



KNUTTE & ASSOCIATES, P.C.

Certified Public Accountants
7900 S. Cass Avenue
Darien, Illinois 60561
(630) 960-3317
FAX (630) 960-9960
www.knutte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
One Acre Fund, Inc.

We have audited the accompanying statement of financial position of One Acre Fund, Inc. (an Illinois not-for-profit corporation) as of December 31, 2006 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of One Acre Fund, Inc.'s management. 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 One Acre Fund, Inc. as of December 31, 2006 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.

Knutte & Associates, P.C.

May 21, 2007

**ONE ACRE FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2006**

ASSETS

CURRENT ASSETS

Cash	\$ 159,700
Prepaid Expenses	1,725

TOTAL CURRENT ASSETS

161,425

FIXED ASSETS

Computers	870
Less -- Accumulated Depreciation	87

TOTAL FIXED ASSETS

783

TOTAL ASSETS

\$ 162,208

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 3,021
------------------	----------

TOTAL CURRENT LIABILITIES

3,021

TOTAL LIABILITIES

3,021

NET ASSETS

Unrestricted	159,187
--------------	---------

TOTAL NET ASSETS

159,187

TOTAL LIABILITIES AND NET ASSETS

\$ 162,208

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Donations				
Foundations	\$ 96,534	\$ 0	\$ 0	\$ 96,534
Individuals	87,235	0	0	87,235
Corporations	38,000	0	0	38,000
Program Fees	2,226	0	0	2,226
Donated Services	1,800	0	0	1,800
Interest	795	0	0	795
Special Events	300	0	0	300
Net Assets Released from Restrictions	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PUBLIC SUPPORT AND REVENUES	226,890	0	0	226,890
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENSES				
Program Services	50,956	0	0	50,956
Management and General	7,770	0	0	7,770
Fundraising	8,977	0	0	8,977
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	67,703	0	0	67,703
	<hr/>	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	159,187	0	0	159,187
NET ASSETS,				
BEGINNING OF YEAR	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
END OF YEAR	\$ 159,187	\$ 0	\$ 0	\$ 159,187
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes To The Financial Statements.

**ONE ACRE FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006**

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Public	\$ 224,295
Interest Received	795
Paid to Suppliers and Employees	(64,520)
Interest Paid	0
Income Taxes Paid	0
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	160,570
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments for Purchase of Property	(870)
	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(870)
	<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS	159,700
CASH AND CASH EQUIVALENTS,	
BEGINNING OF YEAR	0
	<hr/>
END OF YEAR	<u><u>\$ 159,700</u></u>

See Accompanying Notes To The Financial Statements.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Organization and Nature of Activities

One Acre Fund, Inc. (the Organization) is an Illinois not-for-profit organization that was incorporated in December 2005 and operates primarily in Kenya. The mission of One Acre Fund is to empower chronically hungry farm families in East Africa to lift themselves out of hunger and poverty. The Organization's method is to work through self-help groups in rural villages to deliberately reach the most severely hunger affected.

B) Method of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the 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. Expenses are recorded when incurred.

The Organization has adopted Statement of Financial Accounting Standards Nos. 116 and 117, "Accounting for Contributions Received and Contributions Made" (SFAS 116) and "Financial Statements of Not-for-Profit Organizations" (SFAS 117). Under SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS 117, the Organization is required to report 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. As permitted by the statement, the Organization does not use fund accounting.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Fixed Assets - Property and equipment are recorded at cost. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense for the year ended December 31, 2006 amounts to \$87.

ONE ACRE FUND, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C) Accounting Policies

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

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Donated Services - Donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. The Board Treasurer performs the bookkeeping for the Organization without any compensation. For the year ended December 31, 2006, donated services amounts to \$1,800 and are reflected in the statement of activities as donated services revenue and in the statement of functional expenses as compensation expense.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization has deposits in one foreign financial institution with no federal insurance of approximately \$3,000 at December 31, 2006. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - FOREIGN CURRENCY TRANSLATION

Because the Organization's functional currency is the local currency in Kenya, it is susceptible to exchange losses due to foreign currency translation. The Organization regularly transfers cash from its domestic accounts to its foreign account to cover expenses, translating its expenses into U.S. dollars when they are incurred. The aggregate foreign currency exchange gains and losses are immaterial as of December 31, 2006 and thus are not recorded in the financial statements.