

Financial statements and report of independent certified public accountants

Bradley Center Sports and Entertainment Corporation

June 30, 2006 and 2005

Grant Thornton 

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**REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors
Bradley Center Sports and Entertainment Corporation

We have audited the accompanying statements of financial position of Bradley Center Sports and Entertainment Corporation (the "Corporation," a Wisconsin non-stock, not-for-profit corporation) as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Grant Thornton LLP

GRANT THORNTON LLP
Milwaukee, Wisconsin
September 12, 2006

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION

As of June 30,

| ASSETS | 2006 | | | 2005 | | |
|---|-----------------------|---------------|---------------|-----------------------|---------------|---------------|
| | Current Operations | Plant | Total | Current Operations | Plant | Total |
| CURRENT ASSETS: | | | | | | |
| Cash and cash equivalents | \$ 4,287,390 | \$ - | \$ 4,287,390 | \$ 2,640,219 | \$ - | \$ 2,640,219 |
| Cash deposits held for others | 2,513,441 | - | 2,513,441 | 5,210,492 | - | 5,210,492 |
| Total cash and cash equivalents | 6,800,831 | - | 6,800,831 | 7,850,711 | - | 7,850,711 |
| Accounts and interest receivable, net | 145,750 | - | 145,750 | 182,538 | - | 182,538 |
| Prepaid expenses and other assets | 146,697 | - | 146,697 | 222,095 | - | 222,095 |
| Inventories | 1,644 | - | 1,644 | 249,495 | - | 249,495 |
| Total current assets | 7,094,922 | - | 7,094,922 | 8,504,839 | - | 8,504,839 |
| PROPERTY AND EQUIPMENT – AT COST: | | | | | | |
| Land | - | 10,269,713 | 10,269,713 | - | 10,269,713 | 10,269,713 |
| Buildings and improvements | - | 70,102,529 | 70,102,529 | - | 69,904,707 | 69,904,707 |
| Machinery and equipment | - | 25,090,478 | 25,090,478 | - | 23,212,493 | 23,212,493 |
| Construction in progress | - | 350,344 | 350,344 | - | 1,432 | 1,432 |
| | - | 105,813,064 | 105,813,064 | - | 103,388,345 | 103,388,345 |
| Less accumulated depreciation | - | (61,612,886) | (61,612,886) | - | (59,320,938) | (59,320,938) |
| Property and equipment, net | - | 44,200,178 | 44,200,178 | - | 44,067,407 | 44,067,407 |
| Assets designated for future property and equipment replacement | - | 4,793,829 | 4,793,829 | - | 6,091,506 | 6,091,506 |
| Total assets | \$ 7,094,922 | \$ 48,994,007 | \$ 56,088,929 | \$ 8,504,839 | \$ 50,158,913 | \$ 58,663,752 |
| LIABILITIES AND NET ASSETS | | | | | | |
| CURRENT LIABILITIES: | | | | | | |
| Accounts and deposits payable | \$ 3,049,071 | \$ - | \$ 3,049,071 | \$ 5,542,795 | \$ - | \$ 5,542,795 |
| Other accrued liabilities | 3,819,444 | - | 3,819,444 | 2,097,246 | - | 2,097,246 |
| Deferred suite and other revenues | 256,609 | - | 256,609 | 532,106 | - | 532,106 |
| Current maturities of long-term debt - Bank | 222,742 | - | 222,742 | 192,268 | - | 192,268 |
| Current maturities of long-term debt - Other | 236,471 | - | 236,471 | - | - | - |
| Total current liabilities | 7,584,337 | - | 7,584,337 | 8,364,415 | - | 8,364,415 |
| LONG-TERM LIABILITIES: | | | | | | |
| Long-term debt - Bank | 4,895,813 | - | 4,895,813 | 5,118,507 | - | 5,118,507 |
| Long-term debt – Other | 1,059,182 | - | 1,059,182 | - | - | - |
| Other liabilities | 3,300,000 | - | 3,300,000 | 3,300,000 | - | 3,300,000 |
| Total liabilities | 16,839,332 | - | 16,839,332 | 16,782,922 | - | 16,782,922 |
| NET ASSETS: | | | | | | |
| Unrestricted | | | | | | |
| Undesignated | (9,744,410) | 44,200,178 | 34,455,768 | (8,278,083) | 44,067,407 | 35,789,324 |
| Designated plant | - | 4,793,829 | 4,793,829 | - | 6,091,506 | 6,091,506 |
| Total net assets | (9,744,410) | 48,994,007 | 39,249,597 | (8,278,083) | 50,158,913 | 41,880,830 |
| Total liabilities and net assets | \$ 7,094,922 | \$ 48,994,007 | \$ 56,088,929 | \$ 8,504,839 | \$ 50,158,913 | \$ 58,663,752 |

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

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
STATEMENTS OF ACTIVITIES
Years Ended June 30,

| | 2006 | | | 2005 | | |
|--|-----------------------|---------------|---------------|-----------------------|---------------|---------------|
| | Current Operations | Plant | Total | Current Operations | Plant | Total |
| OPERATING: | | | | | | |
| Changes in unrestricted net assets | | | | | | |
| Revenues, gains and other | | | | | | |
| Gross products and services | \$ 11,202,335 | \$ - | \$ 11,202,335 | \$ 16,084,281 | \$ - | \$ 16,084,281 |
| Tenant shared revenue | (5,129,400) | - | (5,129,400) | (4,478,117) | - | (4,478,117) |
| Net products and services | 6,072,935 | - | 6,072,935 | 11,606,164 | - | 11,606,164 |
| Tenant leases | 2,289,193 | - | 2,289,193 | 1,755,059 | - | 1,755,059 |
| Parking | 1,526,564 | - | 1,526,564 | 1,807,267 | - | 1,807,267 |
| Income on investments | 228,361 | - | 228,361 | 106,656 | - | 106,656 |
| Ticket service charges | 1,028,834 | - | 1,028,834 | 734,917 | - | 734,917 |
| Expense recovery | 1,052,417 | - | 1,052,417 | 999,726 | - | 999,726 |
| Other | 471,937 | - | 471,937 | 546,264 | - | 546,264 |
| Total revenues, gains and other | 12,670,241 | - | 12,670,241 | 17,556,053 | - | 17,556,053 |
| Expenses | | | | | | |
| Salaries, wages and benefits | 5,010,293 | - | 5,010,293 | 7,745,970 | - | 7,745,970 |
| Direct product costs | 3,167,710 | - | 3,167,710 | 6,664,851 | - | 6,664,851 |
| Depreciation | 2,560,301 | - | 2,560,301 | 2,818,285 | - | 2,818,285 |
| Contracted services, maintenance and supplies | 1,816,595 | - | 1,816,595 | 1,882,718 | - | 1,882,718 |
| Professional fees and other administrative | 1,154,187 | - | 1,154,187 | 1,181,782 | - | 1,181,782 |
| Utilities, insurance and property taxes | 1,260,807 | - | 1,260,807 | 1,216,164 | - | 1,216,164 |
| Interest | 483,904 | - | 483,904 | 308,975 | - | 308,975 |
| Total expenses | 15,453,797 | - | 15,453,797 | 21,818,745 | - | 21,818,745 |
| Decrease in unrestricted net assets from operations | (2,783,556) | - | (2,783,556) | (4,262,692) | - | (4,262,692) |
| NONOPERATING: | | | | | | |
| Income on assets designated for future property and equipment replacements | | | | | | |
| Interest and dividend income | - | 209,967 | 209,967 | - | 243,017 | 243,017 |
| Realized gains and losses, net | - | 62,639 | 62,639 | - | 132,308 | 132,308 |
| Net unrealized depreciation in investments | - | (104,834) | (104,834) | - | (31,656) | (31,656) |
| Total investment income | - | 167,772 | 167,772 | - | 343,669 | 343,669 |
| Trustee fees | - | (15,449) | (15,449) | - | (18,896) | (18,896) |
| Transfer of depreciation expense | 2,560,301 | (2,560,301) | - | 2,818,285 | (2,818,285) | - |
| Transfer of net additions of property and equipment | (2,693,072) | 2,693,072 | - | (1,885,076) | 1,885,076 | - |
| Other transfers, net | 1,450,000 | (1,450,000) | - | 3,495,000 | (3,495,000) | - |
| Change in nonoperating net assets | 1,317,229 | (1,164,906) | 152,323 | 4,428,209 | (4,103,436) | 324,773 |
| Total change in net assets | (1,466,327) | (1,164,906) | (2,631,233) | 165,517 | (4,103,436) | (3,937,919) |
| Net assets at beginning of year | (8,278,083) | 50,158,913 | 41,880,830 | (8,443,600) | 54,262,349 | 45,818,749 |
| Net assets at end of year | \$ (9,744,410) | \$ 48,994,007 | \$ 39,249,597 | \$ (8,278,083) | \$ 50,158,913 | \$ 41,880,830 |

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

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended June 30,

| | 2006 | | | 2005 | | |
|--|-----------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|
| | Current Operations | Plant | Total | Current Operations | Plant | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Change in net assets | \$ (1,466,327) | \$ (1,164,906) | \$ (2,631,233) | \$ 165,517 | \$ (4,103,436) | \$ (3,937,919) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | | | | | |
| Depreciation | - | 2,560,301 | 2,560,301 | - | 2,818,285 | 2,818,285 |
| Changes in operating assets and liabilities: | | | | | | |
| Accounts and interest receivable | 36,788 | - | 36,788 | 1,913 | - | 1,913 |
| Prepaid expenses and other current assets | 75,398 | - | 75,398 | 321,611 | - | 321,611 |
| Inventories | 247,851 | - | 247,851 | 50,251 | - | 50,251 |
| Accounts and deposits payable | (2,493,724) | - | (2,493,724) | 2,139,129 | - | 2,139,129 |
| Other accrued liabilities | 1,497,738 | - | 1,497,738 | (688,123) | - | (688,123) |
| Deferred suite and other revenues | (275,497) | - | (275,497) | 342,793 | - | 342,793 |
| Net cash (used in) provided by operating activities | <u>(2,377,773)</u> | <u>1,395,395</u> | <u>(982,378)</u> | <u>2,333,091</u> | <u>(1,285,151)</u> | <u>1,047,940</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Additions to property and equipment | - | (2,693,072) | (2,693,072) | - | (1,885,076) | (1,885,076) |
| Decrease in assets designated for future property and equipment replacements | - | 1,297,677 | 1,297,677 | - | 3,170,227 | 3,170,227 |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>(1,395,395)</u> | <u>(1,395,395)</u> | <u>-</u> | <u>1,285,151</u> | <u>1,285,151</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | |
| Proceeds from long-term debt and changes in other liabilities | 1,752,500 | - | 1,752,500 | 1,100,000 | - | 1,100,000 |
| Payments on long-term debt - Bank | (192,220) | - | (192,220) | (673,161) | - | (673,161) |
| Payments on long-term debt - Other | (232,387) | - | (232,387) | - | - | - |
| Net cash provided by financing activities | <u>1,327,893</u> | <u>-</u> | <u>1,327,893</u> | <u>426,839</u> | <u>-</u> | <u>426,839</u> |
| Net (decrease) increase in cash and cash equivalents | (1,049,880) | - | (1,049,880) | 2,759,930 | - | 2,759,930 |
| Cash and cash equivalents at beginning of year | 7,850,711 | - | 7,850,711 | 5,090,781 | - | 5,090,781 |
| Cash and cash equivalents at end of year | <u>\$ 6,800,831</u> | <u>\$ -</u> | <u>\$ 6,800,831</u> | <u>\$ 7,850,711</u> | <u>\$ -</u> | <u>\$ 7,850,711</u> |
| Supplemental data: | | | | | | |
| Cash paid for interest | <u>\$ 483,904</u> | <u>\$ -</u> | <u>\$ 483,904</u> | <u>\$ 308,975</u> | <u>\$ -</u> | <u>\$ 308,975</u> |

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

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE A - NATURE OF THE CORPORATION

Bradley Center Corporation (“BCC”) was incorporated on March 13, 1985, as a Wisconsin non-stock, not-for-profit corporation. BCC had been formed for the purpose of constructing and operating the Bradley Center (the “Center”), a recreational and sports facility in Milwaukee, Wisconsin. The Center was opened and began operations October 1, 1988. All funding of the construction costs of the Center, a memorial to the late Harry L. Bradley, was provided by the late Mr. and Mrs. Lloyd H. Pettit.

The BCC had received a determination letter from the Internal Revenue Service (“IRS”) which exempted BCC from Federal income taxes under Section 501(c) (3), of the Internal Revenue Code. BCC was also exempted from state income taxes.

In conjunction with obtaining its tax-exempt status, BCC represented that it would use its best efforts to transfer ownership of the Center to the State of Wisconsin (“State”), or a political subdivision or instrumentality of the State. The transfer of ownership of the Center to the Bradley Center Sports and Entertainment Corporation (“Corporation”), an entity established via State legislation, occurred effective June 30, 1993. BCC received a ruling from the IRS that the transfer of ownership would not adversely impact its tax-exempt status. The Corporation is exempt from taxes as an instrumentality of the State.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Corporation are described below to enhance the usefulness of the financial statements for the reader.

1. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting.

2. Basis of Presentation

The Corporation prepares the financial statements in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under this provision, 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 Corporation and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2006 and 2005

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Basis of Presentation - continued

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that will be met by actions of the Corporation and/or the passage of time. As of June 30, 2006 and 2005, the Corporation had no temporarily restricted net assets.

Permanently Restricted Net Assets

Net assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Corporation's actions. As of June 30, 2006 and 2005, the Corporation had no permanently restricted net assets.

3. Fund Accounting and Designated Net Assets

The Corporation utilizes fund accounting for internal record keeping purposes. The assets, liabilities, and net assets of the Corporation are reported in two separate funds, as follows:

Current Operations

This fund accounts for the day-to-day operations of the Center. Depreciation expense is initially charged to this fund and then transferred annually to the plant fund.

Plant

This fund is used to account for the acquisition and disposal of property and equipment and to allocate the cost of fixed assets acquired over their estimated useful lives. The assets and liabilities resulting from this are recorded in this fund. Property and equipment acquisitions are initially financed by the current operations fund and then transferred annually to the plant fund.

Since the Corporation has the statutory responsibility to adequately provide for the long-term maintenance of the Center for the benefit of the citizens of the State, the Board of Directors has designated certain unrestricted net assets for the purpose of funding property and equipment replacements. As of June 30, 2006 and 2005, the specific assets designated for future property and equipment replacements, consisting primarily of investments (see Note C), have been classified as a noncurrent asset in the accompanying Statements of Financial Position.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Accounts Receivable

The majority of the Corporation's accounts receivable are due from suite holders, tenants, service providers and other patrons. Credit is extended based on an evaluation of a customer's financial condition and past history and, generally, collateral is not required. Accounts receivable are payable upon receipt and are stated at amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding significantly longer than the contractual payment terms are considered past due. The Corporation determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Corporation's previous loss history, the customer's current ability to pay its obligation to the Corporation, and the condition of the general economy and the industry as a whole. The allowance for bad debts was \$1,350 and \$1,300 as of June 30, 2006 and 2005, respectively. The Corporation writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Corporation write-offs have been minimal due to the continuity of the customer base.

5. Inventories

Inventories are stated at the lower of cost or market, with cost being determined using the first-in, first-out method.

6. Property and Equipment

Property and equipment are stated at cost. The Corporation provides for depreciation by use of the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

| | |
|----------------------------|-------------|
| Buildings and improvements | 15-40 years |
| Machinery and equipment | 3-15 years |

Certain costs directly attributable to the development and construction of the Center have been capitalized. These include architectural and engineering fees as well as certain interest, construction administration and overhead costs. Land contributed by the City of Milwaukee (the "City") is recorded at the City's cost.

7. Advertising Costs

The Corporation expenses advertising costs as they are incurred. Total advertising expense was \$0 and \$78,043 for fiscal years 2006 and 2005, respectively.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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 periods. Actual results could differ from those estimates.

9. Cash Equivalents

Cash equivalents are defined as short-term investments with maturities generally of three months or less at time of purchase.

10. Derivative Financial Instruments

The Corporation was not party to any derivative financial instrument contracts in fiscal years 2006 or 2005.

NOTE C - INVESTMENTS

The Corporation carries investments at fair value as determined by quoted market prices.

Plant investments are designated for future property and equipment replacements as reflected in the accompanying Statements of Financial Position. The fair value of investments by type as of June 30 are as follows:

| | 2006 | 2005 |
|--|--------------|--------------|
| Certificate of deposit | \$ 100,000 | \$ 100,000 |
| Money market fund | 499,639 | 877,212 |
| U.S. treasury notes | 724,759 | 1,097,025 |
| Corporate bonds (non-government) | 1,408,991 | 1,985,395 |
| Federal agencies, state and municipal securities | 1,036,235 | 775,072 |
| Equity mutual funds | 991,272 | 1,218,857 |
| | 4,760,896 | 6,053,561 |
| Accrued income on investments | 34,125 | 39,383 |
| Accrued trustee fees | (1,192) | (1,438) |
| Fair value of investments | \$ 4,793,829 | \$ 6,091,506 |

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE C - INVESTMENTS - Continued

Plant investment income for fiscal years 2006 and 2005 consists of interest, dividends, realized gains (losses) and unrealized appreciation (depreciation).

Current operation's investments consist of cash and cash equivalents. Current operations investment income consists entirely of interest income.

As of June 30, 2006, certain investments held by the Corporation are in an unrealized loss position. Management believes that these losses are temporary. Investments that are in a loss position at June 30, 2006 consist of the following:

| | Fair value | Unrealized losses | |
|--|---------------------|---------------------------------|---------------------------------|
| | | Less than 12 consecutive months | More than 12 consecutive months |
| U.S. treasury notes | \$ 724,759 | \$ 12,140 | \$ 11,384 |
| Corporate bonds (non-government) | 973,983 | 19,088 | 9,802 |
| Federal agencies, state and municipal securities | 311,891 | 1,955 | 5,860 |
| Equity mutual funds | 29,352 | 1,075 | - |
| | <u>\$ 2,039,985</u> | <u>\$ 34,258</u> | <u>\$ 27,046</u> |

NOTE D - LONG-TERM DEBT

Long-term debt as of June 30 consists of the following:

| | 2006 | 2005 |
|--|-----------|------------|
| Promissory note to bank, unsecured, payable in monthly installments of \$32,800, including interest at 4.0%, paid in 2006. | \$ - | \$ 111,108 |
| Promissory note to bank, unsecured, payable in monthly installments of \$24,000, including interest at 4.5%, paid in 2006. | - | 2,322,778 |
| Promissory note to bank, unsecured, payable in monthly installments of \$19,698, including interest at 5.0%, paid in 2006. | - | 2,876,889 |
| Consolidated note to bank, unsecured, payable in monthly installments of \$44,000, including interest at 6.0%, balance due July 1, 2008. | 5,118,554 | - |

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE D - LONG-TERM DEBT - Continued

| | | |
|---|--------------|--------------|
| Third party note, unsecured, payable in monthly installments of \$18,293, imputed interest at 6%, balance due June 30, 2012. | \$ 1,116,384 | \$ - |
| Third party note, unsecured, payable in monthly installments of \$4,286, imputed interest at 6%, balance due June 30, 2008. | 96,698 | - |
| Third party lease, unsecured, payable in monthly installments of \$3,207 and interest payable at 6.17%, balance due December 1, 2008. | 82,572 | - |
| Total debt | 6,414,208 | 5,310,775 |
| Less – current maturities | (459,213) | (192,268) |
| Long-term debt | \$ 5,954,995 | \$ 5,118,507 |

On July 1, 2005, the promissory notes were consolidated into a single, unsecured promissory note to the bank payable in monthly installments of \$44,000, including interest at 6.0%, balance due July 1, 2008.

Future principal payments required on long-term debt are as follows:

| Year Ending June 30, | Amount |
|----------------------|--------------|
| 2007 | \$ 459,213 |
| 2008 | 487,586 |
| 2009 | 4,851,005 |
| 2010 | 187,630 |
| 2011 | 199,202 |
| Thereafter | 229,572 |
| | \$ 6,414,208 |

On November 4, 2003, the Corporation provided a \$100,000 letter of credit to its liability insurance company. The letter of credit is renewable in October 2006. There were no draws on the letter of credit as of June 30, 2006 and 2005.

Subsequent to year end the Corporation entered into a second promissory note to the bank. The note has a principal balance of \$3,500,000, and an initial interest rate of 7.34%. The principal and accrued unpaid interest is due April 10, 2007.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE E - CASH DEPOSITS HELD FOR OTHERS

The Corporation maintains separate cash accounts, under various operating agreements for cash collections related to ticket sales through the Center box office. The cash collected for these ticket sales is to be remitted to the respective promoter or tenant at the settlement of the event. As of June 30, 2006 and 2005, the Corporation had \$2,513,441 and \$5,210,492, respectively, in cash that was held in a fiduciary capacity under the terms of the agreements. These amounts are shown as a corresponding current liability included in accounts and deposits payable in the accompanying Statements of Financial Position.

NOTE F - TENANT LEASE AGREEMENTS

The Corporation has entered into lease agreements with Milwaukee Bucks, Inc. (the "Bucks"), Milwaukee Admirals, LLC (the "Admirals"), and Marquette University ("Marquette") for use of the Center. The expiration dates of these agreements are September 30, 2007, August 31, 2006, and March 15, 2009, respectively. Additionally, the corporation has an option to extend the Bucks lease agreement for one additional year until September 30, 2008, and Marquette has an option to extend its lease agreement for two additional one year terms.

The Bucks receive a share of concessions, suites, catering, merchandise and program revenues which are reflected as tenant shared revenue in the accompanying Statements of Activities.

Under the lease agreement with the Bucks, the Corporation has agreed to transfer additional suite revenues to the Bucks. As of June 30, 2006 and 2005, \$5.4 million and \$4.3 million, respectively, were due under the agreements. As of June 30, 2006, under the terms of the agreements, \$2.1 million is payable in fiscal 2007, \$1.1 million has been deferred until no later than August 2008, and \$2.2 million has been deferred until no later than August 2009.

NOTE G - SUITE LICENSE AND OTHER FEES

The Corporation has entered into various license agreements ranging from three to five years for the use of the box suites at the Center. Minimum gross rental fees to be received primarily from the license agreements are as follows:

| Year Ending June 30, | Amount |
|-------------------------|----------------------|
| 2007 | \$ 5,462,862 |
| 2008 | 3,099,131 |
| 2009 | 1,642,288 |
| 2010 | 430,041 |
| 2011 | 142,690 |
| | <u>\$ 10,777,012</u> |

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE G - SUITE LICENSE AND OTHER FEES - Continued

Under these agreements, deferred suite revenue of \$173,014 and \$361,183 is reflected in the accompanying Statements of Financial Position at June 30, 2006 and 2005, respectively.

NOTE H - EMPLOYEE BENEFIT PLAN

The Corporation has a defined contribution retirement plan (the "Retirement Plan"). The Retirement Plan is a qualified noncontributory profit sharing plan which allows for annual contributions to be made at the discretion of the Board of Directors. Contributions are allocated to eligible employees based on employee compensation and vest over time, as described in the Retirement Plan. During fiscal 2006 and 2005, contributions of approximately \$141,000 and \$191,000, respectively, were made and expensed.

The Corporation also has a deferred compensation plan for the benefit of its employees. The plan was established under Section 457 of the Internal Revenue Code which is applicable to units of state or local governments and other tax-exempt organizations. Under the terms of the plan, employees are permitted to defer compensation within specified legal limits on a pretax basis. Corporation contributions are not permitted by the Section 457 Plan.

NOTE I - RELATED PARTY TRANSACTIONS

An officer of the Corporation is a member of a law firm which provides legal services to the Corporation. The cost of services provided by the officer's law firm to the Corporation was \$236,520 and \$233,586 for fiscal 2006 and 2005, respectively. As of June 30, 2006, the Corporation had an outstanding payable due to the law firm for \$44,374.

NOTE J - CONTINGENCIES

The Corporation is involved in contract and other disputes in the ordinary course of business. While the results of these matters cannot be predicted with any certainty, based upon the information presently available, management is of the opinion that the final outcome of such proceedings should not have a materially adverse effect upon the financial statements of the Corporation.

On May 19, 2006 the Corporation entered into an agreement to move a historic building. As part of the agreement the Company will receive a donation of \$75,000 when the building is moved. At year end the building had not yet been moved and based on this the donation had not yet been recorded by the Corporation.

BRADLEY CENTER SPORTS AND ENTERTAINMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2006 and 2005

NOTE K - COMMITMENTS

The Corporation has an agreement with a third party provider to manage its parking structure. In 2006, the Corporation recorded \$623,969 as net revenues received from the service provider. In 2005, the Corporation recorded the revenues of \$877,328 that were received from the service provider and related costs incurred of \$294,845 were recorded in expenses.

On June 30, 2005, the Corporation entered into an agreement with a third party provider to manage all the food and beverage concession services for a seven year period. The Corporation receives net revenues from the service provider, as defined in the agreement, for allowing the third party provider to manage these services.

On July 1, 2005, the Corporation entered into an agreement with a third party provider to manage all merchandise sales for a three year period. The Corporation receives commissions from the service provider, as defined in the agreement, for allowing the third party service provider to manage these services.