

Heritage Capital Credit Corporation

Consolidated Financial Statement

Quarter Ended June 30, 2006

HERITAGE CAPITAL CREDIT CORPORATION
June 30, 2006

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 ending June 30, 2006.

The December 31, 2005 and 2004 year end adjustments may change when the audited statements are available and further adjusted may be forthcoming upon receipt of an independent third-party valuation of the Company's assets, which could result in further revisions.

I, Gwendolyn Carol Johnson, President of Heritage Capital Credit Corporation on this 14th day of September 2006, 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 the President 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 six months ended June 30, 2006

Signed this 14th day of September 2006.

HERITAGE CAPITAL CREDIT CORPORATION

Gwendolyn Carol Johnson /s/

Gwendolyn Carol Johnson, President

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HERITAGE CAPITAL CREDIT CORPORATION
Financial Highlights
(unaudited)

Consolidated Balance Sheet

Condensed Balance Sheet	<u>June 30, 2006</u>	<u>March 31, 2006</u>	<u>Restatement Dec.31,2005</u>	<u>June 30, 2005</u>
Assets				
Current Assets				
Cash/Accounts Receivable	\$ 289,651	\$ 270,325	\$ 238,105	\$ 278,153
Pre Pairs / Deposits	3,640	3,640	3,640	28,640
Total Current Assets	<u>293,291</u>	<u>273,965</u>	<u>241,745</u>	<u>306,793</u>
Property and Equipment				
Furniture and Equipment	41,060	41,060	41,060	41,060
Less: Accum. Depreciation	(10,265)	(8,554)	(6,843)	(2,281)
Total Properties	<u>30,795</u>	<u>32,506</u>	<u>34,217</u>	<u>38,779</u>
Other Assets				
Loan Rec. - related party	42,991	42,461	152,525	28,429
Total Other Assets	<u>42,991</u>	<u>42,461</u>	<u>152,525</u>	<u>28,429</u>
Total Assets	<u>\$ 367,077</u>	<u>\$ 348,932</u>	<u>\$ 428,487</u>	<u>\$ 374,001</u>
Liabilities				
Current Liabilities				
Accounts Payable	\$ 387,772	\$ 377,368	\$ 360,140	\$ 390,788
Bank Payable	39,328			
Unearned Revenue	358,571	358,571	358,571	322,143
Demand Note Payable	233,640	228,240	222,840	207,000
Total Current Liabilities	<u>1,019,311</u>	<u>964,179</u>	<u>941,551</u>	<u>919,931</u>
Other Liabilities				
Capital Lease	35,760	37,390	39,020	40,380
Loan Payable - related party	137,292	70,265		517,843
Total Long Term Liabilities	<u>173,052</u>	<u>107,655</u>	<u>39,020</u>	<u>558,223</u>
Total Liabilities	<u>1,192,363</u>	<u>1,071,835</u>	<u>980,571</u>	<u>1,478,154</u>
Shareholders' Equity				
Common Stock	167,261	165,761	165,761	118,375
Additional Paid In Capital	2,356,939	2,320,939	2,320,939	802,626
Retained Earnings	(3,349,486)	(3,209,603)	(3,038,784)	(2,025,154)
Total Shareholder's Equity	<u>(825,286)</u>	<u>(722,903)</u>	<u>(552,084)</u>	<u>(1,104,153)</u>
Total Liabilities and Shareholders' Equity	<u>\$ 367,077</u>	<u>\$ 348,932</u>	<u>\$ 428,487</u>	<u>\$ 374,001</u>

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

Consolidated Income Statement

	Three months ended		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Condensed income statement				
Revenues				
Application fees	\$ -	\$ 4,500	\$ -	\$ 54,976
Consultant fees	20,662	27,864	57,134	57,678
Total Revenues	20,662	32,364	57,134	112,654
Cost of Revenues				
Consulting Expense	20,662	30,884	57,134	67,651
Management fees	10,331	16,182	28,567	56,327
Total Cost of Revenues	30,993	47,066	85,701	123,978
Gross Margin	(10,331)	(14,702)	(28,567)	(11,324)
Expenses				
General and Administrative	121,303	307,880	264,330	547,971
Total Expenses	121,303	307,880	264,330	547,971
Operating Income (Loss)	(131,634)	(322,582)	(292,897)	(559,295)
Other Revenue or Expense				
Interest Income	15,899	1,282	35,900	1,964
Interest Expense	(24,149)	(11,798)	(53,705)	(21,702)
Total Other Revenue or (Exp)	(8,250)	(10,516)	(17,805)	(19,738)
Net Income (Loss)	\$ (139,884.00)	\$ (333,098)	\$ (310,702.00)	\$ (579,033)
Earnings Per Share				
Weighted Average Shares	158,926,342	121,998,866	158,926,342	121,998,866
Basic Earnings Per Share	(less than \$.01)	(less than \$.01)	(less than \$.01)	(less than \$.01)

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

**Loan Contractual Obligations Originated
For Commercial BCLOC Loans**

Year Ended 2003 Originated Purchased	Year Ended 2004 Originated	Year Ended 2005 Originated
\$ 6,500,000	\$ 3,630,000	\$ 42,963,000
6,000,000	\$ 23,500,000	5,000,000
20,900,000	\$ 16,000,000	53,334,000
3,000,000	\$ 7,142,857	78,314,000
	\$ 31,472,000	245,909,000
	\$ 5,000,000	
	\$ 5,000,000	
	\$ 2,000,000	
	\$ 1,000,800	
	\$ 7,261,438	
	\$ 67,859,105	
	\$ 14,285,714	
	\$ 17,500,000	
	\$ 25,000,000	
	\$ 48,557,142	
	\$ 2,352,941	
	\$ 1,075,000	
Total	\$ 278,636,997	\$ 425,520,000

Note: The above list consists of the following 26 real estate related projects:

- Commercial Office Buildings 2
 - Apartment Buildings 6
 - Hotels 6
 - Manufacturing Operations 2
 - Adult Care Centers 4
 - Single Purpose Operations 4
 - New Housing Developments 2
- 26

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

HERITAGE CAPITAL CREDIT CORPORATION
NOTES TO CONSOLIDATE FINANCIAL STATEMENTS
June 30, 2006

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

The primary services of ICCC and its affiliated companies include real estate lending, 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 contractual obligation, which are closed as a Commercial BCLOC loans, funded and sold in tandem on a non recourse basis to a company sponsored Special Purpose Entity (SPE) as a Collateralized Debt Obligation (CDO) which is an affiliate of the Company that will hold the beneficial interest until final maturity.

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. Money received before it can be recognized is shown as Unearned Revenue on the Balance Sheet. Revenues are recognized, when the funds are non-refundable and also recognized when all parties reach a non-rescinding written agreement and all loans are funded. 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.

Property and Equipment:

The Company made no purchases of property or equipment in the quarter of June 30, 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. The 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 has a note receivable with an affiliated company, Heritage Capital Investment Corporation, in the amount of \$39,064 for the quarter ending June 30, 2006. The note was incurred for working capital and carries an interest rate of 5% and become due on January 1, 2008.

The Company has a note receivable with related companies, in the amount of \$3,525 for the quarter ending June 30, 2006. The note was incurred for working capital and carries an interest rate of 5% and becomes due on January 1, 2008.

The Company has a note receivable with a related party, in the amount of \$293 quarter ending June 30, 2006. The note was incurred for working capital and carries an interest rate of 5% and becomes due on January 1, 2008

The Company has a note receivable with a related party, in the amount of \$109 for the quarter ending June 30, 2006. The note was incurred for working capital and carries an interest rate of 5% and becomes due on January 1, 2008.

The Company has a note payable with a related party, in the amount of \$137,292 for the quarter ending June 30, 2006. The note was incurred for working capital and carries an interest rate of 5% and becomes due on January 1, 2008.

The Company has a Long Term Note Payable with the parent company, First Independent Financial Group, in the amount of \$233,640 for the quarter ending June 30, 2006. The note was an acquired liability at acquisition and carries an interest rate of 12% .

NOTE 4 - STOCKHOLDERS EQUITY

PREFERRED STOCK:

None Authorized

COMMON STOCK:

The Company has authorized 250,000,000 common shares with a \$.001 par value of which 159,063,842 shares were issued and outstanding at the end of June 30, 2006.

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 June 30, 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 as noted in footnote 3 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 "Loan Contractual Obligations Originated- For Commercial BCLOC Loans" (see page 6).

Operating Lease

During 2004 the company entered into a 5-year lease commitment for corporate office space. Rent payments were in the amount of \$64, 701 year to date ending June 30, 2006 and \$32,350 for the quarter ending June 30, 2006.

Capital Lease

The Company lease office equipment under the terms of a lease agreement which expires in February 2010, with year to date payments of \$3,260 at June 30, 2006. The lease has been recorded as a capital lease, with interest imputed at 19%. The annual lease payments as of June 30, 2006 are as follows:

	Year Ended
	<u>12-31</u>
	2006
	2007
	2008
	2009
	2010
	<u>48,672</u>
Amount representing interest expense	<u>12,912</u>
Capital lease obligation	<u>\$ 35,760</u>