

MYCFO FOUNDATION

JUNE 30, 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, 2005 and the related statements of activities and changes in net assets and cash flows 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.

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, 2005, 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.

As described in Note 7 to the financial statements, in 2005, the Foundation changed its method of accounting from modified cash basis to the accrual basis.

Hood & Strong LLP

November 16, 2005

Consultants and

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myCFO Foundation

Statement of Financial Position

June 30, 2005

Assets

Cash and Cash Equivalents	\$ 36,207
Investments - at fair value	
Charles Schwab - Capital Growth	7,088,898
Charles Schwab - Income	10,198,811
Charles Schwab - Moderate	5,666,223
Charles Schwab - Highly Conservative	8,181,340
Harris	14,830
UBS	12,608,366
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Total investments	43,758,468
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Total assets	\$ 43,794,675

Liabilities and Net Assets

Accounts Payable	\$ 74,135
Unrestricted Net Assets	43,720,540
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Total liabilities and unrestricted net assets	\$ 43,794,675

myCFO Foundation

Statement of Activities

Year Ended June 30, 2005

Revenues:

Investment income:

Interest and dividends	\$	778,800
Realized net gain on investments		41,575
Unrealized net gain on investments		623,939

Total investment income 1,444,314

Investment management fees 153,651

Net investment income 1,290,663

Foundation fees 1,525

Contributions 30,371,609

Total revenues 31,663,797

Grants and Expenses:

Grants 7,409,187

Administrative expenses 113,671

Total grants and expenses 7,522,858

Change in Net Assets 24,140,939

Unrestricted Net Assets - Beginning of year 19,579,601

Unrestricted Net Assets - End of year \$ 43,720,540

myCFO Foundation

Statement of Cash Flows

Year Ended June 30, 2005

Operating Activities:

Changes in unrestricted net assets	\$ 24,140,939
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Realized (gain) loss from sales of investments	(41,575)
Unrealized gain from changes in market value	(623,939)
Accounts payable	74,135

Net cash provided by operating activities	23,549,560
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Investing Activities:

Purchases of investments	(27,657,155)
Proceeds from sale of investments	1,678,235

Net cash used in investing activities	(25,978,920)
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Decrease in Cash and Cash Equivalents	(2,429,360)
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Cash and Cash Equivalents, Beginning of year	2,465,567
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Cash and Cash Equivalents, End of year	\$ 36,207
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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 Presentation

The Foundation prepares its financial statements on the accrual basis of accounting.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash and money market funds with maturities of three months or less when purchased. Cash equivalents exclude money market funds which are part of the funds overseen by the various investment managers.

c. 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 and unrealized gains or losses are included in the statement of activities.

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 accrued and recorded as an expense when approved by the Board and all significant conditions have been met. Grants are authorized subject to certain restrictions and failure of the recipients to meet these restrictions may result in cancellations or refunds. Grant refunds are recorded as a reduction of grant expense at the time the grant is refunded to the Foundation.

f. Fair Value of Financial Instruments

The carrying value of financial instruments not otherwise disclosed herein, is comparable to the fair value due to the short term nature of these financial instruments.

g. Tax Exempt Status

The Foundation is a not-for-profit organization exempt from paying federal and state income taxes on income related to its exempt purposes under Internal Revenue Code Section 501(c)(3) and related California code sections. The Foundation has also received determination that it is exempt from excise tax as a private foundation.

h. 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. These estimates and assumptions affect the reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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.

myCFO Foundation

Notes to Financial Statements

Note 4 - Investments in Securities:

Investments in securities consist of the following as of June 30, 2005:

	Cost	Fair Market Value
Money Market Funds	\$ 6,923,480	\$ 6,923,480
Bond Funds	15,847,204	15,732,621
Equity Funds	17,239,849	16,662,987
U.S. Government Obligations	4,371,875	4,439,380
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	\$ 44,382,408	\$ 43,758,468

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, 2005, the checking account and money market funds balances included \$36,207 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., Harris Direct and Charles Schwab maintain custodianship responsibilities.

Note 6 - Related Party Transactions:

The Foundation has contracted with related parties (Harris myCFO, Inc. and myCFO Investment Advisory Services, LLC) to manage its operations and to perform certain management and advisory 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, 2005 was \$167,822 which includes consideration for facilities and personnel services provided to the Foundation by Harris myCFO, Inc.

Note 7 - Change in Accounting Method:

Effective for fiscal year ending June 30, 2005, the Foundation changed its method of accounting from a modified cash basis to the accrual method. The beginning unrestricted net assets were not restated as a result of the change due to immateriality of amounts involved.