

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AUGUST 31, 2006**

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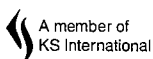
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## REPORT OF INDEPENDENT AUDITORS

To The Board of Directors  
Share Our Strength, Inc. and Subsidiary

We have audited the accompanying consolidated statement of financial position of Share Our Strength, Inc. and Subsidiaries (SOS) as of August 31, 2006, and the related consolidated statements of activities and of cash flows for the year then ended. These consolidated financial statements are the responsibility of SOS's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 an audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by SOS's management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides 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 Share Our Strength, Inc. and Subsidiary as of August 31, 2006, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, to the financial statements, SOS changed its method of accounting for contributions received from certain programs.

Our audit of the consolidated financial statements of Share Our Strength, Inc. and Subsidiaries for the year ended August 31, 2006, was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional information on pages 11 through 13 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities. The additional information has been subjected to auditing procedures applied in the audit 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.

*Calibre CPA Group, PLLC*

Washington, DC  
December 1, 2006

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2006

ASSETS

ASSETS

Cash and cash equivalents	\$ 3,510,414
Accounts receivable	1,503,889
Contributions receivable	2,349,940
Income tax refund receivable	43,049
Property and equipment, net of accumulated depreciation of \$250,491	57,984
Deferred income taxes	57,000
Other assets	<u>98,046</u>

Total assets \$ 7,620,322

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 398,870
Grants payable	4,320,122
Deferred revenue	<u>495,706</u>
Total liabilities	<u>5,214,698</u>

NET ASSETS

Unrestricted	55,684
Temporarily restricted	<u>2,349,940</u>
Total net assets	<u>2,405,624</u>

Total liabilities and net assets \$ 7,620,322

See accompanying notes to consolidated financial statements.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

YEAR ENDED AUGUST 31, 2006

	Unrestricted		Temporarily Restricted	Total 2006	
	Unrestricted	In-Kind Donations			Total Unrestricted
<b>REVENUES</b>					
Taste of the Nation Event	\$ 6,051,306	\$ -	\$ 6,051,306	\$ -	\$ 6,051,306
Great American Bake Sale	943,660	-	943,660	-	943,660
Corporate sponsorship and partners	1,948,272	-	1,948,272	-	1,948,272
Foundation revenue	677,284	-	677,284	-	677,284
Individual contributions	602,818	-	602,818	-	602,818
In-kind contributions	-	3,124,231	3,124,231	-	3,124,231
Special events	1,189,814	-	1,189,814	-	1,189,814
Auction revenue	233,718	-	233,718	-	233,718
Community Wealth consulting revenue	1,228,230	-	1,228,230	-	1,228,230
Investment income	41,888	-	41,888	-	41,888
Other	402,417	-	402,417	-	402,417
Net assets released from restrictions	1,554,300	-	1,554,300	(1,554,300)	-
<b>Total revenues</b>	<b>14,873,707</b>	<b>3,124,231</b>	<b>17,997,938</b>	<b>(1,554,300)</b>	<b>16,443,638</b>
<b>EXPENSES</b>					
<b>Programs</b>					
Anti-Hunger, Anti-Poverty Initiatives	11,271,792	1,440,114	12,711,906	-	12,711,906
Community Wealth	1,443,487	-	1,443,487	-	1,443,487
Management and general	1,523,759	89,337	1,613,096	-	1,613,096
Fund raising	1,034,278	928,866	1,963,144	-	1,963,144
Direct donor benefits	621,883	665,914	1,287,797	-	1,287,797
<b>Total expenses</b>	<b>15,895,199</b>	<b>3,124,231</b>	<b>19,019,430</b>	<b>-</b>	<b>19,019,430</b>
<b>CHANGE IN NET ASSETS</b>	<b>(1,021,492)</b>	<b>-</b>	<b>(1,021,492)</b>	<b>(1,554,300)</b>	<b>(2,575,792)</b>
<b>NET ASSETS</b>					
Beginning of year	1,077,176	-	1,077,176	3,904,240	4,981,416
End of year	\$ 55,684	\$ -	\$ 55,684	\$ 2,349,940	\$ 2,405,624

See accompanying notes to consolidated financial statements.

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED AUGUST 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$(2,575,792)
Adjustments to reconcile change in net assets to net cash used for operating activities	
Depreciation	66,180
Stock donation	(61,305)
Bad debt	78,716
Changes in assets and liabilities	
Decrease in contribution receivable	1,475,584
Increase in accounts receivable	(372,422)
Increase in tax refund receivable	(29,553)
Decrease in other assets	91,666
Decrease in inventory	19,666
Increase in accounts payable and accrued expenses	(52,736)
Increase in grants payable	2,004,106
Increase in deferred income taxes	(60,000)
Increase in deferred revenue	214,193
Net cash provided by operating activities	<u>798,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(40,253)
Proceeds from sale of investments	<u>61,305</u>
Net cash provided by investing activities	<u>21,052</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Notes payable principal payments	<u>(25,000)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	794,355
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>2,716,059</u>
End of year	<u><u>\$ 3,510,414</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	<u><u>\$ 23,337</u></u>

See accompanying notes to consolidated financial statements.

## SHARE OUR STRENGTH, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 2006

#### NOTE 1. ORGANIZATION

Share Our Strength, Inc. (SOS), doing business as SOS was founded on November 28, 1984, and incorporated in the District of Columbia. SOS is one of the nation's leading anti-hunger, anti-poverty organizations. Share Our Strength, Inc. fights hunger on local, national and international levels by awarding grants to effective non-profit organizations and by offering nutrition education training. To support these efforts, SOS raises funds in innovative ways - from mobilizing volunteer led special events across the country to developing cause related marketing ventures, and securing corporate partnerships.

Share Our Strength Enterprises, LLC (SOS-E), a wholly-owned for-profit subsidiary of SOS, was formed on July 24, 2006, in the state of Delaware. It was formed to be the owner of the franchise "Wine Styles". There was no activity for the year ended August 31, 2006.

Community Wealth Ventures, Inc. (CWV), a wholly-owned for-profit subsidiary of SOS, was incorporated on March 31, 1997, in the state of Delaware. CWV principally provides consulting, technical assistance and information services to nonprofit organizations, foundations, government grantmakers and corporations. CWV assists nonprofit organizations interested in creating new sources of revenue that will help them achieve their social mission.

Social Franchise Ventures, LLC (SFV), a wholly-owned subsidiary of Community Wealth Ventures, Inc. (CWV) was incorporated in the state of Delaware, on February 14, 2006. SFV principally provides consulting services to nonprofit organizations and works with them to pursue franchise companies that are interested in partnerships to promote social change.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** - The accompanying consolidated financial statements include the accounts of SOS and its subsidiaries CWV and SOS-E, hereafter referred to as SOS. Intercompany transactions and balances have been eliminated in consolidation.

**Method of Accounting** - The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles applicable to not-for-profit organizations.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, cash is considered to be amounts in savings and checking accounts, and highly liquid money market funds.

**Deferred Revenue** - Deferred revenue represents amounts collected in advance for a service contract which is to be performed in the future.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment** - Furniture and equipment are generally stated at cost. Major additions are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Depreciation expense is computed on the straight-line method over the estimated useful lives of the assets, generally three to seven years.

**Donations of Marketable Securities** - SOS has recorded donated marketable securities at fair value on date of receipt of \$61,305 which were subsequently sold during the year.

**Net Assets** - SOS is required to present balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and related activity are classified into three net asset categories as follows:

**Unrestricted** - Net assets that are not subject to donor-imposed restrictions.

**Temporarily Restricted** - Net assets that are subject to donor-imposed restrictions that will be met either by passage of time or by actions of SOS pursuant to a stated purpose. Items that affect this net asset category are restricted contributions for which restrictions have not been met. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired. Temporarily restricted net assets at August 31, 2006 are all based on the timing of contribution. See Note 3 for additional information on net assets. In prior years, contributions for Taste of the Nation and Great American Bake Sale were treated as temporarily restricted. In the current year, management reassessed contributions for Taste of the Nation and Great American Bake Sale and determined that there were no donor imposed restrictions on these contributions. Accordingly, these contributions are treated as unrestricted in 2006. As a result of this change, unrestricted net assets were increased by \$654,503 at September 1, 2005, decreasing temporarily restricted net assets by the same amount. Amounts that are not granted at August 31, 2006 are recorded as payables.

**Permanently Restricted** - Net assets that result from gifts of cash and other assets wherein donors stipulate that the corpus is held in perpetuity to provide a permanent source of income. SOS has no permanently restricted net assets at August 31, 2006.

**Contributions Receivable** - Contributions received or unconditionally pledged are recorded as support in the year the unconditional pledge is received. For the year ended August 31, 2006 SOS had contributions receivable of \$2,349,940. Contributions are as follows:

Unconditional promises to give before unamortized discount	\$ 2,437,500
Less unamortized discount	<u>(87,560)</u>
Total unconditional promises to give	<u>\$ 2,349,940</u>
Amounts due in	
Less than one year	\$ 1,390,625
One to four years	<u>1,046,875</u>
Total contributions receivable	<u>\$ 2,437,500</u>

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Materials and Services** - During the year ended August 31, 2006, SOS distributed 35 thousand pounds of donated products. The average wholesale value of one pound of donated food was determined to be \$1.10 during the year ended August 31, 2006. In addition, a number of individuals and organizations have made in-kind donations or volunteered their services to SOS. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. In-kind donations and services requiring specific expertise have been reflected in the financial statements at their estimated fair value.

SOS has recorded donated materials and services of \$3,124,231 for the year ended August 31, 2006. Donated materials and services are recorded at fair value at date of donation. Those items include the following for the year ended August 31.

Legal services	\$ 76,179
Advertising	1,331,518
Donated food and other	<u>1,716,534</u>
Total	<u>\$ 3,124,231</u>

**Grants and Fellowships** - SOS's mission is to provide funding for anti-hunger, anti-poverty groups on the local, national and international levels. Funds are raised through special fund raising events including the annual Taste of the Nation, Great American Bake Sale, Taste of the Game, Gourmet dinners and other events. SOS distributes the revenue earned from fund raising activities as direct grants.

**Income Taxes** - SOS is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization which is not a private foundation.

CWV and Subsidiary are subject to both Federal and State corporate income taxes. For income tax purposes, CWV has an unused net operating loss (NOL) carryforward of approximately \$168,000 at August 31, 2006, which will expire through 2026. The income tax benefit for the year ended August 31, 2006 consisted of the following:

Utilization of tax loss carryforwards	\$ 43,049
Benefit from NOL carryforwards	57,000
Current taxes paid	<u>(1,766)</u>
Income tax benefit	<u>\$ 98,283</u>

CWV uses accounting methods and procedures for income tax purposes which are different from those used for financial reporting purposes and, accordingly, the taxable income for the income tax returns differ from the income reported on the financial statements. The income tax effects of these differences, when appropriate, are provided for as deferred income taxes in the financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of SOS.

**Estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**NOTE 3. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets result from gifts of cash or other assets with donor imposed restrictions that require that such resources be used for a specified purpose and net assets restricted by management because assets were incurred for a specific program. Temporarily restricted net assets are released from restrictions when amounts are expended for the purpose specified or upon expiration of time restrictions. During the year ended August 31, 2006, \$1,554,300 was released from restrictions due to the cash disbursement of qualifying grants and receipt of contributions with timing restrictions. Temporarily restricted net assets at August 31, 2006 consist of assets restricted based on timing of contributions in the amount of \$2,349,940.

**NOTE 4. TASTE OF THE NATION PROGRAM ACTIVITIES**

The Taste of the Nation contributions are used to make grants to qualifying grantee organizations. Not all grants are made in the same fiscal year as the event. During the year ended August 31, 2006, revenue for Taste of the Nation was \$6,051,306 which included sponsorships from corporate partners, foundations, individual contributions and special event revenue related to Taste of the Nation. During the same year, \$4,473,103 was distributed to grantees and an additional \$3,274,258 was payable at year end.

Share Our Strength Canada had responsibility for the Taste of the Nation Canada fund raising events during the fiscal year ended August 31, 2006. The revenues raised through Taste of the Nation Canada are not included in the accompanying statement of activities due to the separation of operations. The revenue raised through Taste of the Nation Canada was \$194,057 for the year ended August 31, 2006.

**NOTE 5. GREAT AMERICAN BAKE SALE PROGRAM ACTIVITIES**

The Great American Bake Sale (GABS) program raises funds for and increases awareness of the fight against childhood hunger. The net revenue after expenses is used to make grants to qualifying grantee organizations. During the year ended August 31, 2006, \$1,187,266 was distributed to grantees and an additional \$611,294 was payable at year end.

**NOTE 6. NOTES PAYABLE**

CWV had a convertible note dated September 17, 1997, for \$100,000 and due by December 31, 2005. Interest accrued on unpaid principal at a rate of 5%. Principal installments were due annually at December 31, beginning at December 31, 2001. The holder of the note is a 501(c)(3) foundation with the right to convert the outstanding principal amount of the note, in whole but not in parts, into conversion rights, in the event CWV is merged or sold to a third party. The outstanding balance at August 31, 2006 and 2005 is \$-0- and \$25,000, respectively.

Interest expense for the years ended August 31, 2006 and 2005 was \$1,250 and \$7, 000, respectively.

**NOTE 7. COMMITMENTS**

SOS entered into an operating lease for its headquarters located in Washington, D.C. that expires in April 2014. In addition, SOS entered into leases for space and office equipment that expire at various dates through January 2007. Future minimum rental payments, exclusive of contingent rentals, required under the operating leases are as follows:

Year ending August 31,	<u>Office Space</u>	<u>Office Equipment</u>
2007	\$ 523,553	\$ 24,228
2008	539,495	24,228
2009	552,870	16,430
2010	551,307	948
2011	561,321	948
Thereafter	<u>1,322,377</u>	<u>79</u>
Total	<u>\$4,050,923</u>	<u>\$ 66,861</u>

Total office and equipment rental expenses were \$515,324 for the year ended August 31, 2006.

SOS has two \$1,000,000 unsecured lines of credit from Citibank and Wachovia that bear interest (9.25% and a daily floating rate of the Bank's Prime Rate at August 31, 2006). There were no borrowings outstanding at August 31, 2006.

CWV has a \$50,000 unsecured line of credit from its primary bank that bears interest (9.25% at August 31, 2006). There were no borrowings outstanding at August 31, 2006.

SOS has received a commitment of \$1,375,000 from third parties which it intends to contribute to CWV. At August 31, 2006, \$1,000,000 has been contributed to CWV. All inter-company accounts have been eliminated in consolidation.

**NOTE 8. EMPLOYEE BENEFIT PLAN**

SOS and CWV maintain 401(k) profit sharing plans. The plans cover substantially all full-time employees. SOS and CWV will contribute 100% of participant contributions not to exceed 2% of compensation. The total contributions from SOS and CWV to the Plans for the year ended August 31, 2006 were \$53,246 and \$12,869, respectively.

**NOTE 9. ALLOCATION OF JOINT COSTS**

In applying SOP 98-2, Accounting for Joint Costs of Informational Materials and Activities of Not-for-Profit Organizations that include a fundraising appeal, SOS identified activities as program, management and general, and fundraising in the following categories:

1. Volunteer recruitment, mobilization, and management
2. Grant distribution
3. Education and awareness about hunger and food insecurity

Taste of the Nation, the Great American Bake Sale, and the like are platforms or vehicles used to accomplish one or more of the programs defined above. As such the activities performed for each platform may be program-specific, fundraising, management and general, or joint (i.e. a combination of fundraising and program).

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs (totaling \$2,037,339 of joint costs relating to the Taste of the Nation and the Great American Bake Sale) that included a fundraising appeal have been allocated among the programs and support services benefited.

**NOTE 10. UNINSURED CASH**

The SOS maintains its cash in bank deposit accounts which at times may exceed federally insured limits in the United States. The Federal Deposit Insurance Corporation (FDIC) insures balances up to \$100,000 held at a financial institution. SOS has not experienced any losses, and believes it is not exposed to any significant credit risk on cash and cash equivalents. The cash balance adjusted for outstanding checks and deposits results in a bank balance in excess of FDIC insured limits at August 31, 2006 by approximately \$3,022,000.

**SUPPLEMENTAL SCHEDULES**

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

AUGUST 31, 2006

	<u>Share Our Strength</u>	<u>Community Wealth Ventures, Inc. (CWV, Inc.)</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,518,652	\$ 991,762	\$ -	\$ 3,510,414
Accounts receivable	1,363,939	588,231	(448,281)	1,503,889
Contributions receivable	2,349,940	-	-	2,349,940
Tax refund receivable	-	43,049	-	43,049
Investment in CWV, Inc.	1,321,148	-	(1,321,148)	-
Property and equipment, net of accumulated depreciation of \$250,491	50,792	7,192	-	57,984
Deferred income taxes	-	57,000	-	57,000
Other assets	78,794	19,252	-	98,046
	<u>\$ 7,683,265</u>	<u>\$ 1,706,486</u>	<u>\$ (1,769,429)</u>	<u>\$ 7,620,322</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 735,889	\$ 111,262	\$ (448,281)	\$ 398,870
Grants payable	4,320,122	-	-	4,320,122
Deferred revenue	221,630	274,076	-	495,706
Total liabilities	<u>5,277,641</u>	<u>385,338</u>	<u>(448,281)</u>	<u>5,214,698</u>
<b>NET ASSETS AND EQUITY</b>				
<b>Net assets</b>				
Unrestricted	55,684	-	-	55,684
Temporarily restricted	2,349,940	-	-	2,349,940
Total net assets	<u>2,405,624</u>	<u>-</u>	<u>-</u>	<u>2,405,624</u>
<b>Stockholder's equity</b>				
Common stock - no par; 10,000 shares authorized, par value .01; issued and outstanding, 100 shares	-	1	(1)	-
Additional paid-in-capital	-	1,493,843	(1,493,843)	-
Retained earnings	-	(172,696)	172,696	-
Total stockholder's equity	<u>-</u>	<u>1,321,148</u>	<u>(1,321,148)</u>	<u>-</u>
Total consolidated net assets	<u>2,405,624</u>	<u>1,321,148</u>	<u>(1,321,148)</u>	<u>2,405,624</u>
Total liabilities and net assets	<u>\$ 7,683,265</u>	<u>\$ 1,706,486</u>	<u>\$ (1,769,429)</u>	<u>\$ 7,620,322</u>

SHARE OUR STRENGTH, INC. AND SUBSIDIARY

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED AUGUST 31, 2006

	Share Our Strength			Total	Community Wealth Ventures, Inc.		Consolidated
	Unrestricted	In-Kind Donations	Temporarily Restricted		Unrestricted	Eliminations	
<b>REVENUES</b>							
Taste of the Nation Event	\$ 6,051,306	\$ -	\$ -	\$ 6,051,306	\$ -	\$ -	\$ 6,051,306
Great American Bake Sale	943,660	-	-	943,660	-	-	943,660
Corporate sponsorship and partners	1,948,272	-	-	1,948,272	-	-	1,948,272
Foundation revenue	677,284	-	-	677,284	-	-	677,284
Individual contributions	602,818	-	-	602,818	-	-	602,818
In-kind donations	-	3,124,231	-	3,124,231	-	-	3,124,231
Special events	1,189,814	-	-	1,189,814	-	-	1,189,814
Auction revenue	233,718	-	-	233,718	-	-	233,718
Community Wealth consulting revenue	-	-	-	-	1,353,567	(125,337)	1,228,230
Investment income	13,695	-	-	13,695	28,193	-	41,888
Other	402,417	-	-	402,417	-	-	402,417
Net assets released from restrictions	1,554,300	-	(1,554,300)	-	-	-	-
Total revenues	<u>13,617,284</u>	<u>3,124,231</u>	<u>(1,554,300)</u>	<u>15,187,215</u>	<u>1,381,760</u>	<u>(125,337)</u>	<u>16,443,638</u>
<b>EXPENSES</b>							
<b>Programs</b>							
Anti-Hunger, Anti-Poverty Initiatives	11,271,792	1,440,114	-	12,711,906	-	-	12,711,906
Community Wealth	-	-	-	-	1,568,824	(125,337)	1,443,487
Management and general	1,523,759	89,337	-	1,613,096	-	-	1,613,096
Fund raising	1,034,278	928,866	-	1,963,144	-	-	1,963,144
Direct donor benefits	621,883	665,914	-	1,287,797	-	-	1,287,797
Total expenses	<u>14,451,712</u>	<u>3,124,231</u>	<u>-</u>	<u>17,575,943</u>	<u>1,568,824</u>	<u>(125,337)</u>	<u>19,019,430</u>
INCOME OF SUBSIDIARY	(187,064)	-	-	(187,064)	-	187,064	-
CHANGE IN NET ASSETS	(1,021,492)	-	(1,554,300)	(2,575,792)	(187,064)	187,064	(2,575,792)
<b>NET ASSETS</b>							
Beginning of year	<u>1,077,176</u>	<u>-</u>	<u>3,904,240</u>	<u>4,981,416</u>	<u>14,368</u>	<u>(14,368)</u>	<u>4,981,416</u>
End of year	<u>\$ 55,684</u>	<u>\$ -</u>	<u>\$ 2,349,940</u>	<u>\$ 2,405,624</u>	<u>\$ (172,696)</u>	<u>\$ -</u>	<u>\$ 2,405,624</u>

**SHARE OUR STRENGTH, INC. AND SUBSIDIARY**

**CONSOLIDATING SCHEDULE OF FUNCTIONAL EXPENSES**

YEAR ENDED AUGUST 31, 2006

	Program Services		Supporting Services				Eliminations	Total
	Anti-Hunger, Anti-Poverty Initiatives	Community Wealth Ventures, Inc.	Management and General	Fund Raising	Direct Donor Benefits			
Grants	\$ 6,677,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,677,242
Taste of Nation city expenses	88,224	-	-	383,572	621,883	-	-	1,093,679
Operation frontline city expense	282,377	-	-	-	-	-	-	282,377
Salaries, benefits and payroll taxes	2,818,958	1,069,590	917,171	438,190	-	(65,472)	-	5,178,437
Printing, design and production	216,748	10,173	32,924	24,693	-	-	-	284,538
Marketing	50,117	28,022	7,613	5,710	-	-	-	91,462
Consulting and professional services	59,282	158,124	9,005	6,754	-	-	-	233,165
Accounting fees	-	20,086	24,059	-	-	-	-	44,145
Legal fees	2,721	26,645	413	310	-	-	-	30,089
Travel	328,610	200,342	49,915	37,437	-	-	-	616,304
Postage	83,786	4,709	12,727	9,545	-	-	-	110,767
Rent	281,533	59,865	124,613	55,384	-	(59,865)	-	461,530
Telephone	91,523	36,731	13,902	10,427	-	-	-	152,583
Office expenses	78,686	18,902	57,377	38,644	-	-	-	193,609
Fees and licenses	72,879	-	11,070	8,303	-	-	-	92,252
General insurance	7,268	5,331	78,104	-	-	-	-	90,703
Depreciation	493	6,944	58,397	346	-	-	-	66,180
Equipment maintenance	131,345	13,207	19,951	14,963	-	-	-	179,466
Loss on disposal of property and equipment	-	-	586	-	-	-	-	586
Bad debt	-	-	78,716	-	-	-	-	78,716
Tax expense (benefit)	-	(98,283)	-	-	-	-	-	(98,283)
Miscellaneous	-	8,257	4,058	-	-	-	-	12,315
Interest expense	-	179	23,158	-	-	-	-	23,337
<b>Total expenses before in-kind donations</b>	<b>11,271,792</b>	<b>1,568,824</b>	<b>1,523,759</b>	<b>1,034,278</b>	<b>621,883</b>	<b>(125,337)</b>	<b>-</b>	<b>15,895,199</b>
<b>In-kind donations</b>	<b>1,440,114</b>	<b>-</b>	<b>89,337</b>	<b>928,866</b>	<b>665,914</b>	<b>-</b>	<b>-</b>	<b>3,124,231</b>
<b>Total</b>	<b>\$12,711,906</b>	<b>\$1,568,824</b>	<b>\$1,613,096</b>	<b>\$1,963,144</b>	<b>\$1,287,797</b>	<b>\$(125,337)</b>	<b>-</b>	<b>\$19,019,430</b>