LOS ANGELES LDC, INC. AND SUBSIDIARIES

(NONPROFIT ORGANIZATIONS)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2007 AND 2006

LOS ANGELES LDC, INC. AND SUBSIDIARIES
(NONPROFIT ORGANIZATIONS)
CONTENTS
September 30, 2007 and 2006

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Los Angeles LDC, Inc. and Subsidiaries
Los Angeles, California

We have audited the accompanying consolidated statements of financial position of Los Angeles LDC, Inc. and its subsidiaries (collectively, the "Organization") as of September 30, 2007 and 2006, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 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 audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2007 and 2006 and the changes in their net assets and their cash flows for the years 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 February 13, 2008 on our consideration of the Organization'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.

Singer Lewak Greenbaum + Goldstein, LLP

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
February 13, 2008

LOS ANGELES LDC, INC. AND SUBSIDIARIES
(NONPROFIT ORGANIZATIONS)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2007 and 2006

ASSETS

	2007	2006
Assets		
Cash and cash equivalents	$ 999,226	$ 2,575,982
Investments	1,555,380	1,427,335
Notes receivable, less allowance for uncollectible loans of $381,474 and $128,029	10,446,247	4,142,346
Interest receivable	98,928	30,871
Prepaids and other receivables	50,596	-
Investment in 504 ACE Loan Fund I (2004), LLC	688,950	775,950
Property and equipment, net of accumulated depreciation of $50,748 and $47,813, respectively	5,018	7,953
Total assets	**$ 13,844,345**	**$ 8,960,437**

LIABILITIES AND NET ASSETS

	2007	2006
Liabilities		
Lines of credit	$ 2,536,800	$ 1,267,248
Accounts payable and accrued expenses	92,108	69,843
Loan participations	3,746,732	-
Notes payable	3,508,334	3,491,667
Due to 504 ACE Loan Fund I (2004), LLC	3,175	-
Total liabilities	9,887,149	4,828,758
Commitments		
Net assets		
Unrestricted - general	3,957,196	4,131,679
Total liabilities and net assets	**$ 13,844,345**	**$ 8,960,437**

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

LOS ANGELES LDC, INC. AND SUBSIDIARIES
(NONPROFIT ORGANIZATIONS)
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the Years Ended September 30, 2007 and 2006

	Unrestricted	
	2007	2006
Revenues		
Interest		
Loans	$ 591,099	$ 574,208
Investments	74,962	71,834
Loan fees	136,774	130,001
Service fee income	34,222	36,729
Grants	131,000	20,000
Other	99,680	88,170
Total revenues	1,067,737	920,942
Interest expense	310,503	328,356
Net interest, fees, and other income	757,234	592,586
Allowance for (credit from) uncollectible loans	253,445	(32,372)
Net interest, fees, and other income after allowance for (credit from) uncollectible loans	503,789	624,958
Functional expenses		
Advertising and printing	22,852	19,030
Bank charges	24,544	11,095
Depreciation	2,935	4,000
Fringe benefits	29,963	31,418
Insurance	16,159	20,615
Lease and parking	46,662	44,213
Maintenance	8,263	8,815
Equipment rental	14,610	12,391
Lending expense	22,349	19,161
Other	76,705	42,514
Payroll taxes	12,368	12,369
Personnel	200,000	189,205
Professional services	177,448	169,157
Supplies	8,458	8,402
Telephone	14,956	16,606
Total functional expenses	678,272	608,991
Change in net assets	(174,483)	15,967
Net assets, beginning of year	4,131,679	4,115,712
Net assets, end of year	**$ 3,957,196**	**$ 4,131,679**

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

LOS ANGELES LDC, INC. AND SUBSIDIARIES

(NONPROFIT ORGANIZATIONS)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Change in net assets	$ (174,483)	$ 15,967
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,935	4,000
Allowance for uncollectible loans	253,445	(32,373)
Changes in assets and liabilities		
Decrease in Due from 504 ACE Loan Fund I (2004), LLC	-	93,114
Increase in interest receivable	(68,057)	(30,871)
Increase in prepaids and other receivables	(50,596)	-
Increase in Due to 504 ACE Loan Fund I (2004), LLC	3,175	-
Increase in accounts payable and accrued expenses	22,265	8,122
Net cash provided by (used in) operating activities	(11,316)	57,959
Cash flows from investing activities		
Purchase of investments, net	(128,045)	(6,967)
Disbursements of notes receivable	(8,122,866)	(2,999,765)
Collections on notes receivable	1,565,520	4,538,587
Investment in 504 ACE Loan Fund I (2004), LLC	87,000	142,580
Purchase of equipment	-	(2,771)
Net cash provided by (used in) investing activities	(6,598,391)	1,671,664
Cash flows from financing activities		
Principal borrowings on lines of credit	2,414,211	1,014,641
Paydowns on lines of credit	(1,144,659)	(2,537,342)
Borrowings and payments on notes payable	16,667	(525,000)
Borrowings and paydowns on loan participations	3,746,732	(463,138)
Net cash provided by (used in) financing activities	5,032,951	(2,510,839)
Net decrease in cash and cash equivalents	(1,576,756)	(781,216)
Cash and cash equivalents, beginning of year	2,575,982	3,357,198
Cash and cash equivalents, end of year	**$ 999,226**	**$ 2,575,982**

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

NOTE 1 – GENERAL

Nature of the Organization

Los Angeles LDC, Inc. ("LDC") and its subsidiaries (collectively, the "Organization") is a not-for-profit, community development financial services corporation organized to promote community development by initiating, sponsoring, promoting, and carrying out plans, policies, and activities that promote the creation and retention of jobs by expanding businesses and revitalizing economically distressed communities primarily throughout the County of Los Angeles. The Organization (as defined in Note 2) provides direct loans, investments, and technical assistance to businesses, real estate developers, not-for-profit service providers, and other targeted borrowers operating in specific investment areas.

The Organization is certified as a Community Development Financial Institution ("CDFI") by the United States Department of Treasury Community Development Financial Institution Fund ("FUND") and the Department of Insurance-California Organized Investment Network ("COIN"). It is authorized to make commercial loans under a Commercial Finance Lenders license by the California Department of Corporations.

The Organization was originally created to administer two federally funded revolving loan funds ("RLF"), under an agreement with the City of Los Angeles, through the Mayor's Office of Economic Development ("MOED"), an Executive Department of the Office of the Mayor.

Since its inception the Organization has operated the following capital access programs:

The Industrial-Commercial Revolving Loan Fund - Through this program, eligible borrowers located in underserved communities or underserved people can obtain loans or investments to finance growth, expansion, revitalization, capital assets, or other needs. As loan repayments are received, they are used to replenish the Revolving Loan Fund so that additional loans may be made. Loans are secured by real estate, equipment, and other collateral, and bear interest at the prevailing market rate.

The Emergency-Disaster Revolving Loan Fund - Through this program, which was established on July 8, 1992, eligible borrowers that were affected by civil unrest or natural disasters are provided loans or investments due to physical or economic injury sustained. As loan repayments are received, they are used to replenish the Revolving Loan Fund so that additional loans may be made. Loans are secured by real estate, equipment, and other collateral, and bear interest at the prevailing market rate.

Descriptions of the individual sub-funds used by the Organization to account for its operations are as follows:

EDA Fund - This component of the Industrial-Commercial Revolving Loan Fund Program ("RLF") was initially funded by grants received from the Federal Economic Development Administration ("EDA"). Revenues to this fund are used to fund additional loans and to pay certain administrative costs.

NOTE 1 – GENERAL (Continued)

Nature of the Organization (Continued)
SCBDC Fund - In 1999, the Organization purchased the community development loan portfolio of the Southern California Business Development Corporation ("SCBDC"), a multi-bank community development corporation. Since August 1999, the Organization has borrowed $3,400,000 under Equity Equivalent ("EQ2") subordinated notes from SCBDC, which will be used to make additional community development loans, as defined under the Community Reinvestment Act ("CRA") to eligible borrowers.

Leverage Fund - In 2002, the Organization was certified as a CDFI by the FUND program. This certification requires the Organization to have a primary mission of promoting community development and maintaining other requirements as set forth in the FUND regulations A 12CFR Part 1805 and is more fully described in 12 CFR Section 1805.200 and 1805.201. The Organization is required to meet certain financial mutually agreed-upon performance goals under the Assistance Agreement between the FUND and the Organization. The goals include, but are not limited to, the Organization exceeding its goal of leveraging total private sector dollars to FUND dollars. As of September 30, 2007, the Organization did not receive any funds relating to the FUND program.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation
The consolidated financial statements include the accounts of LDC and its wholly owned subsidiaries, E-Z Credit LLC and LDC Management Services, LLC (collectively, the "Organization"). All significant intercompany accounts and transactions are eliminated in consolidation. In addition, the investment in 504 ACE Loan Fund I (2004) LLC is accounted for under the equity method.

- E-Z Credit LLC: This is a wholly-owned subsidiary of LDC which was developed in December 2001 to promote access to capital and community development in geographically targeted areas with underserved populations of low-income residents.

- LDC Management Services, LLC: This is a wholly-owned subsidiary of LDC which was organized in March 2002 to provide management services to various investment funds on behalf of the LDC and its investors. The 504 ACE Loan Fund I (2004), LLC, in which it has a 10% ownership interest, is the first investment fund which it is managing.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation (Continued)

- 504 ACE Loan Fund I (2004), LLC (the "Fund"): This was created to promote access to capital for women and minority-owned businesses and to promote community development in certain geographically targeted areas. It was inaugurated in September 2004 and capitalized with $10 million from investors and from the LDC Management Services. LDC Management Services owns 10% of the Fund after its investment of $1 million. The Fund commenced funding activity in October 2004. LDC Management Services exerts significant control over the operations and the management of the fund. As such, it is consolidated under the Equity Method.

Basis of Accounting
The accompanying financial statements are presented utilizing the accrual basis of accounting.

Financial Statement Presentation
The Organization reports information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization did not have any permanently restricted or temporarily restricted net assets at September 30, 2007 and 2006.

Revenue Recognition
Loan fees are recognized as revenue when the related loan is sold. Interest income on loans, net of participations sold, is recorded as earned from the date the borrower signs the promissory note to the date the note is paid off or to the end of the reporting period. Grants and other revenues are recognized when funds are available and earned.

Cash and Cash Equivalents
For purposes of reporting cash flows, the Organization considers all cash accounts not subject to withdrawal restrictions and certificates of deposit with original maturities of 90 days or less to be cash or cash equivalents.

Investments
Investments in marketable securities with readily determinable fair values are recorded at fair value and are classified as available-for-sale securities.

Notes Receivable and Related Allowance for Losses
Notes receivable are recorded in the accompanying financial statements at face value, less payments received and funds not yet disbursed. Interest on these loans is accrued monthly as earned, except where a reasonable doubt exists as to the collectability of the interest, in which case, the accrual of income is discontinued. Loan losses are charged against the allowance for losses. Provisions for losses are based on management's judgment as to the need to absorb known and inherent risks in the loan portfolio.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable and Related Allowance for Losses (Continued)
The Organization acts as the lead lender for certain community development loans. The Organization and the participants record their proportionate share of the loans on their respective accounting records. During the years ended September 30, 2007 and 2006, respectively, the Organization's participation share was 35% and 0% of the total participating loans, which at September 30, 2007 and 2006 aggregated $3,746,732 and $0, respectively.

Property and Equipment
Property and equipment at September 30, 2007 consisted solely of equipment, which is stated at cost. Depreciation is provided using the straight-line method over an estimated useful life of three (3) years. Depreciation expense was $2,935 and $4,000 for the years ended September 30, 2007 and 2006, respectively.

Allocation of Expenses
The costs of providing direct loans and technical assistance to the Organization's borrowers have been summarized on a natural classification basis in the statement of activities. Management estimates the administrative costs were approximately $68,000 and $64,000 for the years ended September 30, 2007 and 2006, respectively.

Income Taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(f) of the California Revenue and Taxation Code. Accordingly, a provision for income taxes is not required in the financial statements.

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.

Concentrations of Credit Risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and notes receivable. The Organization places its cash balances with reputable financial institutions. Concentrations of credit risk with respect to notes receivable are limited due to the large number of customers composing its loan portfolio, regular monitoring, and collateral requirements. The Organization places its investments in reputable financial institutions and monitors its credit ratings periodically.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Organization maintains its cash balances in several banks and financial institutions in Southern California. Bank balances are insured by the Federal Deposit Insurance Corporation up to $100,000. At times, cash balances are in excess of the federally insured limit. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 4 – INVESTMENTS

Investments consist of certificates of deposit held at a certified financial institution. Investment balances at September 30, 2007 and 2006 were $1,555,380 and $1,427,335, respectively. One certificate of deposit totaling $1 million is restricted as it serves as collateral for a line of credit (see Note 6).

NOTE 5 – NOTES RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE LOANS

At September 30, 2007, notes receivable were comprised of 27 loans. The loans are generally secured by trust deeds on real estate, generally bear interest at various rates ranging from approximately 5% to 10% per annum, and mature at various dates through 2022.

The allowance for uncollectible loans at September 30, 2007 and 2006 consisted of the following:

	2007	2006
Balance, beginning of year	$ 128,029	$ 160,402
Change in allowance for uncollectible loans	253,445	(32,373)
Balance, end of year	**$ 381,474**	**$ 128,029**

NOTE 6 – LINES OF CREDIT

At September 30, 2007 and 2006, the Organization maintained various lines of credit with separate institutions that allow the Organization to borrow a maximum of $3,725,000 and $4,150,000, respectively. They are listed on the following pages.

NOTE 6 – LINES OF CREDIT (Continued)

	2007	2006
$600,000 available line of credit with Far East National Bank, collateralized by an assignment of Deed of Trust on real property, bearing interest at 9.75% per annum. The line of credit expired on May 5, 2007.	$ -	$ 500
$200,000 available line of credit with Far East National Bank, uncollateralized, bearing interest at 8.25% per annum. The line of credit expires on July 18, 2008, payable interest only.	200,000	-
$500,000 available line of credit with Wells Fargo Bank, uncollateralized, bearing interest at Prime (8.25% at September 30, 2007). The line of credit expires on February 8, 2008, payable interest only.	175,000	-
$525,000 available line of credit with Manufacturers Bank, including a $50,000 standby letter of credit facility in favor of California Economic Development Lending Initiative, uncollateralized, bearing interest at Prime, plus 1%. The line of credit expires on April 30, 2008, payable interest only.	500,000	-
$1,500,000 available line of credit with California Economic Development Lending Initiative, collateralized by a $100,000 standby letter of credit and a security interest in the underlying notes receivable pledged as collateral and bears interest at 3% below Prime. The line of credit expires on April 30, 2008, payable interest only.	661,800	266,748
$1,000,000 available line of credit with Bank of America, bearing interest at 0.002% below BBA LIBOR, collateralized by a $1,000,000 certificate of deposit, bearing interest at 5.5039%. The line of credit expires in June 1, 2008, payable interest only.	1,000,000	1,000,000
Total	**$ 2,536,800**	**$ 1,267,248**

As of September 30, 2007, the Organization was in compliance with all of its lines of credit covenants.

NOTE 7 – LOAN PARTICIPATIONS

The Organization sells loan participations to other lenders out of the loans that it originates. The terms of participation are identical to the terms of the original loans, except that the Organization keeps a small spread margin on the loans that are transferred. The participation agreements provide that the Organization has the right to repurchase the loans at any time before their maturity dates. Accordingly, the transferred loans have been recorded as secured borrowings. However, participants do not have recourse to the assets of the Organization other than their interest in the loan participations. The Organization had participations outstanding as of September 30, 2007 and 2006, in amount of $3,746,732 and $0, respectively.

NOTE 8 – NOTES PAYABLE

Notes payable at September 30, 2007 and 2006 consisted of the following:

	2007	2006
Subordinated promissory notes with interest payable in annual installments at 4% per annum. The debt is subordinated to the right of any senior debt as defined in the agreement. The principal balance is due at maturity in September 2009. The debt was issued with certain financial requirements which management is required to meet. This debt is similar to the EQ2 promissory notes, which are a form of debt capital commonly known as equity equivalent investments. The EQ2 promissory notes have certain characteristics of an equity investment in that they are unsecured, are subordinated to all other obligations of the Organization, bear a below-market interest rate, and have an indefinite maturity. In addition, certain investors or note holders, which are primarily regulated financial institutions, may receive favorable regulatory consideration under CRA by purchasing these EQ2 promissory notes, payable interest only. This balance represents four different notes due to the Southern California Business Development Corp.	$ 3,400,000	$ 3,400,000
Note payable to the Evangelical Lutheran Church in America. The note is uncollateralized, bearing interest at 2%, and expires on June 20, 2012, requires semi-annual interest payments.	50,000	-

NOTE 8 – NOTES PAYABLE (Continued)

Note payable to the United States Department of Treasury. The note bears interest at 0.17% per annum, requires semi-annual principal and interest payments, and matures in January 2009.	$ 58,334	$ 91,667
Total	**$ 3,508,334**	**$ 3,491,667**

Future maturities of notes payable at September 30, 2007 were as follows:

Year Ending September 30,	
2008	$ 33,333
2009	3,425,001
2010	-
2011	-
2012	50,000
Total	**$ 3,508,334**

NOTE 9 – COMMITMENTS

The Organization leases equipment and office facilities under operating leases expiring through October 2008. Future minimum lease payments under operating leases that have remaining non-cancelable terms in excess of one year are as follows:

Year Ending September 30,	
2008	$ 43,359
2009	3,062
Total	**$ 46,421**

Rent expense under operating leases amounted to $39,790 and $36,347 for the years ended September 30, 2007 and 2006, respectively.

NOTE 10 – 401(K) RETIREMENT PLAN

The Organization maintains a non-contributory 401(k) retirement plan that allows eligible employees to contribute a proportion of their annual compensation, subject to certain limitations. The Organization incurred total operational costs of $1,550 and $954 during the years ended September 30, 2007 and 2006, respectively.

SUPPLEMENTAL INFORMATION

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTAL INFORMATION

To the Board of Directors
Los Angeles LDC, Inc. and Subsidiaries
Los Angeles, California

Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Singer Lewak Greenbaum + Goldstein, LLP

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
February 13, 2008

LOS ANGELES LDC, INC. AND SUBSIDIARIES
(NONPROFIT ORGANIZATIONS)
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2007

ASSETS

	LDC	E-Z Credit LLC	LDC Management Services, LLC	Eliminating Entries	Total
Assets					
Cash and cash equivalents	$ 913,168	$ 4,790	$ 81,268	$ -	$ 999,226
Investments	1,555,380	-	-	-	1,555,380
Notes receivable, net	10,446,247	-	-	-	10,446,247
Interest receivable	98,928	-	-	-	98,928
Due from LDC Management Services	79,500	-	-	(79,500)	-
Property and equipment, net	5,018	-	-	-	5,018
Prepaids and other receivables	50,596	-	-	-	50,596
Investment in subsidiaries	693,740	-	-	(693,740)	-
Investment in 504 ACE Loan Fund I (2004), LLC	-	-	688,950	-	688,950
Investment in E-Z Credit LLC	1,000	-	-	(1,000)	-
Total assets	**$ 13,843,577**	**$ 4,790**	**$ 770,218**	**$ (774,240)**	**$ 13,844,345**

LIABILITIES AND NET ASSETS

	LDC	E-Z Credit LLC	LDC Management Services, LLC	Eliminating Entries	Total
Liabilities					
Lines of credit	$ 2,536,800	$ -	$ -	$ -	$ 2,536,800
Accounts payable and accrued expenses	92,108	-	-	-	92,108
Loan participations	3,746,732	-	-	-	3,746,732
Intercompany notes	-	-	79,500	(79,500)	-
Due to LDC	-	4,790	-	(4,790)	-
Due to 504 ACE Loan Fund I (2004), LLC	3,175	-	-	-	3,175
Notes payable	3,508,334	-	-	-	3,508,334
Total liabilities	9,887,149	4,790	79,500	(84,290)	9,887,149
Net assets					
Unrestricted - general	3,956,428	-	690,718	(689,950)	3,957,196
Total liabilities and net assets	**$ 13,843,577**	**$ 4,790**	**$ 770,218**	**$ (774,240)**	**$ 13,844,345**

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

LOS ANGELES LDC, INC. AND SUBSIDIARIES
(NONPROFIT ORGANIZATIONS)
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

	LA LDC	E-Z Credit LLC	LDC Mgmt Services	Eliminating Entries	Total
Revenues					
Interest					
Loans	$ 590,318	$ -	$ 781	$ -	$ 591,099
Investments	74,962	-	-	-	74,962
Loan fees	136,774	-	-	-	136,774
Service fee income	34,222	-	-	-	34,222
Grants	131,000	-	-	-	131,000
Other	84,167	15,513	-	-	99,680
Total revenues	1,051,443	15,513	781	-	1,067,737
Interest expense	310,503	-	-	-	310,503
Net interest, fees, and other income	740,940	15,513	781	-	757,234
Reduction in allowance for uncollectible loans	253,445	-	-	-	253,445
Net interest, fees, and other income after credit for uncollectible loans	487,495	15,513	781	-	503,789
Functional expenses					
Advertising and printing	22,852	-	-	-	22,852
Bank charges	24,544	-	-	-	24,544
Depreciation	2,935	-	-	-	2,935
Fringe benefits	29,963	-	-	-	29,963
Insurance	16,159	-	-	-	16,159
Lease and parking	46,662	-	-	-	46,662
Maintenance	8,263	-	-	-	8,263
Equipment rental	14,610	-	-	-	14,610
Lending expense	22,349	-	-	-	22,349
Other	67,824	-	8,881	-	76,705
Payroll taxes	12,368	-	-	-	12,368
Personnel	200,000	-	-	-	200,000
Professional services	177,448	-	-	-	177,448
Supplies	8,458	-	-	-	8,458
Telephone	14,956	-	-	-	14,956
Total functional expenses	669,391	-	8,881	-	678,272
Change in net assets	(181,896)	15,513	(8,100)	-	(174,483)
Net assets, beginning of year	4,138,324	(15,513)	9,868	(1,000)	4,131,679
Net assets, end of year	**$ 3,956,428**	**$ -**	**$ 1,768**	**$ (1,000)**	**$ 3,957,196**

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