

MYCFO FOUNDATION

JUNE 30, 2006 AND 2005

INDEPENDENT AUDITORS' REPORT

AND

FINANCIAL STATEMENTS

myCFO Foundation

Independent Auditors' Report and Financial Statements

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Independent Auditors' Report

THE BOARD OF DIRECTORS
myCFO FOUNDATION
Los Angeles, California

We have audited the accompanying statement of financial position of **myCFO FOUNDATION (the Foundation)** as of June 30, 2006 and 2005 and the related statements of activities and change in net assets 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 Foundation as of June 30, 2006 and 2005, and the change 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.

Hood & Strong LLP

February 9, 2007

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myCFO Foundation

Statement of Financial Position

<i>June 30,</i>	2006	2005
Assets		
Cash and Cash Equivalents	\$ 24,664	\$ 36,207
Investments - at fair value		
Charles Schwab - Capital Growth	8,912,620	7,088,898
Charles Schwab - Income	8,440,062	10,198,811
Charles Schwab - Moderate	10,061,411	5,666,223
Charles Schwab - Highly Conservative	9,363,675	8,181,340
Harris		14,830
UBS	13,424,722	12,608,366
Total investments	50,202,490	43,758,468
Other Assets	4,766,406	
Total assets	\$ 54,993,560	\$ 43,794,675
Liabilities and Net Assets		
Accounts Payable	\$ 99,623	\$ 74,135
Unrestricted Net Assets	54,893,937	43,720,540
Total liabilities and unrestricted net assets	\$ 54,993,560	\$ 43,794,675

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Statement of Activities and Change in Net Assets

<i>Years Ended June 30,</i>	2006	2005
Revenues:		
Investment income:		
Interest and dividends	\$ 1,905,233	\$ 778,800
Realized net gain on investments	14,081	41,575
Unrealized net gain on investments	665,607	623,939
Total investment income	2,584,921	1,444,314
Investment management fees	177,817	153,651
Net investment income	2,407,104	1,290,663
Foundation fees		1,525
Contributions	14,446,840	30,371,609
Total revenues	16,853,944	31,663,797
Grants and Expenses:		
Grants	5,424,640	7,409,187
Administrative expenses	255,907	113,671
Total grants and expenses	5,680,547	7,522,858
Change in Net Assets	11,173,397	24,140,939
Unrestricted Net Assets - Beginning of year	43,720,540	19,579,601
Unrestricted Net Assets - End of year	\$ 54,893,937	\$ 43,720,540

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Statement of Cash Flows

<i>Years Ended June 30,</i>	2006	2005
Operating Activities:		
Changes in unrestricted net assets	\$ 11,173,397	\$ 24,140,939
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized gain from sales of investments	(14,081)	(41,575)
Unrealized gain from changes in market value	(665,607)	(623,939)
Contribution of other assets	(9,102,771)	
Collection of royalty on other assets	4,400,000	
Accrued interest on other assets	(63,635)	
Increase in accounts payable	25,488	74,135
Net cash provided by operating activities	5,752,791	23,549,560
Investing Activities:		
Purchases of investments	(17,050,486)	(27,657,155)
Proceeds from sale of investments	11,286,152	1,678,235
Net cash used by investing activities	(5,764,334)	(25,978,920)
Decrease in Cash and Cash Equivalents	(11,543)	(2,429,360)
Cash and Cash Equivalents, Beginning of year	36,207	2,465,567
Cash and Cash Equivalents, End of year	\$ 24,664	\$ 36,207