THE CROSS INTERNATIONAL ALLIANCE

REPORT ON EXAMINATION OF
COMBINED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

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INDEPENDENT AUDITOR'S REPORT

June 15, 2007

Boards of Trustees
Cross International Aid, Inc.
Cross International Catholic Outreach, Inc.

We have audited the accompanying combined statements of financial position of Cross International Aid, Inc., and Cross International Catholic Outreach, Inc. (not-for-profit corporations), collectively referred to as The Cross International Alliance, (Cross Int'l), as of December 31, 2006, and the related combined statements of activity and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of Cross Int'l. Our responsibility is to express an opinion on these 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 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 Cross International Aid, Inc. and Cross International Catholic Outreach, Inc. both separately and combined as of December 31, 2006, and the changes in the net assets and cash flows both separately and combined for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Horkey & Associates, P.A.

Certified Public Accountants
Sunrise, Florida

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THE CROSS INTERNATIONAL ALLIANCE
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

	Cross International Aid Inc.	Cross International Catholic Outreach Inc.	Elimination	Combined Totals
ASSETS				
Current Assets				
Cash and cash equivalents	$ 326,679	$ 1,459,470	$ -	$ 1,786,149
Pledges receivable	340,690	460,462	-	801,152
Accounts receivable - miscellaneous	11,019	5,000	-	16,019
Accounts receivable - related party	-	756,147	(756,147)	-
Donated inventory not committed	108,342	-	-	108,342
Prepaid expenses	4,938	1,718	-	6,656
Total Current Assets	791,668	2,682,797	(756,147)	2,718,318
Non-Current Assets				
Property and equipment-net of accumulated depreciation	96,802	46,281	-	143,083
Cash and cash equivalents	320,693	3,024	-	323,717
Other assets	-	-	-	-
Total Non-Current Assets	417,495	49,305	-	466,800
	$ 1,209,163	$ 2,732,102	$ (756,147)	$ 3,185,118
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable & accrued expenses	$ 110,583	$ 157,640	$ -	$ 268,223
Accounts payable - related party	756,147	-	(756,147)	-
Note payable	-	3,795	-	3,795
Deferred grant revenue	-	-		-
Total Current Liabilities	866,730	161,435	(756,147)	272,018
Net Assets				
Restricted - permanently	233,000	-	-	233,000
Restricted - temporarily	411,864	711,445	-	1,123,309
Designated - property & equipment	96,802	46,281	-	143,083
Unrestricted	(399,233)	1,812,941	-	1,413,708
Total Net Assets	342,433	2,570,667	-	2,913,100
	$ 1,209,163	$ 2,732,102	$ (756,147)	$ 3,185,118

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THE CROSS INTERNATIONAL ALLIANCE
COMBINED STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Cross International Aid, Inc.			
	Unrestricted Fund	**Temporarily Restricted Fund**	**Permanently Restricted Fund**	**Totals 2006**
Revenues, Gains and Other Support				
Donations and gifts	$ 1,378,131	$ 1,581,458	$ -	$ 2,959,589
Donations and gifts - in kind	77,758,068	-	-	77,758,068
Miscellaneous income	-	-	-	-
Investment income	22,889	-	-	22,889
Net assets released from restrictions:				
Restrictions from pledge receivables	18,040	(18,040)	-	-
Restrictions satisfied by payments for operations	1,310,953	(1,310,953)	-	-
Total Revenues, Gains and Other Support	80,488,081	252,465	-	80,740,546
Expenses				
Personnel	327,435	-	-	327,435
Donations made	1,291,697	-	-	1,291,697
Telephone	26,797	-	-	26,797
Supplies	10,075	-	-	10,075
Goods distributed	77,860,995	-	-	77,860,995
Interest	-	-	-	-
Occupancy	27,184	-	-	27,184
Maintenance	1,435	-	-	1,435
Printing, publications and video	264,243	-	-	264,243
Public relations and marketing	407,934	-	-	407,934
Professional fees	122,575	-	-	122,575
Travel	45,315	-	-	45,315
Board meetings	5,463	-	-	5,463
Shipping and postage	400,931	-	-	400,931
Other	69,478	-	-	69,478
Total Expenses	80,861,557	-	-	80,861,557
Change in Net Assets	(373,476)	252,465	-	(121,011)
Net Assets at Beginning of Year	71,045	159,399	233,000	463,444
Net Assets at End of Year	$ (302,431)	$ 411,864	$ 233,000	$ 342,433

THE CROSS INTERNATIONAL ALLIANCE
COMBINED STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Cross International Catholic Outreach, Inc.			
	Unrestricted Fund	**Temporarily Restricted Fund**	**Permanently Restricted Fund**	**Totals 2006**
<u>Revenues, Gains and Other Support</u>				
Donations and gifts	$ 6,869,155	$ 3,421,536	$ -	$ 10,290,691
Donations and gifts - in kind	120,183,341	-	-	120,183,341
Miscellaneous income	-	-	-	-
Investment income	3,379	-	-	3,379
Net assets released from restrictions:				
Restrictions from pledge receivables	-	-	-	-
Restrictions satisfied by payments for operations	3,046,987	(3,046,987)	-	-
Total Revenues, Gains and Other Support	130,102,862	374,549	-	130,477,411
<u>Expenses</u>				
Personnel	2,881,760	-	-	2,881,760
Donations made	2,946,843	-	-	2,946,843
Telephone	26,092	-	-	26,092
Supplies	36,269	-	-	36,269
Goods distributed	120,217,892	-	-	120,217,892
Interest	670	-	-	670
Occupancy	137,189	-	-	137,189
Maintenance	7,253	-	-	7,253
Printing, publications and video	1,229,781	-	-	1,229,781
Public relations and marketing	55	-	-	55
Professional fees	116,157	-	-	116,157
Travel	564,464	-	-	564,464
Board meetings	34,848	-	-	34,848
Shipping and postage	690,999	-	-	690,999
Other	475,841	-	-	475,841
Total Expenses	129,366,113	-	-	129,366,113
Change in Net Assets	736,749	374,549	-	1,111,298
Net Assets at Beginning of Year	1,122,473	336,896	-	1,459,369
Net Assets at End of Year	$ 1,859,222	$ 711,445	$ -	$ 2,570,667

THE CROSS INTERNATIONAL ALLIANCE
COMBINED STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Combined Totals			
	Unrestricted Fund	**Temporarily Restricted Fund**	**Permanently Restricted Fund**	**Totals 2006**
Revenues, Gains and Other Support				
Donations and gifts	$ 8,247,286	$ 5,002,994	$ -	$ 13,250,280
Donations and gifts - in kind	197,941,409	-	-	197,941,409
Miscellaneous income	-	-	-	-
Investment income	26,268	-	-	26,268
Net assets released from restrictions:				
Restrictions from pledge receivables	18,040	(18,040)	-	-
Restrictions satisfied by payments for operations	4,357,940	(4,357,940)	-	-
Total Revenues, Gains and Other Support	210,590,943	627,014	-	211,217,957
Expenses				
Personnel	3,209,195	-	-	3,209,195
Donations made	4,238,540	-	-	4,238,540
Telephone	52,889	-	-	52,889
Supplies	46,344	-	-	46,344
Goods distributed	198,078,887	-	-	198,078,887
Interest	670	-	-	670
Occupancy	164,373	-	-	164,373
Maintenance	8,688	-	-	8,688
Printing, publications and video	1,494,024	-	-	1,494,024
Public relations and marketing	407,989	-	-	407,989
Professional fees	238,732	-	-	238,732
Travel	609,779	-	-	609,779
Board meetings	40,311	-	-	40,311
Shipping and postage	1,091,930	-	-	1,091,930
Other	545,319	-	-	545,319
Total Expenses	210,227,670	-	-	210,227,670
Change in Net Assets	363,273	627,014	-	990,287
Net Assets at Beginning of Year	1,193,518	496,295	233,000	1,922,813
Net Assets at End of Year	$ 1,556,791	$ 1,123,309	$ 233,000	$ 2,913,100

The accompanying notes are an integral part of these financial statements

THE CROSS INTERNATIONAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
CROSS INTERNATIONAL AID, INC.
FOR THE YEAR ENDED DECEMBER 31, 2006

	Restricted Program Services					
	Food Program	**Medical Program**	**Disaster Relief Program**	**Orphan Program**	**Misc. Programs**	**Total**
Personnel	$ -	$ -	$ -	$ -	$ -	$ -
Grants Distributed	369,369	182,241	34,500	141,762	563,824	1,291,696
Telephone	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Goods Distributed	570,610	65,705,943	-	7,592,850	3,943,084	77,812,487
Goods Purchased	26,788	-	-	3,604	14,090	44,482
Occupancy	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
Public relations and marketing	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Meetings	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	$ 966,767	$ 65,888,184	$ 34,500	$ 7,738,216	$ 4,520,998	$ 79,148,665

The accompanying notes are an integral part of these financial statements

THE CROSS INTERNATIONAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
CROSS INTERNATIONAL AID, INC.
FOR THE YEAR ENDED DECEMBER 31, 2006

	Unrestricted Program Services				Supporting Services			
	Project Develop.	Mission Education	Shipping	Total	Mgmt and General	Fund Raising	Total	Totals All Services
Personnel	$ 112,475	$ 60,459	$ 38,015	$ 210,949	$ 71,179	$ 45,307	$ 116,486	$ 327,435
Grants Distributed	-	-	-	-	-	-	-	1,291,696
Telephone	806	-	1,479	2,285	22,022	2,490	24,512	26,797
Office Supplies	34	-	96	130	9,619	326	9,945	10,075
Goods Distributed	-	-	-	-	-	-	-	77,812,487
Goods Purchased	-	-	4,025	4,025	-	-	-	48,507
Occupancy	-	-	14,172	14,172	13,011	-	13,011	27,183
Maintenance	-	-	136	136	1,299	-	1,299	1,435
Printing	-	31,618	-	31,618	15,820	153,997	169,817	201,435
Data Processing	-	-	-	-	62,796	13	62,809	62,809
Public relations and marketing	-	204,123	-	204,123	1,589	202,223	203,812	407,935
Professional Fees	2,917	27,605	-	30,522	36,283	55,770	92,053	122,575
Travel	11,236	17,167	3,464	31,867	1,916	11,532	13,448	45,315
Meetings	-	2,559	-	2,559	2,875	29	2,904	5,463
Postage and Shipping	2	53	354,888	354,943	25,337	20,651	45,988	400,931
Other	41	7,267	650	7,958	55,747	5,774	61,521	69,479
Total	$ 127,511	$ 350,851	$ 416,925	$ 895,287	$ 319,493	$ 498,112	$ 817,605	$ 80,861,557

THE CROSS INTERNATIONAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
FOR THE YEAR ENDED DECEMBER 31, 2006

	Restricted Program Services					
	Food Program	**Medical Program**	**Disaster Relief Program**	**Orphan Program**	**Misc. Programs**	**Total**
Personnel	$ -	$ -	$ -	$ -	$ -	$ -
Grants Distributed	573,261	174,075	158,893	641,552	1,399,062	2,946,843
Telephone	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-
Goods Distributed	98,502	118,507,701	151,261	103,464	1,322,053	120,182,981
Goods Purchased	17,495	-	13,400	1,511	2,506	34,912
Education	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-
Printing	-	-	-	-	-	-
Data Processing	-	-	-	-	-	-
Public relations and marketing	-	-	-	-	-	-
Bad debt from pledges	-	-	-	-	-	-
Professional Fees	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Meetings	-	-	-	-	-	-
Postage and Shipping	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	$ 689,258	$ 118,681,776	$ 323,554	$ 746,527	$ 2,723,621	$ 123,164,736

THE CROSS INTERNATIONAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
CROSS INTERNATIONAL CATHOLIC OUTREACH, INC.
FOR THE YEAR ENDED DECEMBER 31, 2006

	Unrestricted Program Services				Supporting Services			
	Project Develop.	Mission Education	Shipping	Total	Mgmt and General	Fund Raising	Total	Totals All Services
Personnel	$ 468,340	$ 1,610,786	$ 193,425	2,272,551	$ 400,340	$ 208,869	$ 609,209	$ 2,881,760
Grants Distributed	-	-	-	-	-	-	-	2,946,843
Telephone	334	240	554	1,128	24,597	367	24,964	26,092
Office Supplies	-	449	529	978	33,659	1,632	35,291	36,269
Goods Distributed	-	-	-	-	-	-	-	120,182,981
Goods Purchased	-	-	-	-	-	-	-	34,912
Education	-	-	-	-	-	-	-	-
Interest	-	-	-	-	670	-	670	670
Occupancy	-	-	70,895	70,895	66,294	-	66,294	137,189
Maintenance	-	-	714	714	6,539	-	6,539	7,253
Printing	-	102,755	-	102,755	63,700	791,274	854,974	957,729
Data Processing	-	-	-	-	271,965	87	272,052	272,052
Public relations and marketing	-	-	-	-	55	-	55	55
Bad debt from pledges	-	-	-	-	-	-	-	-
Professional Fees	5,043	4,425	2,568	12,036	53,936	50,185	104,121	116,157
Travel	114,885	331,865	9,095	455,845	3,093	105,525	108,618	564,463
Meetings	166	18,256	-	18,422	15,339	1,087	16,426	34,848
Postage and Shipping	21	26,720	417,620	444,361	150,268	96,370	246,638	690,999
Other	357	180,164	127	180,648	142,673	152,520	295,193	475,841
Total	$ 589,146	$ 2,275,660	$ 695,527	$ 3,560,333	$ 1,233,128	$ 1,407,916	$ 2,641,044	$ 129,366,113

The accompanying notes are an integral part of these financial statements

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THE CROSS INTERNATIONAL ALLIANCE
COMBINED STATEMENT OF CASH FLOWS
TOTAL ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Cross International Aid Inc.	Cross International Catholic Outreach Inc.	Total
Cash Flows From Operating Activities			
Cash received from public and grants	$ 2,706,032	$ 10,008,774	$ 12,714,806
Cash paid to suppliers and employees	(2,953,087)	(9,123,180)	(12,076,267)
Cash received from investment earnings	22,889	3,379	26,268
Net Cash Provided (Used) by Operating Activities	(224,166)	888,973	664,807
Cash Flows from Financing Activities			
(Increase) decrease in intercompany receivable	-	(436,963)	(436,963)
Increase (decrease) in intercompany payable	436,963	-	436,963
Increase (decrease) in notes payable	-	(4,482)	(4,482)
Net Cash Provided (Used) by Financing Activities	436,963	(441,445)	(4,482)
Cash Flows From Investing Activities			
Acquisition of property and equipment	(51,755)	(18,799)	(70,554)
Net Cash Provided (Used) by Investing Activities	(51,755)	(18,799)	(70,554)
Net Increase (Decrease) In Cash and Cash Equivalents	161,042	428,729	589,771
Cash and Cash Equivalents - Beginning of Year	486,330	1,033,765	1,520,095
Cash and Cash Equivalents - End of Year	$ 647,372	$ 1,462,494	$ 2,109,866
Change in Net Assets	$ (121,011)	$ 1,111,298	$ 990,287
Adjustments To Reconcile Net Income to Net Cash Provided By Operating Activities:			
Depreciation and amortization	19,388	20,993	40,381
In-Kind Donations	(77,758,068)	(120,183,341)	(197,941,409)
In-Kind Expenses	77,758,068	120,183,341	197,941,409
Change in assets and liabilities			
(Increase) decrease in accounts receivable - trade and other	(253,557)	(281,917)	(535,474)
(Increase) decrease in inventory	54,235	-	54,235
(Increase) decrease in prepaid expenses	(1,119)	(1,169)	(2,288)
Increase (decrease) in accounts payable and accrued expenses	77,898	39,768	117,666
Total Adjustments	(103,155)	(222,325)	(325,480)
Net Cash Provided (Used) By Operating Activities	$ (224,166)	$ 888,973	$ 664,807
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year for interest	$ -	$ 670	$ 670

Note A. Summary of Significant Accounting Policies

Organization – The Cross International Alliance (the Alliance) is comprised of the following:

Cross International Aid, Inc.; dba Cross International (CI), was organized as a not-for-profit organization on February 16, 2001 and is dedicated to humanitarian efforts in the form of providing for medical needs, housing, clothing, food, education and any other assistance that will relieve suffering and poverty while contributing to the material and spiritual development of the poor throughout the world. CI has also been organized to proclaim the gospel of Jesus Christ, especially as it relates to love of those in need throughout the world and to make known the teachings of The Bible concerning the provision of aid to the poor.

To aid in this purpose, CI has also been organized to educate the public regarding the conditions of the poor throughout the world and to recruit supporters and volunteers to further its mission.

Cross International Catholic Outreach, Inc.; (CICO) was organized as a not-for-profit organization on November 30, 2001 and began doing business on January 1, 2002. CICO was organized to carry out the social teaching of the Catholic Church through humanitarian efforts for the poor and indigent throughout the world. To aid in this purpose, CICO uses the teachings of the Bible and the Catholic Church in proclaiming the gospel of Jesus Christ especially as it relates to love of those in need throughout the world and to make known the teachings of The Bible concerning the provision of aid to the poor. CICO is dedicated to providing food, medicines, clothing, housing, education and any other assistance that will relieve suffering and poverty as well as contribute to the material and spiritual development of the poor.

CICO is further organized to educate the general public regarding the conditions of the poor throughout the world and to recruit supporters and volunteers to further its mission.

Cross International Foundation, Inc.; (CIF) was organized as a not-for-profit organization on June 23, 1992 as Winners Circle Christian Fellowship, Inc. before changing the name to Partners in Progress, Inc. on June 15, 1998 and to Cross International Foundation, Inc. on May 31, 2002 at which time it affiliated with the Alliance and began doing business in July 2002. CIF was organized to offer gift annuities and endowment management on behalf of CI and CICO.

CIF is a fundraising entity for CI and CICO and is not presented as a separate combining entity in these financial statements. All the revenues and expenditures related to the activities have been properly recorded in the combined financial statements of CI and CICO.

Cross International; a registered fictitious name in the state of Florida, is the dba name for CI. These financial statements show combined totals for CI and CICO under the heading of The Cross International Alliance because both organizations are under common control from members on both boards of directors and from officers of both organizations.

Fund Accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Alliance, the accounts are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, net assets have been classified as unrestricted, temporarily restricted or permanently restricted. These classifications are based on the donor's intent (see Temporarily Restricted Fund Balance below).

Note A. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued) - Accordingly, all financial transactions have been recorded and reported by fund group. Permanently restricted funds are funds restricted by outside sources and are distinguished from unrestricted funds designated for specific purposes by action of the Board of Directors. Donor restricted funds may only be utilized in accordance with the purposes established by the donor and are in contrast with unrestricted funds, over which the Board retains full control to use in achieving any of its purposes. As of December 31, 2006, there was $233,000 in permanently restricted funds.

Temporarily restricted funds are subject to donor-imposed stipulations that may or will be met, either by actions of the Alliance and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Goods and Services - Unpaid volunteers have made significant contributions of their time and efforts to develop the Alliance's programs in a non-professional capacity. The value of this contributed time and effort cannot be objectively measured or valued and is, therefore, not included in these financial statements. However, some volunteers may provide professional services for various purposes. These services are valued at their professional billing rates when they occur. There were no material instances of donated professional services as of and for the year ended December 31, 2006.

A number of donors have provided goods and services to the Alliance's programs, principally in the areas of medical supplies and equipment, food, clothing, and construction materials. These goods and services are presented in the accompanying financial statements and are included in inventory, goods distributed, personnel and occupancy. The value of these goods and services are measured based on the donor's estimate of value. The total value of contributed goods and services recorded for the year ended December 31, 2006 was $197,704,375.

Donated Assets – Substantially all inventory has been donated and is recorded at donor's cost, if determinable, or estimated fair market value.

Property and Equipment – When purchased, property and equipment will be recorded at cost. Depreciation will be computed using the straight-line method over the estimated useful lives of the related assets.

Contributed Facility – For a small part of the year, the Alliance received use of its offices, furniture and equipment from a related real estate corporation, free of charge. The Alliance was not responsible for maintenance costs of the space.

Inventory Valuation - Inventory is recorded on the first in, first out, lower of cost or market method.

Tax Status – CI, CICO and CIF are qualified as tax-exempt, not-for-profit organizations under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required.

Temporarily Restricted Fund Balance - When donors have made gifts to the Alliance dependent upon the occurrence of certain events or the passage of time, these gifts are reflected as temporarily restricted net assets until the event occurs or the time elapses, at which time they are reclassified to unrestricted net assets. Also, future unconditional promises to give that have been made in writing are classified as temporarily restricted until payment is received. When payment is received such payment is shown as net assets released from restrictions net of any new unconditional promises to give and any change in the allowance for the same.

Note A. Summary of Significant Accounting Policies (Continued)

Functional Expenses - Expenses are charged directly to program or management in general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures or square footage of the buildings and their use.

Promises to Give - Contributions are recognized when the donor makes a promise to the Alliance 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 these contributions are recognized. There are no unconditional promises to give with terms in excess of one year from December 31, 2006. If there had been they would have been presented at their net present value (See Note C). The Alliance uses the allowance method to determine uncollectible promises receivable. The allowance is based on management's analysis of specific promises made.

Accounting 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.

Cash and Cash Equivalents - For financial reporting and statement of cash flow purposes, cash includes all demand deposit accounts, savings accounts, and certificates of deposits with maturities of less than 90 days from December 31, 2006. Cash equivalents includes all other cash investments, substantially all invested in certificates of deposit, with maturities between 90 days and one year from December 31, 2006.

Note B. Inventories

Inventory of goods not previously committed to specific donees but to be distributed to the poor soon after December 31, 2006 was $108,342 and is comprised of contributed goods as discussed above.

Note C. Promises to Give

Promises to give as of December 31, 2006, which are all current assets, consist of the following:

Current	
Unconditional promises	$ 3,658
Unconditional promises received in 2007 dated in 2006	797,494
Allowance for uncollectible	-
Net unconditional promises to give	$ 801,152

Of this amount, $3,658 has been categorized as restricted which excludes all amounts received after, but dated before December 31, 2006.

Note D. Related Party Transactions

The Alliance receives many benefits from related parties. These include both cash and in kind donations. To avoid delays in the processing of some checks, the Alliance allowed related parties to either pay certain of its expenditures or the Alliance paid for certain expenditures of the related parties, which were all reimbursed later. The following table approximately summarizes the extent of these transactions:

Relationship	Description	Amount
Entities related to directors		
A charitable foundation	Cash donations received	200,000
Non-profit organizations	Cash donations received	517,871
Ministries	Cash donations paid	5,000
Directors	Cash donations received	217,000

Note E. Temporarily Restricted Fund Balance

Temporarily restricted fund balances at December 31, 2006 consist of the following:

	CI	CICO	Total
Food and Water Programs	$ 11,272	$ 366,465	$ 377,737
Medical Programs	-	35,000	35,000
Disaster Relief Programs	3	14,968	14,971
Orphans Programs	91,500	1,007	92,507
Mission Operations and Miscellaneous Programs	305,432	294,005	599,437
Pledges Receivable	3,657	-	3,657
Total Temporarily Restricted Funds	$ 411,864	$ 711,445	$ 1,123,309

Note F. Concentrations

For the year ended December 31, 2006 approximately 86.5% of the Alliance’s support was provided by contributions from one unrelated business.

Note G. Intentions to Give

Certain donors’ have indicated intentions to give. An intention to give is not recorded unless it is legally enforceable. When determining whether the Alliance has received an unconditional promise or just an intention, it considers, among other things, whether any partial payments have been made, the written evidence and the words contained therein (for example, promise to give as opposed to plan to give), whether a payment schedule exists and whether the Alliance has publicly announced the donation and has taken action to rely upon the promise. During the year ending December 31, 2006, there were no reclassifications from intentions to give to promises or pledges to give. Material intentions to give at December 31, 2006 were approximately $31,350,000.

Note H. Significant Concentrations of Credit Risk

CI and CICO maintain cash balances at several financial institutions. The Federal Deposit Insurance Corporation (FDIC) provides insurance for accounts held at each institution up to $100,000. As of December 31, 2006, CI had approximately $506,000 in excess of the insured limit.

CI and CICO maintain an overnight investment repurchase agreement (sweep account) at the end of every business day through a bank's investment service. The Securities Investor Protection Corporation (SIPC) provides insurance for accounts held at each institution up to $500,000. As of December 31, 2006, CICO had approximately $65,000 in excess of the insured limit.

Note I. Permanently Restricted Net Assets

Included in the investments of CI as of December 31, 2006, are accounts with a balance of approximately $320,700. The owner of the account is listed as CIF. CIF is a fundraising entity for CI and CICO. Since the intention of the money was to be used for the charitable purposes of CI it is therefore presented as a part of the assets of CI. Included in these accounts is a total of $233,000 that has been set up at the board of directors' direction and from a donor's last will and testament to be permanently restricted monies.

However, due to inadvertent errors by the brokerage firm when filling out the forms to open one of the accounts, the entire balance in that fund could become unrestricted. It is the intention of both boards of directors and management that these funds remain permanently restricted.

Note J. Cross International Aid, Inc. - Unrestricted Net Assets

At December 31, 2006, Cross International Aid, Inc. had an ending unrestricted net asset balance of $(399,233). This balance is due principally to temporarily restricted cash donations exceeding unrestricted cash donations by approximately $2,400,000 over the past 4 years and a net loss for 2006 of $(121,011).

In 2007, Cross International Aid, Inc. has begun aggressive fundraising initiatives with major donors and telemarketing efforts and has implemented a special events department. These efforts are focused on acquiring unrestricted donations. The revenue from the new programs and from existing programs along with the implementation of controls over certain expenditures is projected to both fund the current period expenses in unrestricted funds and create a positive unrestricted net asset balance. The major donors program is forecasted to bring in $375,000 in additional unrestricted donations. The new special events department should bring $40,000 and the telemarketing initiative is projected to raise $91,000 in unrestricted donations. The total of new funding is expected to be approximately $500,000.