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To the Board of Directors:

Skagit Community Foundation
P.O. Box 1763
Mount Vernon, WA, 98273

I have audited the accompanying Statement of Financial Position of Skagit Community Foundation as of December 31, 2006, and the related statements of activities, functional expenses, and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Skagit Community Foundation as of December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

John J. Lee
Certified Public Accountant
June 5, 2007

SKAGIT COMMUNITY FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006

ASSETS

Current Assets	
Cash	\$123,240
Marketable Security	<u>2,784,623</u>
Total Current Assets	<u>2,907,863</u>
Plant, Property and Equipment	
Equipment	1,048
Less: Accumulated Depreciation	<u>867</u>
Total Plant, Property and Equipment	<u>181</u>
TOTAL ASSETS	<u><u>\$2,908,044</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Payroll Taxes Payable	\$814
Net Assets - unrestricted	<u>2,907,230</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,908,044</u></u>

The accompanying notes are an integral part of these financial statements

SKAGIT COMMUNITY FOUNDATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2006

UNRESTRICTED NET ASSETS

SUPPORT

Donations		\$70,339
Dividends		94,177
Capital gains - realized	\$102,241	
- unrealized	<u>125,836</u>	228,077
Interest		<u>609</u>

TOTAL SUPPORT 393,202

EXPENSES

Program Services		177,173
Fundraising		<u>4,550</u>

TOTAL EXPENSES 181,723

INCREASE IN UNRESTRICTED NET ASSETS 211,479

NET ASSETS, beginning of year 2,695,751

NET ASSETS, end of year \$2,907,230

The accompanying notes are an integral part of these financial statements

SKAGIT COMMUNITY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEARS ENDED DECEMBER 31, 2006

	Program		Total
	Services	Fundraising	
Grants	\$139,891	\$0	\$139,891
Salary	25,134	0	25,134
Community Relations	0	4,550	4,550
Conferences	3,534	0	3,534
Office expense	2,688	0	2,688
Marketing	2,250	0	2,250
Payroll tax	1,291	0	1,291
Licenses and permits	254	0	254
Dues and Memberships	600	0	600
Telephone	694	0	694
Books and Publications	415	0	415
Board Development	301	0	301
Depreciation	121	0	121
Total	<u>\$177,173</u>	<u>\$4,550</u>	<u>\$181,723</u>

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