

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NASHVILLE, TENNESSEE

FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2006 AND 2005

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors  
The Community Foundation of Middle Tennessee, Inc.  
Nashville, Tennessee

We have audited the accompanying statements of financial position of The Community Foundation of Middle Tennessee, Inc. (the "Foundation") as of December 31, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide 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 Community Foundation of Middle Tennessee, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*KraftCPAs PLLC*

Nashville, Tennessee  
June 6, 2007

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
Cash and cash equivalents - Note 3	\$ 31,961,404	\$ 23,144,922
Investments - at fair value - Notes 3 and 4	373,850,722	331,480,945
Contributions receivable from lead trusts - Note 5	12,562,550	13,689,934
Property and equipment - at cost, less accumulated depreciation - Note 6	1,655,249	121,296
Other	<u>6,000</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 420,035,925</u>	<u>\$ 368,437,097</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 53,362	\$ 34,773
Obligation relating to guarantee of indebtedness - Note 9	557,142	578,571
Agency endowment funds liability	<u>4,245,380</u>	<u>3,628,126</u>
<b>TOTAL LIABILITIES</b>	<u>4,855,884</u>	<u>4,241,470</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board directed	9,262,982	5,071,376
Field-of-interest	16,962,992	15,480,828
Designated	61,391,759	56,450,309
Scholarship	7,409,069	6,383,073
Donor advised	<u>306,655,340</u>	<u>266,258,439</u>
<b>Total Unrestricted</b>	<u>401,682,142</u>	<u>349,644,025</u>
Temporarily Restricted:		
Charitable lead trusts	12,562,550	13,689,934
Purpose restricted earnings from permanently restricted bequest	<u>210,170</u>	<u>148,939</u>
<b>Total Temporarily Restricted</b>	<u>12,772,720</u>	<u>13,838,873</u>
<b>Permanently Restricted</b>	<u>725,179</u>	<u>712,729</u>
<b>TOTAL NET ASSETS</b>	<u>415,180,041</u>	<u>364,195,627</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 420,035,925</u>	<u>\$ 368,437,097</u>

The accompanying notes are an integral part of these financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	2006				2005			
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
SUPPORT AND REVENUE								
Contributions	\$ 41,261,295	\$ -	\$ 12,450	\$ 41,273,745	\$ 36,194,815	\$ -	\$ -	\$ 36,194,815
In-kind contributions - Note 7	53,130	-	-	53,130	186,260	-	-	186,260
Interest, dividends and other investment income	12,744,972	29,962	-	12,774,934	8,304,640	24,586	-	8,329,226
Net realized and unrealized gains on investments - Note 4	31,911,647	85,217	-	31,996,864	12,474,891	31,182	-	12,506,073
Change in value of split-interest gifts	-	697,492	-	697,492	-	1,594,661	-	1,594,661
Amortization of guarantee obligation - Note 9	21,429	-	-	21,429	21,429	-	-	21,429
Other	33,346	-	-	33,346	2,008	-	-	2,008
Net assets released resulting from satisfaction of donor restrictions	<u>1,878,824</u>	<u>(1,878,824)</u>	<u>-</u>	<u>-</u>	<u>1,571,145</u>	<u>(1,571,145)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>87,904,643</u>	<u>(1,066,153)</u>	<u>12,450</u>	<u>86,850,940</u>	<u>58,755,188</u>	<u>79,284</u>	<u>-</u>	<u>58,834,472</u>
EXPENSES								
Program services:								
Grants	31,001,330	-	-	31,001,330	35,063,130	-	-	35,063,130
Related expenses	1,097,939	-	-	1,097,939	806,125	-	-	806,125
Supporting services:								
Management and general	2,344,558	-	-	2,344,558	1,967,931	-	-	1,967,931
Investment management and custodial fees:								
Passed through from segregated investments	1,247,672	-	-	1,247,672	1,017,232	-	-	1,017,232
Other	<u>175,027</u>	<u>-</u>	<u>-</u>	<u>175,027</u>	<u>125,458</u>	<u>-</u>	<u>-</u>	<u>125,458</u>
TOTAL EXPENSES	<u>35,866,526</u>	<u>-</u>	<u>-</u>	<u>35,866,526</u>	<u>38,979,876</u>	<u>-</u>	<u>-</u>	<u>38,979,876</u>
CHANGE IN NET ASSETS	52,038,117	(1,066,153)	12,450	50,984,414	19,775,312	79,284	-	19,854,596
NET ASSETS:								
Beginning of year	<u>349,644,025</u>	<u>13,838,873</u>	<u>712,729</u>	<u>364,195,627</u>	<u>329,868,713</u>	<u>13,759,589</u>	<u>712,729</u>	<u>344,341,031</u>
End of year	<u>\$ 401,682,142</u>	<u>\$ 12,772,720</u>	<u>\$ 725,179</u>	<u>\$ 415,180,041</u>	<u>\$ 349,644,025</u>	<u>\$ 13,838,873</u>	<u>\$ 712,729</u>	<u>\$ 364,195,627</u>

The accompanying notes are an integral part of these financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 50,984,414	\$ 19,854,596
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	88,493	43,595
(Gain) loss on disposal of property and equipment	-	(6,292)
Noncash contributions of marketable securities	(31,507,736)	(26,216,325)
Noncash property contribution	(1,549,700)	-
Net realized and unrealized (gains) losses on investments	(31,996,864)	(12,641,377)
Change in value of split interest gifts	(697,492)	(1,594,661)
Distributions received from lead trusts	1,824,876	1,520,047
Amortization of guarantee obligation	(21,429)	(21,429)
Increase in other assets	(6,000)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	18,589	(6,501)
Agency endowment funds liability	238,167	1,304,228
TOTAL ADJUSTMENTS	<u>(63,609,096)</u>	<u>(37,618,715)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(12,624,682)</u>	<u>(17,764,119)</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(72,746)	(9,150)
Proceeds from disposal of property and equipment	-	54,628
Proceeds from sale of investments	280,438,162	125,516,317
Purchase of investments	<u>(258,924,252)</u>	<u>(140,251,259)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>21,441,164</u>	<u>(14,689,464)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,816,482	(32,453,583)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>23,144,922</u>	<u>55,598,505</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 31,961,404</u>	<u>\$ 23,144,922</u>

The accompanying notes are an integral part of these financial statements.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

NOTE 1 - ORGANIZATION AND GENERAL

The Community Foundation of Middle Tennessee, Inc. (the "Foundation") is a charitable organization whose purpose is to be a leader, catalyst, and resource for philanthropy by building and holding a permanent and growing endowment for the Middle Tennessee community's changing needs and opportunities. The Foundation provides flexible and cost-effective ways for civic-minded individuals, families, and companies to contribute to their community. The assets of the Foundation are devoted to charitable uses of a public nature primarily benefiting the residents of Middle Tennessee in fields such as social services, education, health, the environment, and the arts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements present the Foundation's financial position and results of operations on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

The financial statements include the accounts of The Community Foundation of Middle Tennessee Properties, Nonprofit LLC, a single member limited liability company formed to hold real estate donated to the Foundation. There are no significant transactions between the two entities.

Contributions and support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donated marketable securities are recorded at their fair value at the date of contribution based on their quoted market price.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

Any gifts of equipment, facilities, or materials are reported as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash equivalents

The Foundation defines cash equivalents as investments that are both convertible to cash and have an original maturity when acquired of three months or less. Cash equivalents consist of money market trust accounts and other short-term investments approximating \$31,961,000 and \$23,145,000 as of December 31, 2006 and 2005, respectively.

Investments

Investments are carried at fair value (stocks, bonds, notes, options and mutual funds - generally at quoted market prices; investment partnership interests - based on quoted market prices of underlying securities; land - at cost which, in management's opinion, approximates current fair value). Net realized and unrealized gains and losses are recognized currently in the Statement of Activities.

Split-interest gifts

A charitable lead trust is an arrangement in which a donor establishes and funds a trust that provides for specific distributions to be made to the Foundation over a specified period. When a gift of this nature is received and the Foundation is not the trustee, a temporarily restricted contribution is recognized in the period in which the trust is established. The contribution and related receivable are measured at the present value of the expected future cash inflows, using the interest rate for U.S. Treasury bonds of similar terms at the time the trust is established as the discount rate. The discount rate is revised at each measurement date to reflect current market conditions. Distributions from the trust are reflected as a reduction in the receivable and a reclassification from temporarily restricted to unrestricted net assets. Accretion of the discount and revaluations of expected future cash flows based on changes in investment returns and discount rates used are recognized as adjustments to the receivable and changes in the value of split-interest gifts in the statement of activities under temporarily restricted net assets.

Property and equipment

Property and equipment are stated at acquisition cost, or at estimated fair value at date of gift, if donated, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (rental buildings - 39 years; equipment, furniture and fixtures - 5 to 7 years; vehicles - 5 years). When depreciable assets are sold, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and supporting services

The following program and supporting services classifications are included in the accompanying financial statements:

Program services - includes grants and the cost of activities carried out to fulfill the Foundation's mission to provide economic support to nonprofit organizations.

Supporting services - relates to the overall direction of the organization. These expenses are not identifiable with a particular program, but are indispensable to the conduct of those activities and are essential to the organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, investment management, and other administrative activities.

Income taxes

The Foundation qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided.

Unrestricted net assets

The following unrestricted net asset classifications are included in the accompanying financial statements:

Board Directed - The Board of Directors is responsible for approving distributions of income and, where permitted, principal, solely for those charitable purposes established by the Foundation.

Field-of-Interest - The donor may designate a functional area or field of interest, within which specific projects or beneficiaries are selected by the Foundation's Board.

Designated - Represents funds given by a donor who is committed to a specific charitable organization(s). The Foundation gives the donor assurance that the spirit of the gift is protected and the assets given are prudently managed.

Scholarship - Scholarships or loans can be provided so that deserving young people can get an education they might not otherwise receive. Through these funds the donor can, for example, specify the schools the young people are to come from or the ones they are to attend.



THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets (continued)

Donor Advised - The donor has the privilege of making recommendations relating to distributions. Such recommendations are taken into consideration by the Board when grants are decided upon but are advisory only and non-binding.

The Foundation has the ultimate authority and control over all net assets of these funds, and income derived therefrom (variance power), for the charitable purposes of the Foundation; therefore, the net assets of the above funds are classified as unrestricted.

All funds can be created with a minimum gift of \$5,000, except Scholarship Funds, which have a \$10,000 minimum gift.

Temporarily restricted net assets

The following temporarily restricted net asset classifications are included in the accompanying financial statements:

Charitable lead trusts - The donor establishes and funds a trust with specific distributions to be made to the Foundation, over a specified period, based on the trust's fair market value as determined annually. Upon termination of the trust, the remainder of the trust assets is paid to the donor or to beneficiaries designated by the donor.

Purpose restricted earnings from permanently restricted bequest - Consist of unexpended earnings from permanently restricted bequests.

Permanently restricted net assets

The Foundation's permanently restricted net assets consist of bequests and other gifts from donors which stipulate that the principal is to be invested in perpetuity by the Foundation. Income from the invested funds may be restricted to a specific field of interest and are, therefore, classified as temporarily restricted until applicable restrictions are met.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates in the preparation of financial statements

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

Donated goods and services and in-kind contributions

Donated facilities and materials are recorded as gifts in the period received at fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by the Foundation if not donated. Such services are recognized at fair value as support and expense in the period the services are performed.

A number of unpaid volunteers have made significant contributions of their time to assist the Foundation in implementing various programs. The value of contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Reclassification

Certain amounts in the prior year's financial statements have been reclassified in order to be comparative with the current year's presentation. The reclassification had no effect on the change in net assets.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains cash balances in three accounts at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The balances per bank exceeded the FDIC limit by approximately \$8,922,000 and \$7,982,000 at December 31, 2006 and 2005, respectively.

The Foundation also maintains investment balances at various brokerage and investment companies. These investments consist of various mutual funds, stocks, and bonds. They are not insured by the FDIC or any other government agency and are subject to investment risk, including the risk of loss of principal. The investments are insured by the Securities Investor Protection Corporation (SIPC), which covers investor losses, in some cases, attributable to bankruptcy or fraudulent practices of brokerage firms.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 4 - INVESTMENTS

Foundation investments are generally pooled. Segregated accounts are created at the Foundation's discretion, generally at the request of the donor or due to the nature of the gift.

Investments consisted of the following, at fair values, as of December 31:

	<u>2006</u>	<u>2005</u>
Corporate bonds	\$ 43,549,292	\$ 39,708,717
Common stocks	167,807,817	154,504,884
Partnership interests	14,649,851	27,750,602
Government securities	1,716,824	5,264,344
Mutual funds:		
Domestic equity funds	18,130,967	16,903,977
Domestic bond funds	34,499,291	39,563,724
International equity funds	31,115,622	28,335,783
Hedge funds	46,605,583	10,710,382
Other	14,475,475	8,438,532
Property	<u>1,300,000</u>	<u>300,000</u>
	<u>\$ 373,850,722</u>	<u>\$ 331,480,945</u>

NOTE 5 - CHARITABLE LEAD TRUSTS

The Foundation is named beneficiary of various irrevocable charitable lead trusts as of December 31, 2006. The Foundation is not the trustee and does not exercise control over the trusts' assets; therefore, the Foundation recognizes a receivable for its beneficial interest in those assets in the period the trust is created, with a corresponding credit to temporarily restricted contributions, based on the present value of the expected future cash inflows. The trust instruments provide for distributions to be made to the Foundation in amounts ranging from three to twelve percent of the trust assets each year for periods of two years or more. Total cash distributions received by the Foundation from these trusts amounted to \$1,824,876 and \$1,520,047 for the years ended December 31, 2006 and 2005, respectively.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
(A TENNESSEE NOT-FOR-PROFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	<u>2006</u>	<u>2005</u>
Land	\$ 892,800	\$ -
Building	656,900	-
Equipment	196,949	179,942
Furniture and fixtures	<u>211,584</u>	<u>155,845</u>
	1,958,233	335,787
Less accumulated depreciation	<u>(302,984)</u>	<u>(214,491)</u>
	<u>\$ 1,655,249</u>	<u>\$ 121,296</u>

In April 2006, the land and building utilized by the Foundation as its office facilities was donated to the foundation by the Maddox Foundation. The gift was recorded based on the appraised value of the property. A small portion of the building is being leased to outside tenants.

Depreciation expense recognized on property and equipment amounted to: 2006 - \$88,493; 2005 - \$43,595.

NOTE 7 - DONATED FACILITIES AND SERVICES

The Foundation received donated office space with an estimated fair value recognized of approximately \$44,500 and \$179,100 during 2006 and 2005, respectively. The Foundation also received donated professional services approximating \$8,600 and \$7,200 during 2006 and 2005, respectively.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Foundation has a Simplified Employee Pension Plan covering eligible employees aged 21 years or older who have been employed by the Foundation for at least one year, and received more than \$300 compensation during the plan year. The Foundation contributed approximately \$97,000 and \$73,000 to the plan during 2006 and 2005, respectively.

THE COMMUNITY FOUNDATION OF MIDDLE TENNESSEE, INC.  
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2006 AND 2005

NOTE 9 - GUARANTEE OF INDEBTEDNESS OF OTHER NONPROFIT ORGANIZATION

As part of its support of charitable organizations, the Foundation may choose, under certain circumstances, to guarantee the indebtedness of other nonprofit organizations to facilitate borrowings by those organizations and/or to secure more favorable terms. At December 31, 2006, the Foundation is committed under an agreement to guarantee a \$20 million loan obligation of a certain nonprofit organization over its 28-year term. The Foundation recorded the \$600,000 estimated fair value of the loan guarantee as a liability and grant/contribution expense in 2004. The liability is being amortized as a credit to operations by the straight-line method over the term of the guarantee. The Foundation holds no collateral under the guarantee agreement; however, the Foundation holds certain funds totaling approximately \$23.8 million as of December 31, 2006 (\$21.7 million as of December 31, 2005), included in unrestricted net assets in the statement of financial position, which are designated to be used to offset any obligation resulting from the guaranty. In addition, there are recourse and subrogation provisions that, under certain conditions, would enable the Foundation to seek recovery from third parties for the amount of any resulting losses in excess of the above-described funds.

NOTE 10 - NEW PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) issued Financial Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109*, which is effective for fiscal years beginning after December 15, 2006. FIN 48 provides guidance regarding the recognition, measurement, presentation and disclosure in the financial statements of tax positions taken or expected to be taken on a tax return, including the decision whether to file in a particular jurisdiction. The cumulative effect of changes arising from the initial application of FIN 48 is required to be reported as an adjustment to the opening balance of retained earnings in the period of adoption. The Company is currently evaluating the impact, if any, of the adoption of FIN 48 on the financial statements.