

ANEWAMERICA COMMUNITY CORPORATION
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2006

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DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
AnewAmerica Community Corporation

We have audited the accompanying Statement of Financial Position of AnewAmerica Community Corporation as of December 31, 2006 and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended. These financial statements are the responsibility of AnewAmerica Community Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the 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 financial position of AnewAmerica Community Corporation as of December 31, 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.

Oakland, California
June 12, 2007

ANEWAMERICA COMMUNITY CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS		
	2006	2005
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 515,002	\$ 479,272
Grant Receivable (Note 3)	66,939	229,698
Other Receivable	18,493	23,424
Prepaid Expenses	6,732	11,478
Deposits	4,149	4,149
Total Current Assets	\$ 611,315	\$ 748,021
Fixed Assets		
Computer Equipment & Software	39,023	39,023
Kitchen Equipment	16,834	16,834
Furniture	3,754	3,754
Accumulated Depreciation	(50,774)	(45,999)
Net Fixed Assets	8,837	13,612
TOTAL ASSETS	\$ 620,152	\$ 761,633
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 9,884	\$ 21,783
IDA Match Payable	27,520	103,222
Accrued Liabilities	21,172	11,143
Total Current Liabilities	\$ 58,576	\$ 136,148
NET ASSETS		
Unrestricted Net Assets	478,398	321,588
Temporarily Restricted Net Assets (Note 4)	83,178	303,897
Total Net Assets	561,576	625,485
TOTAL LIABILITIES AND NET ASSETS	\$ 620,152	\$ 761,633

The accompanying accountants' report and notes are an integral part of these financial statements.

ANEWAMERICA COMMUNITY CORPORATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2006

	2006			2005
	Unrestricted	Temporarily Restricted	Total	
SUPPORT & REVENUES				
Support				
Government Grants	\$ 171,747		\$ 171,747	\$ 57,502
Foundation Grants	209,575		209,575	255,133
Corporate Grants	231,500		231,500	132,500
Individual Contributions	164,539		164,539	117,765
Religious Institutions			-	3,660
Total Support	<u>777,361</u>	<u>-</u>	<u>777,361</u>	<u>566,560</u>
Revenue				
Food Sales	29,577		29,577	49,522
Fundraising Gala	37,096		37,096	87,469
Client Fees	21,856		21,856	35,812
In-Kind Revenue	103,759		103,759	108,299
Other Income	4,710		4,710	9,714
Interest Income	6,299		6,299	5,664
Net Assets Released From Restrictions (Note 5)	220,719	(220,719)	-	
Total Revenue	<u>424,016</u>	<u>(220,719)</u>	<u>203,297</u>	<u>296,480</u>
Total Support & Revenue	<u>1,201,377</u>	<u>(220,719)</u>	<u>980,658</u>	<u>863,040</u>
EXPENSES				
Program	876,889		876,889	1,037,628
Fundraising	21,681		21,681	29,406
General and Administration	145,998		145,998	143,259
Total Expenses	<u>1,044,568</u>		<u>1,044,568</u>	<u>1,210,293</u>
CHANGES IN NET ASSETS	156,809	(220,719)	(63,910)	(347,253)
NET ASSETS, BEGINNING OF YEAR	<u>321,588</u>	<u>303,897</u>	<u>625,485</u>	<u>972,738</u>
NET ASSETS, END OF YEAR	<u>\$ 478,398</u>	<u>\$ 83,178</u>	<u>\$ 561,575</u>	<u>\$ 625,485</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

ANEWAMERICA COMMUNITY CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2006

	2006			TOTAL	2005
	Programs	Fundraising	General and Administrative		
Salaries	\$ 386,017	\$ -	\$ 79,711	465,728	450,471
Pension Plan Contributions	6,826	-	1,431	8,257	9,570
Other Employee Benefits	47,727	-	9,900	57,627	32,131
Payroll Taxes	30,229	-	4,890	35,119	32,717
Program Materials & Supplies	45,521	12,067	4,589	62,177	60,108
Telephone	7,462	-	1,415	8,877	7,502
Postage	2,812	867	545	4,224	5,396
Occupancy	33,395	975	5,707	40,077	38,359
Maintenance and Repair	-	-	-	-	539
Printing	4,827	1,560	883	7,270	10,759
Travel	10,318	220	2,096	12,634	13,666
Conference and Training	67,005	-	770	67,775	55,389
Depreciation	3,240	-	1,534	4,774	11,846
Professional Services	91,998	5,970	6,892	104,860	174,369
In-Kind Services	80,069	-	23,690	103,759	108,299
Dues and Subscription	4,012	-	188	4,200	7,559
Bank Fees	1,600	-	452	2,052	1,082
IDA Match Expenses	38,334	-	-	38,334	171,141
Miscellaneous	15,497	22	1,305	16,824	19,390
TOTAL	\$ 876,889	\$ 21,681	\$ 145,998	\$ 1,044,568	\$ 1,210,293

The accompanying accountants' report and notes are an integral part of these financial statements.

ANEWAMERICA COMMUNITY CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006

INCREASES(DECREASES) IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES:	2006	2005
Changes in Net Assets	\$ (63,910)	\$ (347,253)
Adjustments to Reconcile to Changes in Net Assets to Net Cash Provided by Operating Activities:		
<i>(Increases)/Decreases in Operating Assets</i>		
Depreciation	4,774	11,846
Grants Receivable	162,759	314,047
Deposits & Prepaids	4,746	(11,366)
Other Receivable	4,931	(13,030)
Other Assets		837
<i>Increases in Liabilities</i>		
Accounts Payable	(87,601)	102,040
Accrued Liabilities	10,031	(3,107)
Net Cash Used by Operating Activities	35,730	54,014
CASH FLOWS UTILIZED IN FINANCING ACTIVITIES:		
Purchase of Equipment		(11,592)
Net Cash Provided by Financing Activities	0	(11,592)
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,730	42,422
CASH AND CASH EQUIVALENTS:		
BEGINNING OF YEAR	479,272	436,850
END OF YEAR	\$ 515,002	\$ 479,272
<i>Supplemental Disclosure of Cash Flow Information:</i>		
Cash Paid for Interest		\$ 685
Cash Paid for Income Taxes		

The accompanying accountants' report and notes are an integral part of these financial statements.

ANEWAMERICA COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

AnewAmerica Community Corporation (the Organization) is a California nonprofit public benefit corporation, which was founded to increase economic self-sufficiency for immigrants by providing training and support for developing microenterprises.

AnewAmerica Community Corporation is a 501(c)(3) nonprofit asset-building, community development organization led by new Americans seeking economic justice and prosperity for new Americans, including new citizens, immigrants and refugees. Founded in 1999 by leaders in business, banking, community development, higher education, and philanthropy, AnewAmerica is empowering Latino, Asian, African and other new American families to access the system and become a positive force in their new country. AnewAmerica has developed an innovative model of integrated microbusiness incubation, asset-development and social responsibility that fosters entrepreneurship, cultural identity and civic participation in the making of a new America.

Basis of Presentation

The Organization has various funds which are unrestricted, temporarily restricted and permanently restricted, depending on the existence and/or nature of the donor's restriction. The Organization uses temporarily restricted funds in accordance with donor-imposed restrictions to support specific programs and associated administrative functions. Unrestricted funds are used to support general programs and associated general and administrative functions.

As required by FASB-SFAS No. 117, the accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of net assets and transactions into the following classes of assets: *Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations and that may or will be met by actions of the Organization and/or the passage of time. *Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations. *Permanently Restricted Net Assets* - Net Assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

ANEWAMERICA COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2006

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents are at approximate fair values due to the short-term maturities of these instruments.

Income Taxes

The Organization is exempt from Federal income taxes under Section 509 (a) of the Internal Revenue Code and is exempt from California franchise tax under section 23701(d) of the Revenue and Taxation Code. Accordingly, no provisions for income or franchise taxes have been made. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

Fixed Assets

Donated assets are recorded at fair market value at the time the assets are received. The Organization has established a capitalization policy to capitalize all purchases of \$500 or more of furniture, equipment and leasehold improvements. Depreciation is provided using the straight-line method over the expected useful lives of the assets. During the fiscal year ended December 31, 2006, the Organization incurred \$4,774 for depreciation and amortization expense.

Reclassification

Certain reclassifications have been made to the prior year's numbers in order to conform to the presentation in the current year.

ANEWAMERICA COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2006

NOTE 2 - CASH AND CASH EQUIVALENTS

The balance as of December 31, 2006, consisted of:

Checking	\$ 328,508
Certificate of Deposit	169,000
Savings Account	17,044
Petty Cash	450
Total	\$515,002

At fiscal year end December 31, 2006, cash balances held at two financial institutions exceeded FDIC insured limits by \$119,525 and \$26,470 respectively.

NOTE 3 – GRANTS RECEIVABLE

At December 31, 2006, grants receivable consisted of the following:

	Temporarily Restricted	Total
Government Fund	\$ 43,605	\$ 43,605
City of Oakland – CDBG Funds	23,334	23,334
Total	\$ 66,939	\$ 66,939

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Net assets balance as of December 31, 2006, for temporarily restricted funds represents the unspent portion of grants recorded as current year's increases to net asset balances in accordance with the requirements of FASB-SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. These funds are restricted for use in future fiscal years for the purpose set forth in the grant documents. The details of temporarily restricted net assets as of December 31, 2006, are as follows:

ANEWAMERICA COMMUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2006

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	Amount
Government Funds	\$ 59,845
City of Oakland - CDBG Funds	23,334
Total	\$ 83,179

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets released from restriction are as follows:

Government Funds	\$ 140,719
Foundation Funds	80,000
Total	\$ 220,719

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Organization is under a lease agreement with The Greenlining Institute expiring October 31, 2009. A security deposit equal to the monthly rent, in the amount of \$2,702 is held by The Greenlining Institute. The future minimum payments under the Greenlining lease for the next four years are as follows:

December 31,	Property Leases
2007	32,422
2008	32,422
2009	27,018
	\$91,862

The Organization is on another month to month lease agreement with the Spanish Speaking Citizens Foundation at the rate of \$200.

As of December 31, 2006 the Organization had a \$70,000 contingent liability to the participants in the IDA grant program. Anew America Community corporation and the Federal Government share this contingency equally. The maximum payout to an individual participant would be \$3,000 or \$4,000 depending on their ability to meet their savings obligations.