          | \$ 289,835            | \$ 303,015        | \$ 23,453        | \$ 63,278         | \$ 346,434        | \$ 3,648,060        | \$ 581,676             | \$ 61,644           | \$ -              | \$ -             | \$ -        | \$ 4,291,380        |
| Employee benefits  | 99,129                     | 165,106             | 19,236            | 97,682            | 136,570             | 48,884                | 68,260            | 6,711            | 10,360            | 80,947            | 732,885             | 111,058                | 9,234               | -                 | -                | -           | 853,177             |
| Total personnel expenses                                       | 640,512                    | 1,021,280           | 98,123            | 636,181           | 743,672             | 338,719               | 371,275           | 30,164           | 73,638            | 427,381           | 4,380,945           | 692,734                | 70,878              | -                 | -                | -           | 5,144,557           |
| <b>Other expenses</b>  |                            |                     |                   |                   |                     |                       |                   |                  |                   |                   |                     |                        |                     |                   |                  |             |                     |
| Capital expense  | -                          | -                   | -                 | -                 | -                   | -                     | -                 | -                | -                 | -                 | -                   | -                      | -                   | -                 | -                | -           | -                   |
| Client expense   | 213,777                    | 26,592              | 720               | 39,058            | 65,078              | (131,241)             | 6,976             | 454              | 14,814            | 9,756             | 245,984             | -                      | -                   | -                 | -                | -           | 245,984             |
| Consultants  | 1,052                      | 67,476              | -                 | 2,799             | 46,507              | 930                   | 9,770             | -                | -                 | 974               | 129,508             | 14,297                 | 10,975              | 121,804           | -                | -           | 276,584             |
| Equipment  | 14,992                     | 14,652              | 4,436             | 8,567             | 6,427               | 614                   | 4,888             | -                | 3,303             | 8,500             | 66,379              | 17,307                 | 149                 | 91,228            | -                | -           | 175,063             |
| Fundraising  | -                          | 149                 | -                 | -                 | -                   | -                     | -                 | -                | -                 | -                 | 149                 | -                      | 162,998             | -                 | -                | -           | 163,147             |
| Interest expenses  | -                          | 30,564              | -                 | -                 | -                   | -                     | -                 | -                | -                 | -                 | 30,564              | 37,510                 | -                   | -                 | -                | -           | 68,074              |
| Other expenses   | 6,524                      | 6,911               | 3                 | 3,626             | 7,106               | 589                   | 755               | -                | 635               | -                 | 26,149              | 21,696                 | 4,478               | 1,541             | -                | -           | 53,864              |
| Rent - allocated   | -                          | 5,375               | -                 | 31,932            | -                   | 5,588                 | -                 | -                | -                 | -                 | 42,895              | (42,895)               | -                   | 7,600             | 90,909           | -           | 98,509              |
| Space  | 102,315                    | 57,210              | 2,538             | 61,510            | 151,379             | 8,841                 | 29,247            | 2,763            | 10,428            | 67,674            | 493,905             | 33,201                 | -                   | -                 | -                | -           | 527,106             |
| Services   | 1,459                      | 24,879              | 39,222            | 3,690             | 2,715               | 224                   | 1,943             | -                | -                 | 108               | 74,240              | 50,815                 | 3,103               | -                 | -                | -           | 128,158             |
| Supplies   | 64,454                     | 32,684              | 8,696             | 90,865            | 64,239              | 2,618                 | 39,402            | 64               | 3,711             | 40,643            | 347,376             | 18,942                 | 18,528              | 1,292             | -                | -           | 386,138             |
| Travel and training  | 2,579                      | 7,826               | 43                | 317               | 2,037               | 1,107                 | 3,532             | -                | 552               | -                 | 17,993              | 2,129                  | -                   | 18                | -                | -           | 20,140              |
| Total other expenses   | 407,152                    | 274,318             | 55,658            | 242,364           | 345,488             | (110,730)             | 96,513            | 3,281            | 33,443            | 127,655           | 1,475,142           | 153,002                | 200,231             | 223,483           | 90,909           | -           | 2,142,767           |
| Total expenses before depreciation and amortization            | 1,047,664                  | 1,295,598           | 153,781           | 878,545           | 1,089,160           | 227,989               | 467,788           | 33,445           | 107,081           | 555,036           | 5,856,087           | 845,736                | 271,109             | 223,483           | 90,909           | -           | 7,287,324           |
| <b>Depreciation and amortization</b>                           | 5,700                      | 10,926              | -                 | 3,722             | 3,262               | 502                   | 2,292             | 1,112            | 1,761             | -                 | 29,277              | 16,299                 | -                   | 86,218            | -                | -           | 131,794             |
| <b>Total functional expenses before allocation of overhead</b> | 1,053,364                  | 1,306,524           | 153,781           | 882,267           | 1,092,422           | 228,491               | 470,080           | 34,557           | 108,842           | 555,036           | 5,885,364           | 862,035                | 271,109             | 309,701           | 90,909           | -           | 7,419,118           |
| <b>Allocation of administrative overhead</b>                   | 125,755                    | 169,293             | 24,239            | 113,893           | 174,431             | 47,974                | 79,231            | 7,833            | 11,909            | 95,373            | 849,931             | (866,346)              | 16,415              | -                 | -                | -           | -                   |
| <b>Total expenses after allocation of overhead</b>             | <u>\$ 1,179,119</u>        | <u>\$ 1,475,817</u> | <u>\$ 178,020</u> | <u>\$ 996,160</u> | <u>\$ 1,266,853</u> | <u>\$ 276,465</u>     | <u>\$ 549,311</u> | <u>\$ 42,390</u> | <u>\$ 120,751</u> | <u>\$ 650,409</u> | <u>\$ 6,735,295</u> | <u>\$ (4,311)</u>      | <u>\$ 287,524</u>   | <u>\$ 309,701</u> | <u>\$ 90,909</u> | <u>\$ -</u> | <u>\$ 7,419,118</u> |

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

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**June 30, 2006**

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|   |                            |
|---|----------------------------|
| <b>Cash flows from operating activities</b> |                            |
| Cash received from contributors and grants  | \$ 9,728,176               |
| Cash paid to employees and suppliers        | (5,352,188)                |
| Interest received                           | 72,974                     |
| Interest paid                               | <u>(68,074)</u>            |
| Net cash provided by operating activities   | <u>4,380,888</u>           |
| <b>Cash flows from investing activities</b> |                            |
| Purchase of property and equipment          | (4,087,718)                |
| Cash received from sale of investments      | 994,197                    |
| Cash paid on purchase of investments        | <u>(947,958)</u>           |
| Net cash used in investing activities       | <u>(4,041,479)</u>         |
| <b>Cash flows from financing activities</b> |                            |
| Payments on notes payable                   | (536,986)                  |
| Proceeds from issuance of notes payable     | <u>1,796,228</u>           |
| Net cash provided by financing activities   | <u>1,259,242</u>           |
| Net increase in cash                        | 1,598,651                  |
| <b>Cash, beginning of year</b>              | <u>1,655,037</u>           |
| <b>Cash, end of year</b>                    | <u><b>\$ 3,253,688</b></u> |

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

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**STATEMENT OF CASH FLOWS**  
**June 30, 2006**

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**Reconciliation of change in net assets to net cash  
provided by operating activities**

|   |           |                         |
|---|-----------|-------------------------|
| Change in net assets  | \$        | 3,793,821               |
| Adjustments to reconcile change in net assets to net cash<br>provided by operating activities |           |                         |
| Depreciation and amortization   |           | 131,794                 |
| Loss on disposal of property and equipment  |           | 10,751                  |
| Net realized and unrealized gains on investments  |           | (59,557)                |
| Contributed rent  |           | 90,909                  |
| (Increase) decrease in  |           |                         |
| Receivables from government agencies  |           | 233,620                 |
| Pledges receivable  |           | (862,504)               |
| Prepaid expenses and other assets   |           | (7,948)                 |
| Increase (decrease) in  |           |                         |
| Accounts payable and accrued expenses   |           | 935,240                 |
| Accrued interest  |           | 95,591                  |
| Deposits held in trust  |           | 19,171                  |
|   |           | <hr/>                   |
| <b>Net cash provided by operating activities</b>  | <b>\$</b> | <b><u>4,380,888</u></b> |

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



**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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**NOTE 1 – GENERAL**

Description of Operations

OPCC (formerly Ocean Park Community Center) (“OPCC”) is a nonprofit corporation providing housing and supportive services for homeless youth, adults and families; battered women and their children; as well as for people living with mental illness. OPCC consists of a number of directly operated programs. The various programs are as follows:

***Access Center and Outreach Team***

The Access Center (formerly known as the “Drop-In Center”) is the hub from which all of the other organization’s projects were created. The Access Center fills the gaps between existing social services and provides much needed assistance to over 4,000 unduplicated low-income and homeless individuals and families each year.

These services include sack lunches; clean clothes; showers; referral and placement into emergency shelters; transitional housing and/or detox/rehabilitation programs; intake and assessment; counseling; referral to medical and/or mental health services; an on-site mail and message service; dual-diagnosis services; social benefits advocacy; outreach services; long-term case management; and a grocery program.

The Outreach Team makes contact with homeless people in parks and commercial areas and provides referrals and transportation to assist these individuals to move out of homelessness and toward stable income, housing, and other supportive services.

***Sojourn***

Sojourn Services for Battered Women and Their Children provides a refuge from domestic violence through the operation of a 24-hour hotline, an emergency shelter with a comprehensive children’s program, extensive community outreach and education services, and individual and group counseling. Volunteers staff the hotline, work with the children’s program, and provide support services in the Sojourn shelters.

Sojourn has a Second Stage shelter that provides an additional six months of therapeutic services to the residents of Sojourn’s crisis shelter. The program includes a variety of life skills training, counseling, and parenting classes; assistance with securing housing and employment; and a specialized children’s program.

***GROW Garden Project***

There is an herb garden in the front yard and a vegetable garden in the backyard of the shelter. Designed in concert with a landscape architect, these gardens provide horticultural therapy to women, children, and the staff at the shelter. Organically grown produce and herbs can be incorporated into shelter meals, and herbs can be used in arts and crafts and as natural health remedies.

**OPCC**  
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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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**NOTE 1 – GENERAL (Continued)**

Description of Operations (Continued)

*On-Call Emergency Advocate Network (“OCEAN”)* provides immediate, in-person crisis intervention, resources, referrals, medical and legal advocacy, emergency transportation, shelter, food and clothing, and follow-up services 24-hours a day, seven days a week in association with law enforcement and medical facilities.

The *CalWorks Program* provides social benefits advocacy and supportive services designed to assist welfare-recipient families in achieving financial self-sufficiency and stability.

***Night Light***

Night Light was established in November 1999 to serve the needs of runaway and homeless youth in the Santa Monica and Venice areas. The project provides basic needs and resources to assist the youth in getting off the streets.

***Turning Point Transitional Housing***

Turning Point houses 55 homeless men and women 365 nights a year. This program provides a basic support system enabling guests to develop and implement a plan for stabilizing their lives. Services include job search assistance, sobriety support groups, money management, and assistance in finding permanent housing. Over 50 community volunteers donate their time to keep the program in operation.

***Daybreak***

Daybreak’s two programs provide day center and shelter services to homeless, mentally ill women who live or formerly lived in the parks and public areas of Santa Monica. Showers, laundry facilities, cots for sleeping, meals, social interaction, and social service advocacy are offered seven days a week at the Day Center.

Daybreak Shelter provides women the opportunity to live in a supportive, nurturing environment for up to six months, as well as permanent housing placement and assistance after leaving the shelter. Daybreak volunteers assist in creating an accepting, warm atmosphere for women seeking services.

***Women in New Direction (“WIND”)***

WIND has become a vital extension of Daybreak’s services for current and former clients. Weekly classes in cooking, art, and crafts are provided, as well as social and recreational activities. The community of WIND provides an opportunity for women to connect with each other. The program is designed to be client-centered, which enables the participants to feel a sense of ownership and empowerment.

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

---

**NOTE 1 – GENERAL (Continued)**

Description of Operations (Continued)

***Campion Mental Health Center***

Campion Mental Health Center provides clinical support, guidance, and training to the staff at OPCC. Campion also provides counseling to OPCC's clients who are faced with poverty, homelessness, mental illness, and violence and provides them with the tools they need to effectively cope with their lives. Campion specializes in therapeutic counseling services to women, children, adolescents, and families who have experienced or witnessed family violence.

***Safe Haven***

Using the Community Model, Safe Haven serves chronically homeless men and women who also suffer from severe mental illness and substance addiction. It also provides a range of housing and supportive services, including counseling and substance addiction treatment.

***Maryland Apartments***

OPCC, in collaboration with A Community of Friends, provides 29 units of permanent housing with supportive services to adults with mental illness and histories of substance addiction ("dual-diagnosed individuals").

***K9 Connection***

This program supports at-risk kids from ages 12 to 16 through the training of homeless shelter dogs in basic obedience and assisting the dogs to develop skills necessary to become adoptable. The program empowers at-risk teenagers to apply the lessons learned to their own lives as they teach the dogs; to develop an awareness of the risks of uncontrolled or impulsive behavior; and to believe in the power of positive reinforcement as an alternative to force and violence. K9 Connection aids teenagers in becoming responsible community members by focusing on goal setting, personal accountability, and personal motivation.

***Santa Monica Shelter ("SAMOSHEL")***

This program provides lodging and meals for 110 homeless individuals through its two components: 20 emergency beds with a 14-day length of stay and 90 beds with a six-month maximum stay. The program provides on-site comprehensive case management, medical and legal assistance, 12 Step Meetings and alternative groups. Clients are linked to referrals and resources available through OPCC's continuum of care network, and clients participate in their own goal planning in accordance with OPCC's mission, "Empowering People to Rebuild Their Lives."

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2006**

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**NOTE 1 – GENERAL (Continued)**

Description of Operations (Continued)

***Showers, Washers, and Lockers (“SHWASHLOCK”)***

The goal of this program is to help homeless men and women overcome barriers that prevent them from obtaining long-term employment, housing or other financial assistance by providing facilities for basic hygiene and a place to store their belongings on a short-term basis. It also is utilized as a point of entry for those who are on the wait list for the shelter and participants in the Chronic Homeless Pilot Program and the Serial Inebriate Program.

Funding

OPCC is funded in part from various ongoing contracts with the City of Santa Monica, the United States Department of Health and Human Services, the United States Federal Emergency Management Agency, the United States Department of Housing and Urban Development, the United States Social Security Administration, the State of California, the County of Los Angeles, the City of Los Angeles, the Administration for Children & Families, Los Angeles County Department of Community & Senior Services, and Los Angeles Community Development Division. Each of OPCC’s primary programs is funded by separate contracts.

These contracts are administered by the City of Santa Monica, the Los Angeles County Department of Mental Health, the Los Angeles County Department of Community and Senior Services, the Los Angeles Community Development Division, the Los Angeles Homeless Services Authority, the Administration for Children & Families, the State Department of Housing and Community Development, the State of California Maternal & Child Health Branch, the State Office of Emergency Services, the State Department of Mental Health, the Emergency Food and Shelter Program, and the United States Department of Housing and Urban Development.

OPCC receives approximately 56% of its funding from government agencies, funding that is to be expended for the grant purpose. This revenue is recognized as grant-purpose services are being performed by OPCC.

OPCC also receives private support in the form of restricted and unrestricted donations. OPCC receives approximately 44% of its funding from contributions made from private organizations or individuals. These contributions are recognized as support when received.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

The accompanying financial statements are presented utilizing the accrual basis of accounting. OPCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. (OPCC did not have any permanently restricted net assets at June 30, 2006.)

Grants, Contributions, and Pledges

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Center classifies donor-restricted contributions as unrestricted support if restrictions are satisfied in the same reporting period in which the contributions are received. Conditional contributions are recorded as support in the period the condition is met. Pledges for future contributions are recorded as receivables and reported at their estimated realizable values.

Government Grants

OPCC receives a portion of its total revenue and support under various governmental grants that pay OPCC based on reimbursable costs as defined by the grants, if any. Reimbursements recorded under these grants are subject to audit. Management believes that material adjustments will not result from subsequent audits, if any, of costs reflected in the accompanying financial statements.

Contributed Services

OPCC receives contributed services from volunteers who provide a variety of program support and services. Management estimated that the fair market value of these services during the year ended June 30, 2006 was \$444,528.

OPCC rents facilities from the City of Santa Monica. During the year ended June 30, 2006, OPCC was not charged any rent for the Daybreak Center. The Access Center and the Daybreak Shelter are in the same facility, and rent is \$59,204 per year for both of these programs. Management has estimated that for the current year, the fair market value of this rent would be \$81,645 for the Access Center, \$93,143 for the Daybreak Shelter, and \$36,000 for the Daybreak Center. These amounts have been reflected in the financial statements as revenue and expenses. Total donated rent was \$148,830 for both facilities during the year ended June 30, 2006.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Deferred Rent

OPCC entered into a lease agreement, whereby OPCC is leasing a building rent free until 2058 (see Note 6). Deferred rent is recorded at the estimated net present value of rent for the facility covered by the lease agreement.

Under FASB Staff Position (“FSP”) No. 13-1, “*Accounting for Rental Costs Incurred during a Construction Period*,” rental costs associated with ground or building operating leases incurred during a construction period must be recognized as rental expense. A lessee must then follow the guidance in FASB Statement No. 13, “*Accounting for Leases*,” and FASB Technical Bulletin No. 85-3, “*Accounting for Operating Leases with Scheduled Rent Increases*,” to determine the allocation of rental costs over the lease term. The guidance in the FSP must be applied to the first reporting period beginning after December 15, 2005. As a result of this FSP, OPCC started amortizing its deferred rent over the remaining period of the lease in 2005.

Property and Equipment

Additions and improvements that materially extend the lives of assets are capitalized and recorded at cost. OPCC provides for depreciation and amortization using the straight-line method over the estimated useful lives of the depreciable assets, commencing when the asset is placed in service as follows:

|                                    |  |
|------------------------------------|--|
| Building and building improvements | 40 years   |
| Furniture and equipment            | 5 years  |
| Automobiles                        | 5 years  |
| Leasehold improvements             | useful lives or lease term,<br>whichever is less |

Deposits Held in Trust

Deposits held in trust represent monies held by OPCC on behalf of certain clients of the Turning Point program, Daybreak Shelter program, and the SAMOSHEL program.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

OPCC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. In addition, under 509(a) of the Internal Revenue Code, OPCC is not a private foundation.

Use of Estimates

The preparation of financial statements 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 those estimates.

**NOTE 3 – CASH**

OPCC maintains cash deposits at four banks located in California. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times, cash balances are in excess of the insured limit.

Included in cash are accounts which OPCC maintains for certain clients of Turning Point, Daybreak Shelter, and SAMOSHEL until these clients are self-sufficient. At June 30, 2006, cash balances related to these three bank accounts aggregated to \$187,383.

**NOTE 4 – INVESTMENTS**

Investments at June 30, 2006 consisted of fixed income and equity securities and are stated at fair market value. Investments at June 30, 2006 are summarized as follows:

|                         | <u>Fair Market<br/>Value</u> | <u>Unrealized<br/>Gains</u> | <u>Cost</u>                |
|-------------------------|------------------------------|-----------------------------|----------------------------|
| Fixed income securities | \$ 593,966                   | \$ 31,487                   | \$ 562,479                 |
| Equity securities       | <u>1,117,722</u>             | <u>141,466</u>              | <u>976,256</u>             |
| <b>Total</b>            | <b><u>\$ 1,711,688</u></b>   | <b><u>\$ 172,953</u></b>    | <b><u>\$ 1,538,735</u></b> |

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**NOTE 5 – PLEDGES RECEIVABLE**

At June 30, 2006, pledges are expected to be received as follows:

|                                  |                            |
|----------------------------------|----------------------------|
| Within one year or less          | \$ 1,265,682               |
| Between one year and three years | <u>464,776</u>             |
| <b>Total</b>                     | <b><u>\$ 1,730,458</u></b> |

**NOTE 6 – DEFERRED RENT**

During the year ended June 30, 2004, various proposed arrangements were discussed with the City of Santa Monica to enable OPCC to occupy a property on Cloverfield Boulevard in Santa Monica, California. In September 2003, OPCC entered into a 55-year lease with City of Santa Monica to lease this property. Under the terms of the lease, OPCC pays rent of \$1 each year for 55 years. The Lessor, the City of Santa Monica, purchased the building with the specific intent to lease it to OPCC under this arrangement. The cost of the building was \$5,000,000. Accordingly, OPCC recorded the below-market lease as a deferred rent asset and as a temporarily restricted contribution, restricted as to time, at June 30, 2004.

In September 2003, the City of Santa Monica awarded OPCC a \$1,200,000 loan. Major construction work commenced in March 2005 and ended subsequent to year-end (see Note 7). OPCC started amortizing the deferred rent asset over the remaining period of the lease in 2005 as a result of the new accounting guidance. When the building is placed in service, OPCC will amortize the related leasehold improvements on the property. (Also, see Note 11 for program loan payable to the City of Santa Monica.)

**NOTE 7 – PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2006 consisted of the following:

|  |                            |
|--|----------------------------|
| Land   | \$ 2,330,000               |
| Building and building improvements             | 3,448,733                  |
| Furniture and equipment                        | 481,161                    |
| Leasehold improvements                         | 327,237                    |
| Construction in progress                       | <u>4,775,107</u>           |
|  | 11,362,238                 |
| Less accumulated depreciation and amortization | <u>1,467,747</u>           |
| <b>Total</b>                                   | <b><u>\$ 9,894,491</u></b> |

Depreciation and amortization expense amounted to \$131,794 for the year ended June 30, 2006.



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**NOTE 7 – PROPERTY AND EQUIPMENT (Continued)**

The major construction of the Cloverfield property, which commenced in March 2005, ended in November 2006. A dedication for the new Cloverfield Services Center was held on November 16, 2006. The building is to be placed in service in December 2006.

**NOTE 8 – CAPITAL CAMPAIGN**

During fiscal year 2006, OPCC was engaged in a capital campaign to raise funds for the construction of two new homeless services facilities, the Cloverfield Services Center and the new Access Center. The capital campaign increased revenues and expenses for the year ended June 30, 2006 as shown in the accompanying statements of activities and functional expenses. Unexpended capital contributions will be used over the next fiscal years as construction progresses.

**NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses at June 30, 2006 consisted of the following:

|  |                            |
|--|----------------------------|
| Due to contractor for the construction of Cloverfield property | \$ 1,123,539               |
| Accrued vacation   | 247,865                    |
| Others   | <u>122,701</u>             |
| <b>Total</b>   | <b><u>\$ 1,494,105</u></b> |

**NOTE 10 – LINE OF CREDIT**

As of June 30, 2006, OPCC has a \$400,000 line of credit available to it from Union Bank of California. The line of credit has not been used as of June 30, 2006. The interest rate for the line of credit is the prime rate plus a spread of 1.75%. The line of credit is renewed annually upon OPCC paying the annual fee and the bank's review of OPCC's financial statements.

In addition, OPCC has a \$400,000 line of credit available to it from Northern Trust Bank of California. The line of credit has not been used as of June 30, 2006. The interest rate for the line of credit is the Prime rate plus a margin of 1.50%. The line of credit is renewed annually upon OPCC paying the annual fee and the bank's review of OPCC's financial statements.

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**NOTE 11 – NOTES PAYABLE**

Notes payable at June 30, 2006 consisted of the following:

|  |                            |
|--|----------------------------|
| Note payable to Low Income Investment Fund, secured by OPCC'S land and property. The note is payable in monthly installments of \$3,006 and bears interest at 7.5% per annum. Principal and interest are due on February 1, 2016.  | \$ 404,507                 |
| Note payable to Northern Trust Bank, secured by OPCC's land and property. The note is payable in monthly installments of \$3,535 and bears interest at 5.75% per annum. Principal and interest are due on July 20, 2012.   | 491,265                    |
| Note payable to Los Angeles Housing Department, secured by OPCC's land and property. The note payable is non-interest-bearing and will be repaid in the form of services provided by OPCC to the victims of domestic violence at a rate of \$32,500 per year or \$2,708 per month. The loan is due and payable in full no later than July 29, 2022.  | 536,250                    |
| Program loan payable to the City of Santa Monica. The note payable bears interest at 5.98% per annum, and payment of principal and interest will be made from residual receipts, which are defined as net rent and laundry income after deducting operating expenses, commencing September 30, 2005. The note is due and payable in full over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement. | 1,295,591                  |
| Note payable to Redevelopment Agency of the City of Santa Monica, secured by OPCC's land and property. The note payable is non-interest-bearing and will be repaid by OPCC in the form of congregate housing and emergency shelter for low-income people over a 55-year period. At the end of the 55th year, the remaining balance will be forgiven in full provided that OPCC remains in compliance with the terms of the regulatory agreement.   | <u>781,225</u>             |
|  | 3,508,838                  |
| Less accrued interest payable  | <u>95,591</u>              |
| <b>Total</b>   | <b><u>\$ 3,413,247</u></b> |

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**NOTE 11 – NOTES PAYABLE (Continued)**

Future maturities of notes payable at June 30, 2006 were as follows:

| Year Ending<br><u>June 30,</u> |                            |
|--------------------------------|----------------------------|
| 2007                           | \$ 64,428                  |
| 2008                           | 68,026                     |
| 2009                           | 69,495                     |
| 2010                           | 70,982                     |
| 2011                           | 72,568                     |
| Thereafter                     | <u>3,067,748</u>           |
| <b>Total</b>                   | <b><u>\$ 3,413,247</u></b> |

**NOTE 12 – COMMITMENTS**

Leases

OPCC has entered into operating lease agreements for one of its facilities and certain office equipment. Future minimum rental commitments under these operating leases at June 30, 2006 were as follows:

| Year Ending<br><u>June 30,</u> |                         |
|--------------------------------|-------------------------|
| 2007                           | \$ 13,140               |
| 2008                           | 11,160                  |
| 2009                           | 9,228                   |
| 2010                           | <u>6,921</u>            |
| <b>Total</b>                   | <b><u>\$ 40,449</u></b> |

Rent expense for the year ended June 30, 2006 was \$103,844.

The Access Center and Daybreak Shelter's programs are currently renting facilities from the City of Santa Monica. The City of Santa Monica, which owns the building, is demolishing the building within the next two years. OPCC has been notified by the City of Santa Monica to evacuate the space once new locations are established for the two programs. OPCC is currently developing the Cloverfield property (see Note 6 and Note 7) for the Daybreak Shelter and will be relocating the Access Center onto a parcel of land located at 5th Street and Olympic Boulevard in Santa Monica. As of June 30, 2006, the two programs combined represented 22% of total revenue and 33% of functional expenses.

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**NOTE 13 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2006 were available for the following purposes:

|                     | Available<br>June 30,<br>2005 | New<br>Revenues            | Expenditures                 | Available<br>June 30,<br>2006 |
|---------------------|-------------------------------|----------------------------|------------------------------|-------------------------------|
| Access Center       | \$ 182                        | \$ 81,192                  | \$ (80,671)                  | \$ 703                        |
| Campion Counseling  | 82,433                        | -                          | (57,433)                     | 25,000                        |
| Sojourn Programs    | 290,447                       | 664,265                    | (620,993)                    | 333,719                       |
| Turning Point       | 45,995                        | 204,027                    | (250,022)                    | -                             |
| Daybreak Shelter    | 208,514                       | 259,797                    | (268,311)                    | 200,000                       |
| Daybreak Center     | -                             | 36,000                     | (36,000)                     | -                             |
| Night Light         | 133,986                       | 100                        | (26,459)                     | 107,627                       |
| Sojourn Trust Funds | 1,873,492                     | 85,688                     | (42,831)                     | 1,916,349                     |
| K9 Connection       | 13,239                        | 135,554                    | (120,752)                    | 28,041                        |
| Capital             | 2,174,653                     | 3,379,641                  | (1,364,049)                  | 4,190,245                     |
| Deferred rent       | 5,000,000                     | -                          | (250,000)                    | 4,750,000                     |
| Agency              | -                             | 15,000                     | (8,741)                      | 6,259                         |
| <b>Total</b>        | <b><u>\$ 9,822,941</u></b>    | <b><u>\$ 4,861,264</u></b> | <b><u>\$ (3,126,262)</u></b> | <b><u>\$ 11,447,943</u></b>   |

The Declaration of Trust from the Sojourn Trust states that the interest income is restricted to support the programs operated by Sojourn Services for Battered Women and Their Children. The Board of Directors of OPCC may petition the trustee to disburse principal from the trust to be used for specific purposes related to Sojourn. The trustee has the final authority on whether or not to approve principal distribution. OPCC has the final authority on the selection of the trustee.

**NOTE 14 – RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2006, OPCC received \$553,375 in cash donations from its Board of Directors.

**NOTE 15 – RETIREMENT PLAN**

OPCC offers its employees the opportunity to participate in a 403(b) retirement plan (the "Plan"), which represents an annuity contract purchased from ING Life Insurance and Annuity Company. Employees are eligible to contribute to the Plan immediately upon hire and may contribute a maximum amount as permitted by law per year. Employer contributions to the Plan are not required.

## **SUPPLEMENTAL INFORMATION**

**OPCC**  
**(FORMERLY OCEAN PARK COMMUNITY CENTER)**  
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**STATEMENT OF ACTIVITIES BY PROGRAM**  
**June 30, 2006**

|   | Program Services                      |                     |                  |  |                     |                                    |                   |                        |                  |                         | Capital and<br>Deferred<br>Rent | Supporting<br>Services and<br>Fundraising | Total                |
|---|---------------------------------------|---------------------|------------------|--|---------------------|------------------------------------|-------------------|------------------------|------------------|-------------------------|---------------------------------|---|----------------------|
|   | Access Center<br>and Outreach<br>Team | Sojourn             | Night<br>Light   | Turning Point<br>Transitional<br>Housing | Daybreak            | Campion<br>Mental Health<br>Center | Safe<br>Haven     | Maryland<br>Apartments | K9<br>Connection | SAMOSHEL/<br>SHWASHLOCK |                                 |   |                      |
| <b>Revenue and support</b>  |                                       |                     |                  |  |                     |                                    |                   |                        |                  |                         |                                 |   |                      |
| Revenue   |                                       |                     |                  |  |                     |                                    |                   |                        |                  |                         |                                 |   |                      |
| Government agencies   | \$ 678,651                            | \$ 833,655          | \$ 151,561       | \$ 739,443                               | \$ 735,575          | \$ 62,205                          | \$ 315,308        | \$ -                   | \$ -             | \$ 478,072              | \$ 1,494,693                    | \$ -                                      | \$ 5,489,163         |
| Investment income, realized<br>losses, and unrealized<br>gains on investments | -                                     | 137,435             | -                | -  | -                   | -                                  | -                 | -                      | -                | -                       | 23,320                          | 11,001                                    | 171,756              |
| Support   |                                       |                     |                  |  |                     |                                    |                   |                        |                  |                         |                                 |   |                      |
| Contributions   | 246,305                               | 297,035             | 100              | 30,214                                   | 327,139             | 42,867                             | 231,709           | -                      | 87,664           | 8,018                   | 1,884,948                       | 1,020,310                                 | 4,176,309            |
| Contributed goods   | 20,801                                | 9,236               | -                | 4,627                                    | 11,034              | -                                  | -                 | -                      | 21,129           | 20,882                  | -                               | -   | 87,709               |
| Contributed services  | 115,416                               | 102,130             | -                | 128,086                                  | 37,772              | -                                  | -                 | -                      | 8,820            | 52,304                  | -                               | -   | 444,528              |
| Contributed rent  | 53,033                                | -                   | -                | -  | 95,797              | -                                  | -                 | -                      | -                | -                       | -                               | -   | 148,830              |
| Special events and mailings   | 58,941                                | 204,118             | -                | 41,101                                   | 55,772              | 365                                | -                 | -                      | 17,940           | -                       | -                               | 316,407                                   | 694,644              |
| Total revenue and support   | <u>1,173,147</u>                      | <u>1,583,609</u>    | <u>151,661</u>   | <u>943,471</u>                           | <u>1,263,089</u>    | <u>105,437</u>                     | <u>547,017</u>    | <u>-</u>               | <u>135,553</u>   | <u>559,276</u>          | <u>3,402,961</u>                | <u>1,347,718</u>                          | <u>11,212,939</u>    |
| <b>Functional expenses</b>  |                                       |                     |                  |  |                     |                                    |                   |                        |                  |                         |                                 |   |                      |
| Program services  | 1,179,119                             | 1,475,817           | 178,020          | 996,160                                  | 1,266,853           | 276,465                            | 549,311           | 42,390                 | 120,751          | 650,409                 | -                               | -   | 6,735,295            |
| Supporting services and<br>fundraising  | -                                     | -                   | -                | -  | -                   | -                                  | -                 | -                      | -                | -                       | 400,610                         | 283,213                                   | 683,823              |
| Total functional expenses   | <u>1,179,119</u>                      | <u>1,475,817</u>    | <u>178,020</u>   | <u>996,160</u>                           | <u>1,266,853</u>    | <u>276,465</u>                     | <u>549,311</u>    | <u>42,390</u>          | <u>120,751</u>   | <u>-</u>                | <u>400,610</u>                  | <u>283,213</u>                            | <u>7,419,118</u>     |
| <b>Net assets at beginning of year</b>  | <u>(371,119)</u>                      | <u>2,210,574</u>    | <u>65,728</u>    | <u>(127,042)</u>                         | <u>(290,235)</u>    | <u>(554,093)</u>                   | <u>119,126</u>    | <u>(26,369)</u>        | <u>13,237</u>    | <u>-</u>                | <u>7,037,332</u>                | <u>5,500,884</u>                          | <u>13,578,023</u>    |
| <b>Net assets, end of year</b>  | <u>\$ (377,091)</u>                   | <u>\$ 2,318,366</u> | <u>\$ 39,369</u> | <u>\$ (179,731)</u>                      | <u>\$ (293,999)</u> | <u>\$ (725,121)</u>                | <u>\$ 116,832</u> | <u>\$ (68,759)</u>     | <u>\$ 28,039</u> | <u>\$ 559,276</u>       | <u>\$ 10,039,683</u>            | <u>\$ 6,565,389</u>                       | <u>\$ 17,371,844</u> |

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