THE LADDER ALLIANCE, INC.

Financial Statements

For the Year Ended December 31, 2007

CHARLES O. PAUL
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Ladder Alliance, Inc.

We have audited the accompanying statements of financial position of The Ladder Alliance, Inc. (the Organization) as of December 31, 2007, and the related statements of activities and cash flows and functional expenses for the year 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 audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements which were audited by us. Our report dated September 13, 2007 expressed an unqualified opinion on those financial statements.

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 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 The Ladder Alliance, Inc. as of December 31, 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.

Charles O. Paul

CHARLES O. PAUL, CPA
North Richland Hills, Texas
July 29, 2008

Texas Society of Certified Public Accountants

American Institute of Certified Public Accountants

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THE LADDER ALLIANCE, INC.
Statement of Financial Position
December 31, 2007
With Summarized Financial Information at
December 31, 2006

	2007	2006
ASSETS		
Cash and cash equivalents	$ 43,809	$ 70,562
Grant receivable	2,720	2,511
Other receivables	585	460
Prepaid expenses	-	3,225
Fixed assets at cost, net of accumulated depreciation	11,908	17,145
Lease deposit	1,385	1,385
Total assets	$ 60,407	$ 95,288
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 3,316	$ 4,228
Total current liabilities	3,316	4,228
Commitments and contingencies		
Net assets:		
Unrestricted:	57,091	91,060
Total net assets	57,091	91,060
Total liabilities and net assets	$ 60,407	$ 95,288

The accompanying notes are an integral part of the financial statements

THE LADDER ALLIANCE, INC.
Statement of Activities
For the Year Ended December 31, 2007
With Summarized Financial Information at
For the Year Ended December 31, 2006

	2007 Unrestricted	2006
Revenue and support:		
Contributions and grants	$ 115,932	$123,253
Government grants	38,891	7,717
Special events, net of expenses of $10,891	21,536	14,344
Interest income	1,536	1,072
	177,895	146,386
Expenses:		
Program services	181,654	71,491
General and administrative expense	30,210	16,211
	211,864	87,702
Increase in net assets	(33,969)	58,684
Net assets, beginning of year	$91,060	32,376
Net assets, end of year	$ 57,091	$91,060

The accompanying notes are an integral part of the financial statements

THE LADDER ALLIANCE, INC.
Statement of Cash Flows
For the Year Ended December 31, 2007
With Summarized Financial Information at
For the Year Ended December 31, 2006

	2007	2006
Cash flows from operating activities:		
Increase in net assets	$(33,969)	$58,684
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation	4,021	2,333
Loss on disposal of equipment	1,963	-
In-Kind contributions capitalized	-	(8,000)
Decrease (Increase) in grants receivable	(209)	(2,511)
Decrease (Increase) in other receivables	(125)	7,142
Decrease (Increase) in prepaid expenses	3,225	(3,225)
Decrease (Increase) in lease deposit	-	(1,385)
Increase (decrease) in accounts payable and accrued liabilities	(912)	3,454
Net cash provided by operating activities	(26,006)	56,492
Cash flows from investing activities:		
Purchase of equipment	(747)	(10,989)
Cash flows from financing activities:	-	-
Net change in cash and cash equivalents	(26,753)	45,503
Cash and cash equivalents, beginning of year	$70,562	25,059
Cash and cash equivalents, end of year	$ 43,809	$70,562

Schedule of non-cash investing and financing activities:

None

The accompanying notes are an integral part of the financial statements

THE LADDER ALLIANCE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2007
With Summarized Financial Information at
For the Year Ended December 31, 2006

	Program Services	General and Administrative	Total	2006 Total Expenses
Salaries	$ 101,961	$ 10,459	$ 112,420	$ 58,492
Payroll Taxes	7,710	791	8,501	4,278
Employee Benefits	5,718	1,429	7,147	2,700
Total	115,389	12,679	128,068	65,470
Computer expense	624	-	624	1,315
Dues	-	525	525	330
Equipment rental and maintenance	-	-	-	604
Insurance	2,794	698	3,492	3,414
Supplies	5,543	1,529	7,072	3,526
Student expenses	14,637	-	14,637	2,402
Postage	-	310	310	405
Occupancy	36,376	9,094	45,470	5,755
Telephone	2,270	567	2,837	1,456
Miscellaneous	-	1,794	1,794	
Travel and entertainment	-	1,051	1,051	692
Total expenses before depreciation and loss on disposal of equipment	177,633	28,247	205,880	85,369
Depreciation	4,021		4,021	2,333
Loss on disposal of equipment	-	1,963	1,963	-
Total expenses	$ 181,654	$ 30,210	$ 211,864	$ 87,702

The accompanying notes are an integral part of the financial statements

1. Summary of Significant Accounting Policies

(a) Organization and Operations

The Ladder Alliance, Inc. (Organization) was formed as a charitable corporation incorporated under the laws of the State of Texas. The purpose of the Organization is to provide disadvantaged and abused women, in the greater Fort Worth, Texas, area basic computer application and job skills to enable them to begin a life of self-sufficiency.

(b) Basis of Accounting and Financial Statement Presentation

The Organization's financial statement are presented on the accrual basis of accounting in accordance with statements issued by the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No 117. Under SFAS 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted - includes funds that represent resources over which the Board of Directors has discretionary control to carry out operations of the Organization in accordance with its bylaws.

Temporarily Restricted - includes funds that represent resources expendable only for those operating purposes specified by the donor. Resources of this classification originate principally from grants and gifts.

Permanently Restricted - includes funds that have been accepted with donor stipulations that the principal be maintained intact in perpetuity with only the income to be utilized. The Organization currently has no permanently restricted net assets.

(c) Contributions and Grants

Contributions and Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a donor 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. If the restrictions are met in the year of contribution, the amounts of temporarily restricted gifts are listed as unrestricted contributions.

(d) Fixed Assets

Expenditures for furniture and equipment are stated at cost. Donated assets are recorded at their estimated fair market value at the date of contribution. The Organization capitalized fixed assets with a useful life in excess of one year. Depreciation of fixed assets is calculated on the straight-line method over three - ten years.

(e) Income Taxes

The Organization is exempt from federal income taxes under provisions of Section 501(c) 3 of the Internal Revenue Code. The organization has been determined by the Internal Revenue Service to be a public charity.

(f) Functional Expenses Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

(h) Contributed Services

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services that create or enhance nonfinancial assets, or that require specialized skills, provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been presented in the financial statements for contributed services, as the amounts are immaterial.

(i) Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with maturity of three months or less to be cash equivalents. The Organization places its cash with quality financial institutions and limits its exposure by controlling the cash balances it maintains in any one financial institution. The Organization has never experienced losses from credit risk associated with its cash balances.

(j) Allowance for Uncollectible Accounts

In the opinion of management there are no significant uncollectible accounts. Therefore, no allowance for doubtful accounts has been provided in these statements.

(k) Use of Estimates

The preparation of financial statements in conformity with 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.

(l) Functional Allocation of Expenses

Expenses are allocated to program services, fundraising and management and general based on the nature of the expense and estimates made by management.

(m) Comparative Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31 2006 from which the summarized information was derived.

2. Grants Receivable

Grants receivable represent unreimbursed expenses under a grant with the Texas Workforce Commission.

3. Fixed Assets

The composition of fixed assets at December 31, 2007 is as follows:

Furniture, fixtures and equipment	$ 18,473
Less accumulated depreciation	6,565
	$ 11,908

4. Leases

The Organization leases its administrative offices under an operating lease. The lease expires in August 2009. Under the lease, monthly rentals range from $1,385 to $1,660. Subsequent to December 31, 2007, the lease was terminated by agreement with the landlord. Effective January 1, 2008, a new lease for office space was signed with a new landlord. Minimum lease payments under the lease signed January 1, 2008 through December 31, 2010 are as follows:

2008	$ 30,000
2009	31,500
2010	33,072

5. Commitments and Contingencies

Grants and bequests require the fulfillment of certain conditions as set forth in the grant instrument. Failure to fulfill the conditions could result in the return of funds to the grantor. Although that remains a possibility, the Board deems such contingency remote since by accepting the gifts and their terms, the Organization has, in essence, accommodated the provisions of the gift.