

CALIFORNIA MUNICIPAL FINANCE AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2007

(AUDITED)



CASHUK, WISEMAN, GOLDBERG,
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CALIFORNIA MUNICIPAL FINANCE AUTHORITY
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AUDIT MANAGER

Michael Selamet Kwee, CPA

FIRM ADMINISTRATOR

Todd Menvielle

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
California Municipal Finance Authority

We have audited the accompanying statement of financial position of California Municipal Finance Authority as of June 30, 2007, and the related statement of activities and statement of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 audits 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 California Municipal Finance Authority as of June 30, 2007, 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.

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California
November 27, 2007

CALIFORNIA MUNICIPAL FINANCE AUTHORITY
STATEMENT OF FINANCIAL POSITION
June 30, 2007

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents (Note A)	\$ 1,158,192
Accounts Receivable (Notes A & B)	<u>58,914</u>

TOTAL ASSETS	<u>\$ 1,217,106</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Expenses	\$ 67,344
Refundable Deposits (Note C)	<u>860,978</u>

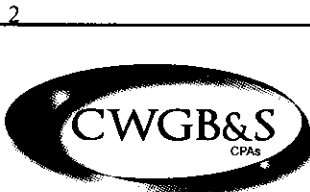
TOTAL LIABILITIES	928,322
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NET ASSETS

Unrestricted	<u>288,784</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,217,106</u>
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The accompanying notes are an integral part of these financial statements.



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CALIFORNIA MUNICIPAL FINANCE AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

REVENUES

Annual Fees	\$ 288,639
Application Fees	90,000
Issuance Fees	590,607
Investment Income	<u>14,583</u>

TOTAL REVENUES 983,829

EXPENSES

Advertising (Note A)	7,329
Member Distributions	201,407
Charitable Contributions (Note D)	156,564
Outside Consultants	469,439
General & Administrative	<u>24,840</u>

TOTAL EXPENSES 859,579

INCREASE IN UNRESTRICTED NET ASSETS \$ 124,250

NET ASSETS - BEGINNING OF YEAR 164,534

NET ASSETS - END OF YEAR \$ 288,784

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



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CALIFORNIA MUNICIPAL FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in unrestricted net assets	\$ 124,250
Adjustments to Reconcile Net Income to Net Cash	
Provided(Used) by Operating Activities:	
Depreciation	-
Cash Provided(Used) by Changes in	
Operating Assets and Liabilities:	
Receivables	(58,914)
Prepaid Expenses	1,034
Current Liabilities	<u>463,597</u>
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	529,967
Cash and Cash Equivalents at Beginning of Year	<u>628,225</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 1,158,192</u></u>

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



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CALIFORNIA MUNICIPAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. California Municipal Finance Authority (CMFA) ("the Authority") was organized on August 12, 2004 under the provision of the Joint Exercise of Powers Act of the Government Code of State of California. CMFA is a joint powers authority created to strengthen local community by promoting economic development and charitable activities throughout the state of California. With the goal of giving back to the California communities, the CMFA assists local governments, non-profits and business with the issuance of taxable and tax-exempt financing aimed at improving the standard of living in California. Member of the authority includes towns, cities, counties and special districts within California.

CMFA is committed to promoting economic and social programs in its member communities. CMFA shares 25% of all issuance fees directly with its member communities and donates another 25% to the California Foundation for Stronger Communities for the support of local charities designated by its member communities.
2. Basis of Presentation The authority's financial statements are presented on the accrual basis of accounting. The accounting policies conform to the accounting standard generally accepted in the United States of America.
3. Cash and Cash Equivalents for purposes of reporting cash flows, cash and cash equivalents include cash in checking and savings accounts with banks.
4. Accounts Receivables are primarily issuance fees receivable which are determined to be 100% collectible by management.
5. Revenue Recognition-Fees from the origination of issuance services are recognized when the transactions are closed.
6. Leases that meet the criteria for capitalization are classified as capital leases. As of year end there were no such leases. Leases that do not meet such criteria are classified as operating leases and related rentals are charged to expense as incurred. As of year end there were no such leases.
7. 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.
11. Concentration of Cash and Credit Risk-The foundation maintains cash balance in one bank in California. Cash balances at this institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. As of year end, virtually all the cash balance was uninsured.
12. Advertising Costs are expensed in the year incurred. The Company incurred \$7,329 in advertising expenses in the year ended June 30, 2007.



CALIFORNIA MUNICIPAL FINANCE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE B-ADVISORY FEES:

The Authority has entered into a professional services agreement with an advisory company on February 25, 2005 to manage the operations of the authority with respects to taxable and tax-exempt financing for corporations, governmental entities and non-for-profit institutions. The authority pays the advisory company a certain percentage of its revenue.

NOTE C-REFUNDABLE DEPOSITS:

The Authority, on behalf of Project Sponsors (Borrowers) who are requesting a Qualified Private Activity Bond Allocations, collects performance deposits for the California Debt Limit Allocation Committee. These deposits are either released to the borrowers when bonds are issued or they are forfeited and sent to the California Debt Limit Allocation Committee for non-performance.

NOTE D – RELATED PARTY TRANSACTIONS:

The Authority allocates 25% of its issuance fees to the California Foundation for Stronger Communities. CMFA and California Foundation for Stronger Communities share common board members. During the year, \$156,564 was distributed to California Foundation for Stronger Communities as donation.

NOTE E-INCOME TAXES:

As an organization created under the provision of the Joint Exercise of Powers Act of the Government Code of State of California, CMFA is not required to file income tax returns.

NOTE E-FAIR VALUES OF FINANCIAL INSTRUMENTS:

Disclosure of fair value information about certain financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate that value is required by SFAS 107 and SFAS 115. The following methods were used in estimating fair values:

Cash and Cash Equivalents-The carrying amount on the balance sheet approximates its fair value.

Accounts Receivable-The carrying amount on the balance sheet approximates its fair value.

The carrying amounts and fair values of the Company's financial instruments as of June 30, 2007 are as follows:

	<u>CARRYING AMOUNTS</u>	<u>FAIR VALUE</u>
Cash and Cash Equivalents	\$1,158,192	\$1,158,192
Accounts Receivable	58,914	58,914

