

MYCFO FOUNDATION

JUNE 30, 2004

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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 assets, liabilities and net assets arising from cash transactions of **myCFO Foundation (the Foundation)** as of June 30, 2004 and the related statement of revenues, expenses and other changes in net assets for the year 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 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 audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements were prepared on the basis of cash receipts and disbursements which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of myCFO Foundation as of June 30, 2004 and its receipts collected and expenses paid during the years then ended, on the basis of accounting described in Note 2.



May 5, 2005

*Consultants and*

*Business Advisors*

*2744 Sand Hill Road*

*Menlo Park*

*CA 94025*

*650.854.8700*

*fax 650.854.7666*

*San Francisco*

*Menlo Park*

# myCFO Foundation

## Statement of Assets, Liabilities and Net Assets - Cash Basis

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June 30, 2004

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### Assets

<b>Cash and Cash Equivalents</b>	\$ 2,465,567
<b>Investments - at fair value</b>	
Charles Schwab - Capital Growth	483,933
Charles Schwab - Income	947,734
Charles Schwab - Moderate	2,406,061
Charles Schwab - Highly Conservative	1,365,478
UBS	11,910,828
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Total investments	17,114,034
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Total assets	\$ 19,579,601
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### Unrestricted Net Assets

Total unrestricted net assets	\$ 19,579,601
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## myCFO Foundation

### Statement of Revenues, Expenses, and Other Changes in Net Assets - Cash Basis

*Year Ended June 30, 2004*

**Revenues:**

Investment income:

Interest and dividends	\$	618,174
Realized net loss on investments		(47,428)
Unrealized net loss on investments		(65,635)

505,111

Investment management and administrative fees 127,711

Net investment income 377,400

Contributions 1,721,271

Total revenue 2,098,671

**Grants and Expenses:**

Grants		1,616,243
Administrative expenses		24,828

Total grants and expenses 1,641,071

**Net Revenue** 457,600

**Unrestricted Net Assets - Beginning of year** 19,122,001

**Unrestricted Net Assets - End of year** \$ 19,579,601

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**Note 1 - Nature of Organization:**

The myCFO Foundation (Foundation) is a 501(c)(3) public charity which sponsors donor-advised funds designed to assist individuals in effective charitable giving. The Foundation administers two donor-advised fund programs through its partners, Harris myCFO, Inc. and the Harris Private Bank.

Harris myCFO, Inc. and the Harris Private Bank created the myCFO Charitable Fund and the Harris Charitable Giving Fund, respectively, at the Foundation. These programs are independently operated donor-advised funds designed to assist donors in more effective charitable giving.

A donor-advised fund is a charitable account at a public charity. Once a contribution is made, immediate tax and estate planning benefits are received but the distributions to charitable organizations can be spread over many years. And, as the term “donor-advised” suggests, the donor can recommend which charities and organizations should benefit from the fund and how the fund assets should be invested. Final grant and investment of assets decisions reside with the Board of Directors. The unrestricted net assets represent unexpended donor advised contributions that have not been distributed to charitable organizations.

The Foundation was established in November 2000 to accommodate the philanthropic goals and generous nature of the Foundation’s partners’ clients, employees and the public at large.

**Note 2 - Summary of Significant Accounting Policies:****a. Basis of Accounting**

The financial statements of the Foundation have been prepared on the cash basis of accounting. Accounting principles generally accepted in the United States of America require the use of the accrual basis of accounting. Accordingly, the accompanying financial statements are presented as a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The principal difference between the cash basis of accounting and the accrual basis of accounting is that revenues, grants and expenses are recorded when received or paid, rather than when earned or incurred. Therefore, receivables such as accrued interest and dividends, and liabilities, such as grants payable and accrued expenses are not reflected in the accompanying financial statements.

# myCFO Foundation

## Notes to Financial Statements

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b. Investments

Investments in equity securities and investment funds with readily determined fair values and all debt instruments are reported at fair value based on quoted market prices as of June 30. Realized gains or losses are included in the statement of cash receipts and disbursements. Unrealized gains or losses are included in the statement of assets and net assets resulting from cash transactions.

c. Cash and Cash Equivalents

For purposes of the statement of assets and net assets, cash and cash equivalents include cash and money market funds with maturities of three months or less when purchased.

d. Contributions

Contributions are recognized as revenues in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the time of donation.

e. Grants

Grants are recorded as an expense when approved by the Board and all significant conditions have been met.

**Note 3 - Description of Net Assets:**

Unrestricted net assets are those that are neither temporarily restricted nor permanently restricted by donor-imposed stipulations. As mentioned in Note 1, the unrestricted net assets represent unexpended donor advised contributions that have not been distributed to charitable organizations. There are no temporarily or permanently restricted net assets.

**Note 4 - Investments in Securities:**

Investments in securities consist of the following as of June 30, 2004:

	Cost	Fair Market Value
Bond Funds	\$ 5,087,107	\$ 5,060,537
U.S. Government Obligations	4,473,474	4,384,741
Equity Funds	7,619,088	7,668,756
	<hr/>	<hr/>
	\$ 17,179,669	\$ 17,114,034

**Note 5 - Concentration of Risk**

The Foundation has identified its financial instruments which are potentially subject to credit risk. These instruments consist of cash, money market funds and investments in securities.

At June 30, 2004, the checking account and money market funds balances included \$2,465,567 in deposits which were not covered by FDIC insurance but are covered under the Securities Investor Protection Corporation (SIPC) with excess SIPC account protection offered by Lloyd's of London. The cash equivalents are subject to market risk.

Investments in securities are diversified into various funds in order to limit the concentration of market risk. The securities are managed by various investment management firms. UBS Financial Services, Inc. and Charles Schwab maintain custodianship responsibilities.

**Note 6 - Related Party Transactions:**

The Foundation has contracted with Harris myCFO, Inc. to manage its operations and to perform certain management and administrative services for a quarterly fee that is based on a certain percent of the rolling 3-month average of the net fair market value of the Foundation's assets under advisement by Harris myCFO, Inc. The agreement also includes the performance of investment advisory services by Harris myCFO Investment Advisory Services, LLC. The total amount paid to these related parties for the year ending June 30, 2004 was \$88,300.

Harris myCFO, Inc. provides facilities and personnel services for the Foundation at no charge to the Foundation. No amounts for such contributed services for 2004 have been recorded in the financial statements.