

# **Heritage Capital Credit Corporation**

## **Consolidated Financial Statements**

**Quarter Ended September 30, 2007**

## HERITAGE CAPITAL CREDIT CORPORATION

September 30, 2007

The preparation of financial statements in conformity with generally accepted accounting principles 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 on the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Attached hereto are the financial statements for Heritage Capital Credit Corporation unaudited for the third quarter ending September 30, 2007 and unaudited for the third quarter ending September 30, 2006.

**I, Gwendolyn Carol Johnson, President of Heritage Capital Credit Corporation on this the 13<sup>th</sup> day of November 2007, hereby certify that the financial statements filed herewith and all the notes thereto fairly represent in all aspects, the financial position and results of operations of the periods presented in conformity with generally accepted accounting principles (GAAP) in the United States.**

**The undersigned hereby states that she has read the information set forth herein above, and attests hereby to the best of her knowledge and belief; such information is true and correct.**

**For the three months ended September 30, 2007**

**Signed this 13th day of November 2007.**

**HERITAGE CAPITAL CREDIT CORPORATION**

*Gwendolyn Carol Johnson /s/*

**Gwendolyn Carol Johnson, President**

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The accompanying notes are an integral part of these Consolidated Financial Statements.

**Consolidated Balance Sheet**  
**As of September 30, 2007 and 2006**

	<u>Sep 30, 07</u>	<u>Sep 30, 06</u>
<b>Balance Sheet</b>		
<b>Assets</b>		
Current Assets		
	\$	\$
Cash/Accounts Receivable	33,451	73,828
Pre Pairs / Deposits	8,640	3,640
<b>Total Current Assets</b>	<b>42,091</b>	<b>77,468</b>
Property and Equipment		
Furniture and Equipment	41,060	41,060
Less: Accum. Depreciation	(17,108)	(11,976)
<b>Total Properties</b>	<b>23,952</b>	<b>29,084</b>
Other Assets		
Loan Rec. - related party	311,145	296,060
<b>Total Other Assets</b>	<b>311,145</b>	<b>296,060</b>
<b>Total Assets</b>	<b>377,188</b>	<b>402,613</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	383,232	564,980
Unearned Revenue	358,571	358,571
Demand Note Payable	327,632	235,890
<b>Total Current Liabilities</b>	<b>1,069,435</b>	<b>1,159,440</b>
Other Liabilities		
Capital Lease	30,654	34,131
Loan Payable - related party	111,528	115,196
License Fee Payable - related party	1,657,500	1,267,500
<b>Total Long Term Liabilities</b>	<b>1,799,682</b>	<b>1,416,827</b>
<b>Total Liabilities</b>	<b>2,869,117</b>	<b>2,576,267</b>
Shareholders' Equity		
Common Stock	1,141,489	171,233
Additional Paid In Capital	2,502,870	2,558,438
Retained Earnings	(6,136,288)	(4,903,325)
<b>Total Shareholder's Equity</b>	<b>(2,491,929)</b>	<b>(2,173,654)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>377,188</b>	<b>402,613</b>

**Consolidated Income Statement  
As of September 30, 2007 and 2006**

	<u>Jul - Sep 07</u>	<u>Jul - Sep 06</u>
<b>Revenue</b>		
<b>Consultant Fees</b>	-	14,059
<b>Total Revenue</b>	-	14,059
<b>Cost of Revenues</b>		
<b>Consulting Expense</b>	-	14,059
<b>License Fee Expense</b>	97,500	97,500
<b>Management Fees</b>	26,788	7,029
<b>Total Cost of Revenues</b>	<u>124,288</u>	<u>118,588</u>
<b>Gross Margin</b>	(124,288)	(104,529)
<b>Expenses</b>		
<b>Rent Expense</b>	5,003	-
<b>Copier Expense</b>	792	-
<b>Legal Fees</b>	6,000	-
<b>Telephone Service Expense</b>	1,186	-
<b>Bank Charges</b>	210	-
<b>General &amp; Administrative Expens</b>	<u>27,507</u>	<u>291,698</u>
<b>Total Expenses</b>	<u>40,699</u>	<u>291,698</u>
<b>Operating Loss</b>	(164,986)	(396,227)
<b>Other Income/Expense</b>		
<b>Other Income</b>		
<b>Interest Income</b>	3,841	16,147
<b>Interest Expense</b>	<u>(10,934)</u>	<u>(20,789)</u>
<b>Total Other Expense</b>	<u>(7,093)</u>	<u>(4,642)</u>
<b>Net Loss</b>	<u><u>(172,079)</u></u>	<u><u>(400,869)</u></u>
<b>Earnings Per Share</b>		
<b>Weighted Average Shares</b>	559,475,787	161,998,951
<b>Basic Earnings Per Share</b>	(0.0003076)	(0.00247)

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Consolidated Statement of Stockholders' Equity

	Number of Shares	Common Stock	Additional Paid In Capital	Retained Earnings	Total
Balance, September 30, 2006	162,690,394	\$ 171,232	\$ 2,558,437	\$ (4,903,325)	\$ (2,173,656)
Stock Issued Q4 2006	2,161,052	\$ 2,161	146,178		148,339
Retained Earnings Adjmt Q1 2007				(300,000)	(300,000)
Stock Grants Issued Q1 2007	5,000,000	\$ 5,000	295,000		300,000
Stock Issued Q1 2007	10,000,000	\$ 10,000	125,000		135,000
Stock Issued Q2 2007	51,700,677	\$ 51,701	153,699		205,400
Retained Earnings Adjmt Q2 2007				(760,884)	(760,884)
Stock Issued Q3 2007	462,000,000	\$ 462,000	(336,050)		125,950
Stock Issued For Services Q3 2007	439,395,327	\$ 439,395	(439,395)		-
Net Income (Loss)				(172,079)	(172,079)
Balance, Sept 30, 2007	1,132,947,450	\$ 1,141,489	2,502,870	(6,136,288)	(2,491,930)

The accompanying notes are an integral part of these Consolidated Financial Statements.

## Consolidated Statements of Cash Flows

For the three months ended September 30, 2007 and 2006

	<u>Jul - Sep 07</u>	<u>Jul - Sep 06</u>
<b>OPERATING ACTIVITIES</b>		
Net Income	\$ (172,079)	\$ (400,869)
Adjustments to Net Income		
Accounts Receivable	(14,442)	-
Depreciation	-	1,711
Retained Earnings	-	17,028
Related Party Loans	(17,441)	(275,165)
Payables/Leases	72,241	233,751
Net cash provided for Operating Activities	<u>(131,721)</u>	<u>(423,544)</u>
<b>FINANCING ACTIVITIES</b>		
Demand Note Payable	9,543	2,250
Common Stock	901,395	3,972
Additional Paid In Capital	(775,445)	201,499
Net cash received by Financing Activities	<u>135,493</u>	<u>207,721</u>
Net cash increase for period	3,772	(215,823)
Cash at beginning of period	<u>15,237</u>	<u>289,651</u>
Cash at end of period	<u><u>19,009</u></u>	<u><u>73,828</u></u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

**HERITAGE CAPITAL CREDIT CORPORATION**  
**NOTES TO CONSOLIDATE FINANCIAL STATEMENTS**  
**September 30, 2007**

**NOTE 1 – THE COMPANY AND LINES OF BUSINESS**

**Company**

Heritage Capital Credit Corporation (the Company) was incorporated under the laws of the State of Florida on August 22, 1989 and has adopted a fiscal year ending December 31. The Company has one wholly owned subsidiary; Independent Capital Credit Corporation (“ICCC”); a company incorporated under the laws of the State of Delaware on September 19, 1994 and has adopted a fiscal year ending December 31. Heritage is a publicly traded company quoted on the OTC National Quote System under the symbol “HCPC”.

**Industry**

Currently, the primary services of ICCC and its affiliated companies include commercial property loan origination as well as other related financial services to individuals and businesses that qualify based on ICCC’s proprietary automated underwriting software formula. The Company has four loan products: BCLOC, CLOC, M-CAP and T-CAP. They are all credit enhanced with an account from a related company. The Company originates BCLOC Notes and delivers them to First Independent Financial Group, which sponsors a Special Purpose Entity (SPE) that will hold the loans until maturity. The SPE will later sell its beneficial interest to a Collateralized Debt Obligation (CDO), which is also sponsored by First Independent Financial Group.

**Basis of Accounting**

The Company’s financial statements have been prepared under the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when all parties reach a non-rescinding written agreement. Expenses are recognized when services have been incurred.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates:**

The preparation of financial statements in conformity with generally

accepted accounting principles 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 on the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those amounts.

Accounts receivable have historically been immaterial. Normal operating refundable Company deposits are listed as other Assets. Accounts payable and accrued expenses consist of trade payables created from the normal course of business.

**Property and Equipment:**

The Company made no purchases of property or equipment in the quarter of September 30, 2007 and 2006.

**Loss Per Common Share:**

The Company has adopted Financial Accounting Standards Board (FASB) Statement No. 128, "Earnings per Share". The Statement establishes standards for computing and presenting earnings per share (EPS). It replaced the presentation of primary EPS with a presentation of basic EPS and also requires dual presentation of basic and diluted EPS on the face of the income statement. The statement was retroactively applied to the prior loss per share but did not have any effect. Basic loss per share was computed by dividing the Company's net loss by the weighted average number of common shares outstanding during the period. There is no presentation of diluted loss per share as the effect of common stock options, warrants and convertible debt amount are anti-dilutive.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

The Company had no new related party transactions in the quarter ending September 30, 2007 and September 30, 2006.

**NOTE 4 - STOCKHOLDERS EQUITY**

**PREFERRED STOCK:**

None Authorized

**COMMON STOCK:**

The Company has authorized 1,500,000,000 common shares with a \$.001 par value of which 1,132,947,450 shares were issued and outstanding at the end of September 30, 2007.

## **NOTE 5 - CONFLICTS OF INTEREST**

The Company's largest Investor is First Independent Financial Group (FIFG) and as such, management is provided by FIFG to the Company and related companies to achieve the business model that impacts the Company and all of the affiliated companies.

Therefore, certain conflicts of interest have existed and will continue to exist between management, their affiliates and the Company. Management does not have other interests outside the related company's business model to which they devote their attention. Management may continue to do so notwithstanding the fact that management's time is devoted to the business of all the affiliated companies.

## **NOTE 6 - LITIGATION, CONTINGENCIES, OPERATING AND CAPITAL LEASES**

The Company has no disputes in the quarter of September 30, 2007 and 2006.

From time to time in the normal course of business the Company may be involved in litigation. The Company's management is not aware of any asserted or unasserted claims and therefore feels any such proceedings to have an immaterial effect on the financial statements.

The Company's management has not bound the Company with any contingencies other than those through the normal course of business.

The Company has receivables which are considered non-rescinding; however the Company has not received funds on the receivables and expects to receive these amounts once the Company has evidence of funding for the BCLOC Loans.

The Company has a licensing agreement with FirstAccess Partners, to use the Software, which offers web-based processing for the following loan products:

Business CLOC Loans  
Consumer CLOC Loans  
T-Cap Loans  
M-Cap Loans

Under this agreement, entered into as of July 2003 and for a term of up to 72 months, the Company must pay FirstAccess Partners, \$32,500 per month, in cash or common stock at the Company's option, plus a royalty fee for each loan product processed. These payments shall begin on the first day after the Company receives funds from any loan product listed above. The controlling shareholders of FirstAccess Partners are the same controlling shareholders of the Company.

Operating Lease

During 2004 the company entered into a 5-year lease commitment for corporate office space. On June 25, 2007, the company restructured the lease commitment to a 1 year period, from July 1 2007 to June 30 2008, for total lease payments of \$83,219.64, with a portion (\$16,511.64) remaining under negotiation. Rent payments were paid in the amount of \$16,677.00 for the quarter ending September 30, 2007 as compared to \$33,794.33 for the quarter ending September 30, 2006.

#### Capital Lease

The Company lease office equipment under the terms of a lease agreement which expires in February 2010. The lease has been recorded as a capital lease, with interest imputed at 19%. The outstanding annual lease payments as of September 30, 2007 are as follows:

	Year Ended	
	<u>12-31</u>	
	2007	13,259
	2008	13,259
	2009	13,259
	2010	<u>2,211</u>
		41,988
Amount representing interest expense		<u>9,934</u>
Capital lease obligation		<u>\$ 32,054</u>

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