NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

FINANCIAL STATEMENTS

December 31, 2007
(With Comparative Totals for
December 31, 2006)

George Johnson
& Company

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

CONTENTS

George Johnson
& Company

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INDEPENDENT AUDITORS' REPORT

April 28, 2008

To the Board of Trustees
New Detroit, Inc.
Detroit, Michigan

We have audited the accompanying statement of financial position of New Detroit, Inc. (the "Corporation," a Michigan non-profit Corporation) as of December 31, 2007, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation's financial statements as of, and for the year ended, December 31, 2006 and, in our report dated August 10, 2007, we 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, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 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 aforementioned financial statements present fairly, in all material respects, the financial position of New Detroit, 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.

As discussed in Note D, during the year ended December 31, 2007, the Corporation changed its method of accounting for pension liabilities in accordance with the provisions of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132(R)."

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards,* we have also issued our report, dated April 28, 2008, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

George Johnson & Company

CERTIFIED PUBLIC ACCOUNTANTS

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2007
(With Comparative Totals as of December 31, 2006)

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,960,997	$ 2,859,625
Pledges and accounts receivable (Note C)	1,505,135	1,245,629
Prepaid expenses	38,490	20,076
Total Current Assets	**4,504,622**	**4,125,330**
Fixed Assets (Note A):		
Furniture and equipment	266,199	571,370
Leased equipment	153,123	153,123
	419,322	724,493
Less: Accumulated depreciation and amortization	(258,864)	(506,554)
Total Fixed Assets	**160,458**	**217,939**
Other Assets:		
Investments (Note G)	63,640	58,917
Total Assets	**$ 4,728,720**	**$ 4,402,186**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

December 31, 2007
(With Comparative Totals as of December 31, 2006)

	2007	2006
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Leases payable - current portion (Note E)	$ 24,482	$ 27,843
Accounts payable and accrued expenses	59,756	58,647
Fiduciary deposits payable (Note F)	80,370	68,278
Liability for pension benefits - current portion (Note D)	137,338	-0-
Total Current Liabilities	**301,946**	**154,768**
Long-Term Liabilities:		
Leases payable (net of current portion) (Note E)	54,159	78,582
Liability for pension benefits (net of current portion) (Note D)	529,829	-0-
Total Long-Term Liabilities	**583,988**	**78,582**
Total Liabilities	**885,934**	**233,350**
Net Assets:		
Unrestricted	1,941,469	2,350,409
Temporarily restricted (Note B)	1,901,317	1,818,427
Total Net Assets	**3,842,786**	**4,168,836**
Total Liabilities and Net Assets	**$ 4,728,720**	**$ 4,402,186**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES

For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Changes in Unrestricted Net Assets:		
Revenue and gains:		
New Detroit Fund pledges	$ 622,750	$ 272,250
Contributions and grants	1,158,855	848,247
Annual dinner	353,400	386,250
Investment income and gains	99,968	96,042
Miscellaneous income	11,028	3,711
Total Unrestricted Revenue and Gains	2,246,001	1,606,500
Net assets released from restrictions (Note B)	1,961,880	2,291,465
Total Unrestricted Revenue, Gains, and Other Support	**4,207,881**	**3,897,965**
Expenses and losses:		
Program services:		
Economic Equity	459,549	489,065
Race Relations and Cultural Collaboration	469,753	930,293
Youth Development	688,130	501,795
Community Capacity Building	1,319,573	1,107,786
Total Program Services	2,937,005	3,028,939
Supporting services:		
Management and general	647,470	605,374
Fund raising	279,090	271,993
Communications	73,741	62,595
Total Supporting Services	1,000,301	939,962
Total Expenses	**3,937,306**	**3,968,901**
Loss on disposition of fixed assets	12,348	-0-
Total Expenses and Losses	**$ 3,949,654**	**$ 3,968,901**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF ACTIVITIES (CONTINUED)

For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Changes in Unrestricted Net Assets (continued):		
Net Increase (Decrease) in Unrestricted Net Assets Before Cumulative Effect of Change in Accounting Principle	**$ 258,227**	**$ (70,936)**
Cumulative effect of change in accounting principle (Note D)	(667,167)	-0-
Net Increase (Decrease) in Unrestricted Net Assets	**(408,940)**	**(70,936)**
Changes in Temporarily Restricted Net Assets:		
New Detroit Fund pledges for following year	1,186,650	1,325,700
Contributions	858,120	758,769
Net assets released from restrictions (Note B)	(1,961,880)	(2,291,465)
Net Increase (Decrease) in Temporarily Restricted Net Assets	**82,890**	**(206,996)**
Net Increase (Decrease) in Net Assets	**(326,050)**	**(277,932)**
Net Assets, Beginning of Year	4,168,836	4,446,768
Net Assets, End of Year	**$ 3,842,786**	**$ 4,168,836**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007									Total Expenses	
	Program Services					Supporting Services					
	Economic Equity	Race Relations and Cultural Collaboration	Youth Development	Community Capacity Building	Total Program Services	Management and General	Fund Raising	Communications	Total Supporting Services	2007	2006
Employee Compensation:											
Salaries	$ 220,877	$ 231,976	$ 253,442	$ 276,298	**$ 982,593**	$ 372,275	$ 79,877	$ -0-	**$ 452,152**	**$ 1,434,745**	$ 1,552,945
Employee benefits (Note D)	88,732	64,617	76,498	74,209	**304,056**	88,191	9,023		**97,214**	**401,270**	394,662
Payroll taxes	15,032	16,257	17,158	21,188	**69,635**	22,616	6,196		**28,812**	**98,447**	110,547
Total Employee Compensation	**324,641**	**312,850**	**347,098**	**371,695**	**1,356,284**	**483,082**	**95,096**	**-0-**	**578,178**	**1,934,462**	**2,058,154**
Other Expenses:											
Program initiatives	49,326	56,237	139,090		**244,653**					**244,653**	328,703
Discretionary grants	6,255	15,515	18,975		**40,745**	4,255			**4,255**	**45,000**	42,925
Occupancy	39,318	40,284	37,248	80,989	**197,839**	49,942			**49,942**	**247,781**	270,814
Professional fees	5,661	5,661	69,926	342,436	**423,684**	57,198	2,340		**59,538**	**483,222**	547,492
Program grants				416,896	**416,896**					**416,896**	216,757
Annual dinner expenses							146,160		**146,160**	**146,160**	140,739
Publications and promotions								69,514	**69,514**	**69,514**	61,903
Office supplies	3,350	3,550	3,551	22,553	**33,004**	3,082	1,109	4,227	**8,418**	**41,422**	41,841
Conferences	3,566	3,383	42,502	13,645	**63,096**	6,188	216		**6,404**	**69,500**	43,098
Telephone	4,637	4,847	5,540	10,407	**25,431**	6,003	79		**6,082**	**31,513**	16,646
Meetings and committee expenses	3,293	7,910	5,079	8,761	**25,043**	4,573			**4,573**	**29,616**	26,586
United Way for Southeastern Michigan fund raising fee							33,748		**33,748**	**33,748**	33,501
Insurance	4,266	4,266	4,042	9,551	**22,125**	5,389			**5,389**	**27,514**	30,068
Repairs and maintenance	1,439	1,439	1,363	3,000	**7,241**	1,824			**1,824**	**9,065**	8,136
Dues and subscriptions	1,019	1,033	1,611	26,190	**29,853**	3,046	342		**3,388**	**33,241**	25,343
Interest expense						4,943			**4,943**	**4,943**	6,502
Miscellaneous expenses						1,805			**1,805**	**1,805**	2,513
Total Expenses Before Depreciation and Amortization	**446,771**	**456,975**	**676,025**	**1,306,123**	**2,885,894**	**631,330**	**279,090**	**73,741**	**984,161**	**3,870,055**	**3,901,721**
Depreciation and amortization (Note A)	12,778	12,778	12,105	13,450	**51,111**	16,140			**16,140**	**67,251**	67,180
Total Expenses	**$ 459,549**	**$ 469,753**	**$ 688,130**	**$ 1,319,573**	**$ 2,937,005**	**$ 647,470**	**$ 279,090**	**$ 73,741**	**$ 1,000,301**	**$ 3,937,306**	**$ 3,968,901**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS

For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Cash Flows from Operating Activities:		
Net increase (decrease) in net assets	$ (326,050)	$ (277,932)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities:		
Loss on disposition of assets	12,348	-0-
Depreciation and amortization	67,251	67,180
Net realized and unrealized gain on investments	(4,723)	(7,680)
Cumulative effect of change in accounting principle	667,167	-0-
(Increase) decrease in:		
Pledges and accounts receivable	(259,506)	357,294
Prepaid expenses	(18,414)	19,025
Increase (decrease) in:		
Accounts payable and accrued expenses	1,109	29,924
Fiduciary deposits payable	12,092	8,693
Net Cash Provided by Operating Activities	**151,274**	**196,504**
Cash Flows from Investing Activities:		
Acquisition of fixed assets	(22,118)	(23,352)
Net Cash Provided (Used) by Investing Activities	**(22,118)**	**(23,352)**
Cash Flows from Financing Activities:		
Payments on leases payable	(27,784)	(30,186)
Net Cash Provided (Used) by Financing Activities	**(27,784)**	**(30,186)**
Net Increase in Cash and Cash Equivalents	**101,372**	**142,966**
Cash and Cash Equivalents Balance, Beginning of Year	2,859,625	2,716,659
Cash and Cash Equivalents Balance, End of Year	**$ 2,960,997**	**$ 2,859,625**

See notes to financial statements.

NEW DETROIT, INC.
(A Michigan Non-Profit Corporation)

STATEMENTS OF CASH FLOWS (CONTINUED)

For the Year Ended December 31, 2007
(With Comparative Totals for the Year Ended December 31, 2006)

	2007	2006
Schedule of Noncash Transactions:		
Acquisition of equipment under capital leases	$ -0-	$ 91,505
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 4,943	$ 6,502

See notes to financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Purpose

New Detroit, Inc. (the "Corporation") is a community-based resource center providing social, economic, educational, and technical assistance to the community. The Corporation's principal source of revenue is from pledges made to the New Detroit Fund campaign.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Financial Statement Presentation

The Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Recognition of Contributions

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 are reported in the statements of activities as net assets released from restrictions.

Tax-Exempt Status

The Corporation has been classified by the Internal Revenue Service as a not-for-profit organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Additionally, the Corporation has been classified by the Internal Revenue Service as an organization that is not a private foundation.

Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all short-term securities purchased with maturities of three months or less to be cash equivalents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are carried at cost or, if donated, at fair market value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from five to 10 years. The Corporation's policy is to capitalize acquisitions of $100 or more.

Functional Allocation of Expenses

Direct expenses, which can be clearly defined as incurred for a specific program, are charged to that program. The Corporation allocates common expenses to program and supporting services based on time studies by management. The Corporation did not conduct any activities for which joint costs were allocated between fund raising expenses and program services or management and general expenses.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash, cash equivalents, and pledges and accounts receivable.

The Corporation's cash and certificates of deposit are located in three institutions; the cash on deposit in each of these institutions exceeds the $100,000 federally insured limit. The Corporation has entered into four short-term repurchase agreements with one financial institution. The underlying securities serve as collateral. The Corporation may become an unsecured creditor of the financial institution in the event that the market value of the security interest falls below the amount of funds invested. The Corporation's pledges receivable are principally due from the general public through the New Detroit Fund campaign (see Note C).

Approximately 35 percent of the Corporation's revenue for 2007, and approximately 41 percent of the Corporation's pledges and accounts receivable balance as of December 31, 2007, were from three organizations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not in detail in a statement of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Corporation's financial statements as of, and for the year ended, December 31, 2006, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2006 financial statements to conform to classifications used in 2007.

NOTE B - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available as of December 31, 2007 and 2006 for the following purposes or periods:

	2007	2006
Restricted for program activities:		
Planned Giving	$ 12,000	$ 15,000
Race Relations and Cultural Collaboration	77,673	62,226
Youth Development	121,723	115,409
Community Capacity Building	503,271	300,092
	714,667	492,727
Restricted for use in future periods	1,186,650	1,325,700
	$ 1,901,317	**$ 1,818,427**

NOTE B - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, as follows:

	2007	2006
Purpose restrictions accomplished for the following programs:		
Planned Giving	$ 3,000	$ 22,500
Race Relations and Cultural Collaboration	80,153	315,724
Youth Development	287,541	71,136
Community Capacity Building	265,486	183,005
	636,180	592,365
Time restrictions expired by passage of specified time	1,325,700	1,699,100
	$ 1,961,880	**$ 2,291,465**

NOTE C - PLEDGES AND ACCOUNTS RECEIVABLE

The New Detroit Fund ("NDF") year begins on April 1 and ends on March 31 of the following calendar year. Therefore, included in pledges receivable as of December 31, 2007 are pledges received but not collected as of December 31, 2007 for the fund year ended March 31, 2008.

The composition of pledges and accounts receivable as of December 31, 2007 and 2006 is as follows:

	2007	2006
Pledges receivable:		
NDF pledges for the year ended March 31, 2007	$ -0-	$ 1,212,200
NDF pledges for the year ended March 31, 2008	1,015,200	-0-
Corporate pledges	-0-	20,000
Accounts receivable	497,215	20,709
	1,512,415	1,252,909
Less: Allowance for doubtful pledges and accounts	(7,280)	(7,280)
	$ 1,505,135	**$ 1,245,629**

NOTE C - PLEDGES AND ACCOUNTS RECEIVABLE (CONTINUED)

Collections of NDF pledges during 2007 and 2006 were as follows:

	Amount Collected	
Pledge Year Ended March 31,	**2007**	**2006**
2006	$ -0-	$ 1,735,250
2007	1,840,950	113,500
2008	171,450	-0-
	$ 2,012,400	**$ 1,848,750**

NOTE D - PENSION PLAN

The Corporation has a noncontributory defined benefit pension plan. The plan, formerly pooled, was amended and restated effective January 1, 1980.

The Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - An Amendment of FASB Statements No. 87, 88, 106, and 132(R)." SFAS No. 158 requires employers to recognize the overfunded or underfunded status of a defined benefit pension or postretirement plan as an asset or liability in the financial statements and to recognize changes in that funded status in the year in which the changes occur. The Corporation implemented the recognition provisions of SFAS No. 158 as of January 1, 2007. The effect of implementing SFAS No. 158 was to recognize a liability for pension benefits for $667,167. This resulted in a decrease in unrestricted net assets of $667,167, which has been reported as a cumulative effect of a change in accounting principle on the statement of activities for the year ended December 31, 2007.

As of December 31, 2007 and 2006, the plan's status is as follows:

	2007	**2006**
Benefit obligation	$ 4,028,158	$ 4,318,896
Fair value of plan assets	3,360,991	3,170,743
Funded Status	**$ (667,167)**	**$ (1,148,153)**

The accumulated benefit obligation as of December 31, 2007 was $4,028,158.

NOTE D - PENSION PLAN (CONTINUED)

The amounts of employer contributions and benefit payments for the years ended December 31, 2007 and 2006 are as follows:

	2007	2006
Employer contributions	$ 201,236	$ 114,126
Benefit payments	115,868	113,175

The amount recognized in the statement of financial position as a liability as of December 31, 2007 is $667,167. It is at least reasonably possible that the Corporation's liability for pension benefits could differ materially in the near term from the amount recorded as of December 31, 2007.

Future benefit payments are expected to be paid as follows:

2008	$ 203,383
2009	200,804
2010	199,406
2011	233,392
2012	250,339
2013-2017	1,573,495

Contributions of $150,000 are expected to be paid to the plan during 2008.

Amounts not yet recognized as components of net periodic benefit cost as of December 31, 2007 are as follows:

Net gain (loss)	$ (1,036,896)
Prior service credit	507,067
	$ (529,829)

Amounts expected to be recognized in net periodic benefit cost during the year ending December 31, 2008 are as follows:

Amortization of net loss	$ 49,230

NOTE D - PENSION PLAN (CONTINUED)

Weighted-average assumptions used in the measurement of the Corporation's benefit obligation as of December 31, 2007 and 2006 are as follows:

	2007	2006
Discount rate	5.80 %	5.75 %
Expected return on plan assets	6.50	6.50
Rate of compensation increase	5.00	5.00

The overall expected long-term rate of return on assets was determined by using historical rates of returns for the plan's investments.

As of December 31, 2007, the fair value of the plan's assets is 100 percent invested in a group variable annuity contract. The investment objective is to seek income while maintaining the safety of the principal balance.

NOTE E - LEASES

The Corporation leases office space under a non-cancelable operating lease and certain equipment under non-cancelable capital leases. The term of the lease for the office space expires in October 2008. The leases for the equipment include options to purchase the equipment at specified prices. Total rental expense was $224,207 and $245,034 in 2007 and 2006, respectively.

In January 2008, the Corporation obtained additional equipment under capital leases and disposed of existing equipment previously acquired under capital leases. The following is a schedule by years of future minimum lease payments as of December 31, 2007, including the new capital leases entered into in January 2008 and excluding the capital leases discontinued with the disposition of the related equipment:

	Capital Leases	Operating Lease
2008	$ 36,681	$ 180,016
2009	38,118	-0-
2010	38,118	-0-
2011	26,941	-0-

NOTE E - LEASES (CONTINUED)

	Capital Leases	Operating Lease
2012	$ 17,244	$ -0-
After 2012	1,437	-0-
Minimum Lease Payments	**158,539**	**$ 180,016**
Less: Amount representing interest	(16,482)	
Present Value of Net Minimum Lease Payments	**$ 142,057**	

NOTE F - FIDUCIARY DEPOSITS PAYABLE

The Corporation acts as a fiduciary for several other non-profit organizations. As such, the Corporation receives contributions from various funding sources on behalf of its client organizations. These funds are held in a fiduciary capacity until they are disbursed. Under SFAS No. 116, the Corporation reports amounts received and not disbursed on the behalf of its clients as deposits payable. Activity in fiduciary deposits payable for the years ended December 31, 2007 and 2006 is as follows:

	2007	2006
Balance, beginning of year	$ 68,278	$ 59,585
Funds received as a fiduciary	244,831	354,705
Funds disbursed as a fiduciary	(232,739)	(346,012)
Balance, End of Year	**$ 80,370**	**$ 68,278**

NOTE G - PERMANENT CHARITABLE ENDOWMENT FUND

The Corporation has established the New Detroit Race Relations Fund (the "Endowment Fund") as a component fund of the Community Foundation for Southeast Michigan (the "Foundation"). The Endowment Fund is an asset of the Foundation.

NOTE G - PERMANENT CHARITABLE ENDOWMENT FUND (CONTINUED)

The Foundation transfers earnings on the Endowment Fund to the Corporation periodically in the form of grants so long as the Corporation continues to meet its tax-exempt purpose. Under SFAS No. 136, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others," the portion of the Endowment Fund that was funded by the Corporation, plus the net earnings on that balance, represent a reciprocal transfer and are, therefore, included in the Corporation's financial statements.

The fair value of the Endowment Fund as of December 31, 2007 and 2006, and the portion included in the Corporation's investments, are as follows:

	2007	2006
Fair value of Endowment Fund	$ 99,570	$ 92,181
Portion of Endowment Fund included in financial statements	$ 63,640	$ 58,917

NOTE H – NEW ACCOUNTING PRONOUNCEMENTS

The FASB has issued SFAS No. 157, "Fair Value Measurements," and SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115." SFAS No. 157 defines "fair value," establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. SFAS No. 159 provides entities with the option of recording many financial instruments and certain other items at fair value and further modifies disclosure requirements regarding such fair values. SFAS No. 157 and SFAS No. 159 apply to the Corporation's financial statements for the year ending December 31, 2008. The Corporation has not determined the impact, if any, on its financial statements of implementing these Statements.

The FASB has also issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes." FIN No. 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes," prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN No. 48 applies to the Corporation's financial statements for the year ending December 31, 2008. The Corporation has not determined the impact, if any, on its financial statements of implementing this Interpretation.