CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

FINANCIAL STATEMENTS AND
ACCOUNTANTS' REVIEW REPORT

For the year ended
June 30, 2006

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

FINANCIAL STATEMENTS AND ACCOUNTANTS' REVIEW REPORT

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Accountant's Review Report

To the Board of Directors
California Foundation for Stronger Communities

I have reviewed the accompanying statement of financial position of California Foundation for Stronger Communities (a California non-profit organization) as of June 30, 2006 and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of California Foundation for Stronger Communities.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United State of America.

Stanley A Blush

Carlsbad, California
December 7, 2006

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

STATEMENT OF FINANCIAL POSITION

June 30, 2006

ASSETS	June 30, 2006 Unrestricted	Temporarily Restricted	Total
Current assets			
Cash	$ 156	$ -	$ 156
Support receivable			
Total current assets	156	-	156
Total assets	$ 156	$ -	$ 156

LIABILITIES AND NET ASSETS	Unrestricted	Temporarily Restricted	Total
Net assets			
Unrestricted	$ 156	$ -	$ 156
Temporarily restricted	-	-	-
Total net assets	156	-	156
Total liabilities and net assets	$ 156	$ -	$ 156

See accompanying notes and accountants' review report.

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

STATEMENT OF ACTIVITIES

For the year ended June 30, 2006

	Year Ended June 30, 2006		
	Unrestricted	Temporarily Restricted	Total
Support revenues	$ -	$ -	$ -
Expenses			
Program services	12,438	-	12,438
Management and general	121	-	121
Fundraising	-	-	-
Total Expenses	12,559	-	12,599
Decrease in unrestricted net assets	(12,559)	-	(12,559)
Beginning net assets	12,715	-	12,715
Ending net assets	$ 156	$ -	$ 156

See accompanying notes and accountants' review report.

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2006

	Year ended June 30, 2006				
	Program Services	Supportive Services			
	Community Services	Management and General	Fund Raising	Sub Total	Total
Bank service charges	$ -	$ 121	$ -	$ 121	$ 121
Charitable grants	12,438	-	-	-	12,438
Total	$ 12,438	$ 121	-	121	$ 12,559

See accompanying notes and accountants' review report.

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

STATEMENT OF CASH FLOWS

For the year ended June 30, 2006

Cash flows from operating activities	
Decrease in unrestricted net assets	$ (12,559)
Adjustments to reconcile net income to net cash used by operating activities	
Changes in operating assets and liabilities:	
Decrease in support receivable	12,438
Total adjustments	12,438
Net cash (used) by operating activities	(121)
Net decrease in cash	(121)
Cash - beginning	277
Cash - ending	$ 156

See accompanying notes and accountants' review report.

CALIFORNIA FOUNDATION FOR STRONGER COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

California Foundation for Stronger Communities (the "Organization") was incorporated on February 17, 2004 as a California non-profit organization to assist and advise in the administration of the California Municipal Finance Authority ("CMFA"), a joint powers authority organized under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California and to provide financial grants or other financial support or benefits to nonprofit funds, foundations and corporations to strengthen and enhance charitable activities throughout the State of California.

The following is a summary of the significant accounting policies of the Organization.

Basis of presentation

The financial statements are presented on the accrual basis of accounting nad accordingly reflect all significant receivables, payables and other liabilities.

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its fiancial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income Taxes

The Organization is a not-for-profit organization (other than a private foundation) that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and in banks in addition to debt securities with original maturities of three months or less.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Support revenues

The organization has adopted Statement of Financial Accounting standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, under which contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor – restricted contributions are reported as increases in temporarily or permanently restricted net assets depending o the nature of the restrictions. When restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible support receivables.

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 period. Actual results could differ from those estimates.