

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
AUDITED COMBINED FINANCIAL STATEMENTS
TABLE OF CONTENTS
June 30, 2006

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT.....	1
AUDITED FINANCIAL STATEMENTS	
Combined Statement of Financial Position.....	2
Combined Statement of Activities.....	3
Combined Statement of Functional Expenses.....	4
Combined Statement of Cash Flows.....	5
Notes to Combined Financial Statements.....	6

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Los Angeles Chamber Orchestra Society, Inc. and Affiliate
Los Angeles, California

We have audited the accompanying combined statement of financial position of the Los Angeles Chamber Orchestra Society, Inc. and Affiliate (LACO), a nonprofit organization, as of June 30, 2006, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of LACO'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. 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 combined financial position of the Los Angeles Chamber Orchestra Society, Inc. and Affiliate as of June 30, 2006, and the combined 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.

Los Angeles, California
September 29, 2006

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 COMBINED STATEMENT OF FINANCIAL POSITION
 June 30, 2006
 (with comparative totals for 2005)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
ASSETS					
CURRENT ASSETS					
Cash					
Cash and cash equivalents	\$ 326,637	\$ 384,717	\$ 187,149	\$ 898,503	\$ 751,187
Reserve-restricted			125,000	125,000	125,000
Reserve-ticket trust/operating	<u>923,014</u>			<u>923,014</u>	<u>791,965</u>
TOTAL CASH	1,249,651	384,717	312,149	1,946,517	1,668,152
Investments	235,677		1,595,661	1,831,338	1,684,636
Grants and contributions receivable	84,140	207,500	10,000	301,640	287,500
Prepaid and other assets	<u>78,342</u>			<u>78,342</u>	<u>63,605</u>
TOTAL CURRENT ASSETS	1,647,810	592,217	1,917,810	4,157,837	3,703,893
CONTRIBUTIONS RECEIVABLE, NET		97,000		97,000	263,840
PROPERTY, NET	<u>16,434</u>			<u>16,434</u>	<u>11,803</u>
TOTAL ASSETS	<u>\$ 1,664,244</u>	<u>\$ 689,217</u>	<u>\$ 1,917,810</u>	<u>\$ 4,271,271</u>	<u>\$ 3,979,536</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 128,796	\$	\$	\$ 128,796	\$ 61,655
Advance ticket sales	498,014			498,014	491,965
Accrued expenses	<u>18,677</u>			<u>18,677</u>	<u>21,127</u>
TOTAL CURRENT LIABILITIES	645,487			645,487	574,747
NET ASSETS					
Unrestricted					
Undesignated	358,080			358,080	259,412
Designated operating reserve	425,000			425,000	300,000
Designated endowment	<u>235,677</u>			<u>235,677</u>	<u>122,622</u>
TOTAL UNRESTRICTED	1,018,757			1,018,757	682,034
Temporarily restricted		689,217		689,217	856,190
Permanently restricted			<u>1,917,810</u>	<u>1,917,810</u>	<u>1,866,565</u>
TOTAL NET ASSETS	<u>1,018,757</u>	<u>689,217</u>	<u>1,917,810</u>	<u>3,625,784</u>	<u>3,404,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,664,244</u>	<u>\$ 689,217</u>	<u>\$ 1,917,810</u>	<u>\$ 4,271,271</u>	<u>\$ 3,979,536</u>

See notes to combined financial statements.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 COMBINED STATEMENT OF ACTIVITIES
 Year Ended June 30, 2006
 (with comparative totals for 2005)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
OPERATING REVENUE					
Musical performance:					
Outside concerts-					
contracted services	\$ 156,703	\$	\$	\$ 156,703	\$ 138,700
LACO concerts-ticket sales	725,925			725,925	646,260
Interest and dividend income	70,859		968	71,827	48,472
Gift shop sales, ticket handling and other revenue	44,902			44,902	44,620
Realized investment gains	63,661		48,277	111,938	150,337
Unrealized investment gains (losses)	19,420			19,420	(59,306)
	<u>1,081,470</u>		<u>49,245</u>	<u>1,130,715</u>	<u>969,083</u>
OPERATING EXPENSES					
Program services	2,223,814			2,223,814	1,792,356
Management and general	257,601			257,601	270,848
	<u>2,481,415</u>			<u>2,481,415</u>	<u>2,063,204</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES					
	(1,399,945)		49,245	(1,350,700)	(1,094,121)
NON-OPERATING ACTIVITIES					
Grants and contributions	1,227,581	180,377	2,000	1,409,958	1,750,797
Donated materials, services and facilities	81,261			81,261	75,765
Fundraising events, net	345,129			345,129	363,426
Development costs	(264,653)			(264,653)	(237,686)
Net assets released from restrictions	347,350	(347,350)			
	<u>1,736,668</u>	<u>(166,973)</u>	<u>2,000</u>	<u>1,571,695</u>	<u>1,952,302</u>
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES					
	336,723	(166,973)	51,245	220,995	858,181
NET ASSETS AT BEGINNING OF YEAR					
	<u>682,034</u>	<u>856,190</u>	<u>1,866,565</u>	<u>3,404,789</u>	<u>2,546,608</u>
NET ASSETS AT END OF YEAR					
	<u>\$ 1,018,757</u>	<u>\$ 689,217</u>	<u>\$ 1,917,810</u>	<u>\$ 3,625,784</u>	<u>\$ 3,404,789</u>

See notes to combined financial statements.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2006
 (with comparative totals for 2005)

	Program Services			Supporting Services			2006	2005
	Concerts and Recordings	Promotion	Total	Management and General	Development	Total	Total All Funds	Total All Funds
Salaries and related expenses								
Staff	\$ 106,410	\$ 192,507	\$ 298,917	\$ 102,414	\$ 188,013	\$ 290,427	\$ 589,344	\$ 565,809
Musicians	789,138		789,138				789,138	624,574
Guest artists	115,656		115,656				115,656	100,383
Payroll taxes	54,402	14,572	68,974	7,293	14,393	21,686	90,660	78,895
Employee benefits	120,191	20,322	140,513	4,316	12,915	17,231	157,744	130,599
TOTAL SALARIES AND RELATED EXPENSES	1,185,797	227,401	1,413,198	114,023	215,321	329,344	1,742,542	1,500,260
Accounting and auditing				12,495		12,495	12,495	14,000
Advertising		147,266	147,266	758		758	148,024	76,461
Bank charges				9,712		9,712	9,712	29,586
Conferences and seminars	2,530	1,012	3,542	518	1,578	2,096	5,638	10,120
Credit card and ticket sale fees		25,673	25,673				25,673	20,846
Depreciation				2,622		2,622	2,622	13,383
Donor benefits					19,104	19,104	19,104	3,982
Dues and subscriptions				7,917	547	8,464	8,464	6,763
Equipment repairs and maintenance				17,499		17,499	17,499	9,892
Hall rental/stage hands	176,337		176,337				176,337	155,907
Instrument rental and cartage	36,949		36,949				36,949	27,264
Insurance (other than employee benefits)				29,755		29,755	29,755	29,729
Miscellaneous	3,961	1,319	5,280	8,450		8,450	13,730	14,732
Music-composer commissions	10,000		10,000		805	805	10,805	23,631
Music-rental and reproduction	31,749		31,749				31,749	19,216
Occupancy	20,942	20,942	41,884	16,961	13,961	30,922	72,806	69,785
Payroll service charges	1,087		1,087	2,775		2,775	3,862	4,427
Postage and shipping	1,310	27,701	29,011	1,172	4,754	5,926	34,937	22,983
Pre-concert lectures/host	2,280		2,280				2,280	300
Printing	24,422	66,464	90,886	17,244	4,550	21,794	112,680	87,608
Professional services		157,499	157,499	3,900		3,900	161,399	94,974
Supplies	5,850	362	6,212				6,212	4,050
Taxes and licenses	11,814		11,814	386		386	12,200	11,826
Telephone	1,738	4,346	6,084	2,608	2,173	4,781	10,865	10,248
Transportation and parking	26,039		26,039	8,339		8,339	34,378	24,311
Travel and entertainment	1,024		1,024	467	1,860	2,327	3,351	14,606
TOTALS	\$ 1,543,829	\$ 679,985	\$ 2,223,814	\$ 257,601	\$ 264,653	\$ 522,254	\$ 2,746,068	\$ 2,300,890

See notes to combined financial statements.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 COMBINED STATEMENT OF CASH FLOWS
 Year Ended June 30, 2006
 (with comparative totals for 2005)

	<u>2006</u>	<u>2005</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 220,995	\$ 858,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,622	13,383
Investment gains	(131,358)	(91,031)
Changes in operating assets and liabilities:		
Grants and contributions receivable	152,700	(401,063)
Prepaid expenses and other assets	(14,737)	5,075
Accounts payable	67,141	8,948
Advance ticket sales	6,049	56,228
Accrued expenses	<u>(2,450)</u>	<u>(1,782)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	300,962	447,939
INVESTING ACTIVITIES		
Purchase of property	(7,253)	(11,149)
Purchase of investments	(201,417)	(602,171)
Proceeds from sale/maturities of investments	<u>186,073</u>	<u>661,725</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(22,597)</u>	<u>48,405</u>
INCREASE IN CASH AND CASH EQUIVALENTS	278,365	496,344
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,668,152</u>	<u>1,171,808</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,946,517</u>	<u>\$ 1,668,152</u>
SUPPLEMENTARY DISCLOSURES		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$</u>	<u>\$</u>

See notes to combined financial statements.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS
June 30, 2006
(with comparative totals for 2005)

NOTE 1--ORGANIZATION

The Los Angeles Chamber Orchestra Society, Inc. and Affiliate (LACO) consists of the Los Angeles Chamber Orchestra and the Los Angeles Chamber Orchestra Foundation (Founders Endowment).

LACO, which receives a significant amount of its revenue from contracts and grants awarded by foundations and corporations (and a minor share from local and federal government agencies), is a professional orchestra dedicated to performing concerts of music from the chamber orchestra repertoire. Performances include various self-presented series and events in greater Los Angeles, as well as appearances contracted by presenting organizations throughout Southern California and in conjunctions with national and international tours.

LACO also provides free and low-cost programs that educate and engage the multi-cultural, multi-generational greater Los Angeles community. The orchestra's local and national broadcasts (also available internationally through internet streaming and selected podcasts) make its concerts accessible to millions worldwide.

The Los Angeles Chamber Orchestra Founders Endowment was created in 1992 for the purpose of investing two grants and their matching contributions totaling \$400,000. Distributions can only be made from the investment earnings, subject to certain limitations as prescribed in the endowment's investment policy. Other endowments exist within LACO as described in Note 8.

LACO and its Affiliate were organized pursuant to the General Nonprofit Corporation laws of the State of California and are exempt from federal income tax, California franchise tax, federal unemployment tax, and various other federal, state, and local taxes under Section 501(c)(3) of the Internal Revenue Code and similar federal and state provisions.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination--The combined financial statements for 2006 include the accounts of LACO and its Affiliate. All significant intercompany transactions are eliminated.

Basis of Presentation--LACO recognizes contributions as revenue in the period committed. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of LACO and changes therein are classified and reported as follows:

Unrestricted net assets--Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of LACO.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Temporarily restricted net assets--Net assets subject to donor-imposed stipulations that may or will be met either by actions of LACO and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets--Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of LACO's programs and operations, or for restricted purposes, as directed by the donor.

Operating activities reflect transactions related to the performance of concerts by the orchestra. Non-operating activities reflect contributed revenue and the related expenses.

Comparative Totals for 2005--The accompanying financial statements include certain prior-year summarized comparative financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with LACO's audited financial statements for the year ended June 30, 2005, from which the summarized information was derived.

Income Taxes--LACO is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and exempt from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, LACO has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Property--Property is recorded at cost or, if donated, at the fair market value on the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets (five years). Costs of additions, renewals, and betterments are capitalized; maintenance and repairs are charged to expense when incurred. Individual property items valued at less than \$1,000 are expensed when purchased or donated.

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 NOTES TO COMBINED FINANCIAL STATEMENTS--Continued

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued

Concentration of Credit Risk--Financial instruments which potentially subject LACO to concentrations of credit risk consist of cash, investments and grants and contributions receivable. LACO places a portion of its cash with a high credit quality financial institution where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per institution. In the normal course of operations, such cash balances exceed the FDIC insurance limits. LACO places the balance of its cash and its investments with a large broker-dealer where the cash and investments are fully insured by a private insurer. The grants and contributions receivable at June 30, 2006 and 2005 are due from well-known charitable foundations with substantial assets and a government entity through fiscal agents. Management of LACO has assessed the credit risk associated with the cash, investments and grants and contributions receivable and determined that an allowance for potential uncollectible amounts at June 30, 2006 is not necessary.

Cash and Cash Equivalents--LACO considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments--Investments are stated at fair market value.

Use of Estimates--Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported public support, revenues and expenses. Actual results could differ from those estimates and assumptions.

NOTE 3--INVESTMENTS

Investments at June 30, 2006 and 2005 consist of the following:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
2006:			
Mutual funds	\$ 870,342	\$ 1,062,541	\$ 192,199
Corporate bonds	299,557	285,594	(13,963)
Common stock	<u>432,252</u>	<u>483,203</u>	<u>50,951</u>
TOTALS	<u>\$ 1,602,151</u>	<u>\$ 1,831,338</u>	<u>\$ 229,187</u>
2005:			
Mutual funds	\$ 743,418	\$ 938,616	\$ 195,198
Corporate bonds	319,619	313,930	(5,689)
Common stock	<u>423,945</u>	<u>432,090</u>	<u>8,145</u>
TOTALS	<u>\$ 1,486,982</u>	<u>\$ 1,684,636</u>	<u>\$ 197,654</u>

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 NOTES TO COMBINED FINANCIAL STATEMENTS--Continued

NOTE 3--INVESTMENTS--Continued

The investment return and its classification in the statement of activities can be summarized as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
2006:			
Interest and dividend income	\$ 70,859	\$ 968	\$ 71,827
Net realized and unrealized gains	<u>83,081</u>	<u>48,277</u>	<u>131,358</u>
TOTAL INVESTMENT RETURN	<u>\$ 153,940</u>	<u>\$ 49,245</u>	<u>\$ 203,185</u>
2005:			
Interest and dividend income	\$ 14,353	\$ 34,119	\$ 48,472
Net realized and unrealized gains	<u> </u>	<u>91,031</u>	<u>91,031</u>
TOTAL INVESTMENT RETURN	<u>\$ 14,353</u>	<u>\$ 125,150</u>	<u>\$ 139,503.</u>

NOTE 4--GRANTS AND CONTRIBUTIONS RECEIVABLE, NET

Net grants and contributions receivable at June 30, 2006 and 2005 consist of the following:

	<u>2006</u>	<u>2005</u>
Individuals	\$ 73,140	\$ 13,000
Foundations and corporations	309,000	525,000
Government grants	<u>19,500</u>	<u>24,500</u>
GROSS	401,640	562,500
Less discount at 3%	(3,000)	(11,160)
Less allowance for doubtful accounts	<u> </u>	<u> </u>
NET	<u>\$ 398,640</u>	<u>\$ 551,340</u>

Gross grants and contributions receivable at June 30, 2006 and 2005 are due as follows:

	<u>2006</u>	<u>2005</u>
Receivable due in less than one year	\$ 301,640	\$ 287,500
Receivable due in one to five years	<u>100,000</u>	<u>275,000</u>
GROSS	<u>\$ 401,640</u>	<u>\$ 562,500</u>

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 NOTES TO COMBINED FINANCIAL STATEMENTS--Continued

NOTE 5--PROPERTY, NET

Net property at June 30, 2006 and 2005, consists of the following:

	<u>2006</u>	<u>2005</u>
Equipment and furnishings	\$ 98,480	\$ 91,227
Music library	<u>1,020</u>	<u>1,020</u>
	99,500	92,247
Less accumulated depreciation	<u>(83,066)</u>	<u>(80,444)</u>
NET	<u>\$ 16,434</u>	<u>\$ 11,803</u>

NOTE 6--DESIGNATED UNRESTRICTED NET ASSETS

During the current year, LACO's Board of Directors has designated an operating reserve in the amount of \$425,000, and an endowment in the amount of \$235,677.

NOTE 7--TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2006 and 2005 are restricted for the following purposes:

	<u>2006</u>	<u>2005</u>
Activities:		
Concerts, Mozart 250th birthday, visibility and education	\$ 205,000	\$ 345,000
Video completion	9,000	
Mural completion	<u>30,000</u>	<u>30,000</u>
	244,000	375,000
Time	<u>445,217</u>	<u>481,190</u>
TOTALS	<u>\$ 689,217</u>	<u>\$ 856,190</u>

Temporarily restricted net assets were released from donor restrictions during the years ended June 30, 2006 and 2005 as follows:

	<u>2006</u>	<u>2005</u>
Concerts, education and outreach	\$ 145,000	\$ 151,400
Time	<u>202,350</u>	<u>30,500</u>
TOTALS	<u>\$ 347,350</u>	<u>\$ 181,900</u>

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
 NOTES TO COMBINED FINANCIAL STATEMENTS--Continued

NOTE 8--PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at June 30, 2006 and 2005 are restricted for the following purposes:

	<u>2006</u>	<u>2005</u>
Founders Endowment	\$ 578,648	\$ 533,258
Colburn Endowment	29,530	25,675
Dolan Library Endowment	9,024	9,024
General Endowment	111,530	99,530
Hearst Education Endowment	200,000	200,000
Troy Endowment	41,425	41,425
Zimmer Endowment	<u>812,653</u>	<u>812,653</u>
TOTAL ENDOWMENTS	1,782,810	1,721,565
Irvine Foundation-cash reserves	125,000	125,000
Colburn Foundation-contributions receivable	<u>10,000</u>	<u>20,000</u>
TOTALS	<u>\$ 1,917,810</u>	<u>\$ 1,866,565</u>

During the year ended June 30, 2005, \$186,322 of permanently restricted net assets were released from restrictions as cumulative investment earnings had exceeded certain limitations, as prescribed by each endowment's investment restrictions.

NOTE 9--FUNDRAISING EVENTS, NET

Net fundraising events conducted during the years ended June 30, 2006 and 2005 can be summarized as follows:

	<u>2006</u>	<u>2005</u>
Revenues:		
Special event ticket sales	\$ 110,957	\$ 63,750
Contributions	<u>500,877</u>	<u>594,659</u>
	611,834	658,409
Less direct expenses	<u>(266,705)</u>	<u>(294,983)</u>
NET	<u>\$ 345,129</u>	<u>\$ 363,426</u>

THE LOS ANGELES CHAMBER ORCHESTRA SOCIETY, INC. AND AFFILIATE
NOTES TO COMBINED FINANCIAL STATEMENTS--Continued

NOTE 10--COMMITMENTS

LACO leases office space and equipment under noncancellable operating leases. Minimum future annual rental payments required under these leases at June 30, 2006 can be summarized as follows:

<u>Year Ending June 30,</u>	
2007	\$ <u>13,890</u>
TOTAL	\$ <u><u>13,890</u></u>

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the gifts and their terms, the Board is acknowledging the requirements of the grantor at the time of receipt of the grant.

NOTE 11--RETIREMENT PLAN

LACO has a Salary Reduction Simplified Employee Pension Plan (SARSEP). Eligible employees can make elective contributions up to plan limits and LACO can make voluntary contributions to the plan. Employer contributions to the plan during the years ended June 30, 2006 and 2005 were \$6,060 and \$6,058, respectively.