

N.R. rec'd #275 20-56-4406

Form CHAR500 <small>This form used for Article 7-A, EPTL and dual filers (replaces forms CHAR 497, CHAR 010 and CHAR 006)</small>	Annual Filing for Charitable Organizations New York State Department of Law (Office of the Attorney General) Charities Bureau - Registration Section 120 Broadway New York, NY 10271 www.oag.state.ny.us/charities/charities.html	2005 Open to Public Inspection
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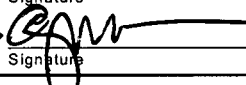
1. General Information

a. For the fiscal year beginning (mm/dd/yyyy) 10/01/2004 and ending (mm/dd/yyyy) 09/30/2005

b. Check if applicable for NYS: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial filing <input type="checkbox"/> Final filing <input type="checkbox"/> Amended filing <input type="checkbox"/> NY registration pending	c. Name of organization		d. Fed. employer ID no. (EIN) (##-####)
	TAP FOUND, INC. dba. TAPROOT FOUNDATION		91-2162645
	Number and street (or P.O. box if mail not delivered to street address)	Room/suite	e. NY State registration no. (##-###-##)
	466 GEARY STREET	202	20-56-44
	City or town, state or country and zip + 4		f. Telephone number
	SAN FRANCISCO, CA 94102-1261		415.359.1423 x320
			g. Email

2. Certification - Two Signatures Required

We certify under penalties of perjury that we reviewed this report, including all attachments, and to the best of our knowledge and belief, they are true, correct and complete in accordance with the laws of the State of New York applicable to this report.

a. President or Authorized Officer/Trustee		AARON HURST	PRESIDENT	12/10/08
b. Chief Financial Officer or Treasurer		KATE GRIFFEN	DIRECTOR, FIN. ADMIN	12/4/08

3. Annual Report Exemption Information

a. **Article 7-A annual report exemption** (Article 7-A registrants and dual registrants)
 Check ☐ if total contributions from NY State (including residents, foundations, corporations, government agencies, etc.) did not exceed \$25,000 and the organization did not use the services of a professional fund raiser (PFR) or fund raising counsel (FRC) to solicit contributions during this fiscal year.

NOTE: An organization may also check the box to claim this exemption if no PFR or FRC was used and either: 1) the organization received an allocation from a federated fund, United Way or incorporated community appeal and contributions from all other sources did not exceed \$25,000 or 2) it received all or substantially all of its contributions from a single government agency to which it submitted an annual financial report similar to that required by Article 7-A).

b. **EPTL annual report exemption** (EPTL registrants and dual registrants)
 Check ☐ if total gross receipts for this fiscal year did not exceed \$25,000 and the assets (market value) of the organization did not exceed \$25,000 at any time during this fiscal year.

For EPTL or Article-7A registrants claiming the annual report exemption under the one law under which they are registered and for dual registrants claiming the annual report exemptions under both laws, simply complete part 1 (General Information), part 2 (Certification) and part 3 (Annual Report Exemption Information) above.

Do not submit a fee, do not complete the following schedules and do not submit any attachments to this form.

4. Article 7-A Schedules

If you did not check the Article 7-A annual report exemption above, complete the following for this fiscal year:

a. Did the organization use a professional fund raiser, fund raising counsel or commercial co-venturer for fund raising activity in NY State? ☐ Yes* ☒ No
 * If "Yes", complete Schedule 4a.

b. Did the organization receive government contributions (grants)? ☒ Yes* ☐ No
 * If "Yes", complete Schedule 4b.

5. Fee Submitted: See last page for summary of fee requirements.

Indicate the filing fee(s) you are submitting along with this form:

a. Article 7-A filing fee	\$ 25-	Submit only one check or money order for the total fee, payable to "NYS Department of Law"
b. EPTL filing fee	\$ 250-	
c. Total fee	\$ 275-	

6. Attachments: For organizations that are not claiming annual report exemptions under both laws, see last page for required attachments.

Schedule 4a: Professional Fund Raisers (PFR), Fund Raising Counsels (FRC), Commercial Co-Venturers (CCV)

If you checked the box in question 4.a. on page 1, complete the following schedule for each PFR, FRC or CCV that the organization engaged for fund raising activity in NY State:

1. Type of fund raising professional (FRP):Professional fund raiser ☐Fund raising counsel ☐Commercial co-venturer ☐**2. Name of FRP:**

Number and street (or P.O. box if mail is not delivered to street address):

City or town, state or country and zip + 4:

3. FRP telephone number:**4. Services provided by FRP (provide description):****5. Compensation arrangement with FRP (provide description):**

6. Dates of contract (mm/dd/yyyy) through (mm/dd/yyyy)

7. Amount paid to FRP \$

Schedule 4b: Government Contributions (Grants)

If you checked the box in question 4.b. on page 1, complete the following schedule for **each** government contribution (grant). Use additional copies of this page if necessary to list each government contribution (grant) separately.

[illegible]

5. Fee Instructions

The filing fee depends on the organization's Registration Type. For details on Registration Type and filing fees, see the Instructions for Form CHAR500.

Organization's Registration Type	Fee Instructions
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- | | |
|----------------------|--|
| • Article 7-A | Calculate the Article 7-A filing fee using the table in part a below. The EPTL filing fee is \$0. |
| • EPTL | Calculate the EPTL filing fee using the table in part b below. The Article 7-A filing fee is \$0. |
| • Dual | Calculate both the Article 7-A and EPTL filing fees using the tables in parts a and b below. Add the Article 7-A and EPTL filing fees together to calculate the total fee. Submit a <u>single</u> check or money order for the total fee. |

a) **Article 7-A filing fee**

Total Support & Revenue	Article 7-A Fee
more than \$250,000	\$25
up to \$250,000 *	\$10

* Any organization that contracted with or used the services of a professional fund raiser (PFR) or fund raising counsel (FRC) during the reporting period must pay an Article 7-A filing fee of \$25, regardless of total support and revenue.

b) **EPTL filing fee**

Net Worth at End of Year	EPTL Fee
Less than \$50,000	\$25
\$50,000 or more, but less than \$250,000	\$50
\$250,000 or more, but less than \$1,000,000	\$100
\$1,000,000 or more, but less than \$10,000,000	\$250
\$10,000,000 or more, but less than \$50,000,000	\$750
\$50,000,000 or more	\$1500

6. Attachments – Document Attachment Check-List

Check the boxes for the documents you are attaching.

For All Filers

Filing Fee

- ☐ Single check or money order payable to "NYS Department of Law"

Copies of Internal Revenue Service Forms

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> IRS Form 990 | <input type="checkbox"/> IRS Form 990-EZ | <input type="checkbox"/> IRS Form 990-PF |
| <input checked="" type="checkbox"/> Schedule A to IRS Form 990 | <input type="checkbox"/> Schedule A to IRS Form 990-EZ | <input type="checkbox"/> Schedule B to IRS Form 990-PF |
| <input checked="" type="checkbox"/> Schedule B to IRS Form 990 | <input type="checkbox"/> Schedule B to IRS Form 990-EZ | <input type="checkbox"/> IRS Form 990-T |
| <input type="checkbox"/> IRS Form 990-T | <input type="checkbox"/> IRS Form 990-T | |

Additional Article 7-A Document Attachment Requirement

Independent Accountant's Report

- ☒ Audit Report (total support & revenue more than \$250,000)
- ☐ Review Report (total support & revenue \$100,001 to \$250,000)
- ☐ No Accountant's Report Required (total support & revenue not more than \$100,000)

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047

2004

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2004 calendar year, or tax year beginning 1/1/2005, and ending 9/30/2005

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

C Name of organization
 Tapfound, Inc. dba Taproot Foundation
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
 466 Geary Street 300
 City or town State or country ZIP + 4
 San Francisco CA 94102

D Employer identification number
 91-2162645

E Telephone number
 415/359-1423

F Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) ▶

G Website: ▶ www.taprootfoundation.org

H and **I** are not applicable to section 527 organizations.
 H(a) Is this a group return for affiliates? ☐ Yes ☒ No
 H(b) If "Yes," enter number of affiliates ▶
 H(c) Are all affiliates included? ☐ Yes ☐ No
 (If "No," attach a list. See instructions.)
 H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number ▶

J Organization type (check only one) ▶ ☒ 501(c) (3) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 1,063,972

M Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Direct public support	1a	1,009,089	
	b	Indirect public support	1b		
	c	Government contributions (grants)	1c		
	d	Total (add lines 1a through 1c) (cash \$ 1,009,089 noncash \$)	1d	1,009,089	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	25,000	
	3	Membership dues and assessments	3	0	
	4	Interest on savings and temporary cash investments	4	253	
	5	Dividends and interest from securities	5	0	
	6a	Gross rents	6a		
	b	Less: rental expenses	6b		
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c	0	
7	Other investment income (describe ▶)	7	0		
Expenses	8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other	
			0	0	
	b	Less: cost or other basis and sales expenses	8b	0	
	c	Gain or (loss) (attach schedule)	8c	0	
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d	0	
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including \$ of contributions reported on line 1a)	9a	29,630	
	b	Less: direct expenses other than fundraising expenses	9b	13,317	
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c	16,313	
	10a	Gross sales of inventory, less returns and allowances	10a		
	b	Less: cost of goods sold	10b		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	0	
Net Assets	11	Other revenue (from Part VII, line 103)	11	0	
	12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12	1,050,655	
	13	Program services (from line 44, column (B))	13	365,756	
	14	Management and general (from line 44, column (C))	14	111,283	
	15	Fundraising (from line 44, column (D))	15	114,125	
	16	Payments to affiliates (attach schedule)	16	0	
	17	Total expenses (add lines 16 and 44, column (A))	17	591,164	
	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18	459,491	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	333,309	
	20	Other changes in net assets or fund balances (attach explanation)	20	0	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21	792,800	

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See page 22 of the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ 0 noncash \$ 0)	0	0		
23	Specific assistance to individuals (attach schedule)	0			
24	Benefits paid to or for members (attach schedule)	0			
25	Compensation of officers, directors, etc.	0			
26	Other salaries and wages	414,719	286,156	49,766	78,797
27	Pension plan contributions	0			
28	Other employee benefits	0			
29	Payroll taxes	67,889	47,007	8,084	12,798
30	Professional fundraising fees	10,000			10,000
31	Accounting fees	14,900		14,900	
32	Legal fees	0			
33	Supplies	5,747	3,965	690	1,092
34	Telephone	10,441	7,204	1,253	1,984
35	Postage and shipping	1,183	816	142	225
36	Occupancy	25,019	17,264	3,002	4,753
37	Equipment rental and maintenance	9,189	6,340	1,103	1,746
38	Printing and publications	2,332	1,609	280	443
39	Travel	27,849		27,849	
40	Conferences, conventions, and meetings	8,075	5,819	1,615	641
41	Interest	0			
42	Depreciation, depletion, etc. (attach schedule)	831	573	100	158
43	Other expenses not covered above (itemize): a Insurance	2,253		2,253	
b	Other expenses	8,583	1,349	2,446	4,788
c	Allocation of shared costs	-17,846	-12,346	-2,200	-3,300
d		0			
e		0			
f		0			
44	Total functional expenses (add lines 22 through 43). Organizations completing columns (B)-(D), carry these totals to lines 13-15	591,164	365,756	111,283	114,125

Joint Costs. Check ☐ if you are following SOP 98-2.Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☐ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ 0; (ii) the amount allocated to Program services \$;

(iii) the amount allocated to Management and general \$; and (iv) the amount allocated to Fundraising \$

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)What is the organization's primary exempt purpose? ☒ provide pro bono marketing, HR and IT services to nonprofits

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

Program Service Expenses

(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

a	Awarded Service Grants to 129 nonprofit organizations in the San Francisco Bay Area and New York City, delivering pro bono services with a total market value of \$5.2 million. Recruited over 1,100 business professionals to do pro bono work, serving our local communities.	(Grants and allocations \$)	365,756
b		(Grants and allocations \$)	
c		(Grants and allocations \$)	
d		(Grants and allocations \$)	
e	Other program services (attach schedule)	(Grants and allocations \$)	
f	Total of Program Service Expenses (should equal line 44, column (B), Program services)		365,756

Part IV Balance Sheets (See page 25 of the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.				(A) Beginning of year		(B) End of year
Assets	45	Cash—non-interest-bearing		240,459	45	401,486
	46	Savings and temporary cash investments			46	
	47 a	Accounts receivable	47a 983			
	b	Less: allowance for doubtful accounts	47b 0	0	47c	983
	48 a	Pledges receivable	48a 2,299			
	b	Less: allowance for doubtful accounts	48b 0	6,595	48c	2,299
	49	Grants receivable		100,000	49	503,156
	50	Receivables from officers, directors, trustees, and key employees (attach schedule)		0	50	0
	51 a	Other notes and loans receivable (attach schedule)	51a 0			
	b	Less: allowance for doubtful accounts	51b 0	0	51c	0
	52	Inventories for sale or use			52	
	53	Prepaid expenses and deferred charges		3,265	53	8,183
	54	Investments—securities (attach schedule) <input type="checkbox"/> Cost <input type="checkbox"/> FMV		0	54	0
	55 a	Investments—land, buildings, and equipment: basis	55a 10,099			
	b	Less: accumulated depreciation (attach schedule)	55b 830	0	55c	9,269
56	Investments—other (attach schedule)		0	56	0	
57 a	Land, buildings, and equipment: basis	57a 0				
b	Less: accumulated depreciation (attach schedule)	57b 0	0	57c	0	
58	Other assets (describe <input type="checkbox"/> Deposits)		0	58	5,700	
59	Total assets (add lines 45 through 58) (must equal line 74)			350,319	59	931,076
Liabilities	60	Accounts payable and accrued expenses		17,010	60	64,986
	61	Grants payable			61	
	62	Deferred revenue			62	73,290
	63	Loans from officers, directors, trustees, and key employees (attach schedule)		0	63	0
	64 a	Tax-exempt bond liabilities (attach schedule)		0	64a	0
	b	Mortgages and other notes payable (attach schedule)		0	64b	0
	65	Other liabilities (describe <input type="checkbox"/>)		0	65	0
66	Total liabilities (add lines 60 through 65)			17,010	66	138,276
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.					
	67	Unrestricted		101,309	67	159,144
	68	Temporarily restricted		232,000	68	633,656
	69	Permanently restricted			69	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.					
	70	Capital stock, trust principal, or current funds			70	
	71	Paid-in or capital surplus, or land, building, and equipment fund			71	
	72	Retained earnings, endowment, accumulated income, or other funds			72	
	73	Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21)		333,309	73	792,800
	74	Total liabilities and net assets / fund balances (add lines 66 and 73)			350,319	74

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

Part IV-A Reconciliation of Revenue per Audited Financial Statements with Revenue per Return (See page 27 of the instructions.)

a	Total revenue, gains, and other support per audited financial statements	a	1,068,501
b	Amounts included on line a but not on line 12, Form 990:		
(1)	Net unrealized gains on investments		
(2)	Donated services and use of facilities		17,846
(3)	Recoveries of prior year grants		
(4)	Other (specify):		
	Add amounts on lines (1) through (4)	b	17,846
c	Line a minus line b	c	1,050,655
d	Amounts included on line 12, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	Add amounts on lines (1) and (2)	d	0
e	Total revenue per line 12, Form 990 (line c plus line d)	e	1,050,655

Part IV-B Reconciliation of Expenses per Audited Financial Statements with Expenses per Return

a	Total expenses and losses per audited financial statements	a	609,010
b	Amounts included on line a but not on line 17, Form 990:		
(1)	Donated services and use of facilities		17,846
(2)	Prior year adjustments reported on line 20, Form 990		
(3)	Losses reported on line 20, Form 990		
(4)	Other (specify):		
	Add amounts on lines (1) through (4)	b	17,846
c	Line a minus line b	c	591,164
d	Amounts included on line 17, Form 990 but not on line a:		
(1)	Investment expenses not included on line 6b, Form 990		
(2)	Other (specify):		
	Add amounts on lines (1) and (2)	d	0
e	Total expenses per line 17, Form 990 (line c plus line d)	e	591,164

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see page 27 of the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Name <u>Aaron Hurst</u> Str <u>466 Geary St</u> City <u>San Francisco</u> ST <u>CA</u> ZIP <u>94102</u>	Title <u>President</u> Hr/WK <u>40</u>	67,500	2,700	2,100
Name <u>See attached</u> Str _____ City _____ ST _____ ZIP _____	Title <u>Board</u> Hr/WK _____	0	0	0
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			
Name _____ Str _____ City _____ ST _____ ZIP _____	Title _____ Hr/WK _____			

75 Did any officer, director, trustee, or key employee receive aggregate compensation of more than \$100,000 from your organization and all related organizations, of which more than \$10,000 was provided by the related organizations? ☐ Yes ☒ No
If "Yes," attach schedule—see page 28 of the instructions.

Part VI Other Information (See page 28 of the instructions.)

	Yes	No
76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	76	X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.	77	X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	78a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	78b	X
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement	79	X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?	80a	X
b If "Yes," enter the name of the organization ▶ _____ and check whether it is <input type="checkbox"/> exempt or <input type="checkbox"/> nonexempt.		
81 a Enter direct and indirect political expenditures. See line 81 instructions 81a 0		
b Did the organization file Form 1120-POL for this year?	81b	X
82 a Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?	82a	X
b If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b 17,846		
83 a Did the organization comply with the public inspection requirements for returns and exemption applications?	83a	X
b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83b	X
84 a Did the organization solicit any contributions or gifts that were not tax deductible?	84a	X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84b	N/A
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members?	85a	
b Did the organization make only in-house lobbying expenditures of \$2,000 or less?	85b	
If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c Dues, assessments, and similar amounts from members 85c		
d Section 162(e) lobbying and political expenditures 85d		
e Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e		
f Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f 0		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	
h If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	85h	
86 501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a		
b Gross receipts, included on line 12, for public use of club facilities 86b		
87 501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a		
b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b		
88 At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX	88	
89 a 501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ 0 ; section 4912 ▶ 0 ; section 4955 ▶ 0		
b 501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction	89b	X
c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 ▶ 0		
d Enter: Amount of tax on line 89c, above, reimbursed by the organization ▶ 0		
90 a List the states with which a copy of this return is filed ▶ CA		
b Number of employees employed in the pay period that includes March 12, 2004 (See instructions.) 90b 11		
91 The books are in care of ▶ Name Aaron Hurst Telephone no. ▶ 415/359-0226 Located at ▶ 466 Geary Street, Suite 300 City San Francisco ST CA ZIP + 4 ▶ 94102		
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year ▶ 92		

Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a Program service revenue					25,000
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	253	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events			01	16,313	
102 Gross profit or (loss) from sales of inventory					
103 Other revenue: a					
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		0		16,566	25,000
105 Total (add line 104, columns (B), (D), and (E))					41,566

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
▼	

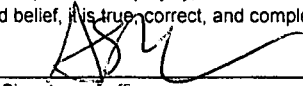
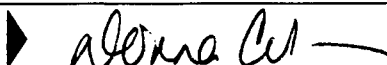
Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%		0	0
	%		0	0
	%		0	0
	%		0	0

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)

- (a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No
- (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature of officer 		Date 5/20/06	
Paid Preparer's Use Only	Type or print name and title. AARON HURST, PRESIDENT			
	Preparer's signature 	Date 5/18/06	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Inst. W)
	Firm's name (or yours if self-employed), address, and ZIP + 4 Donna Cohen, CPA 1116 Lincoln Avenue, San Rafael, CA 94901	EIN 68-0288004	Phone no 415/457-8770	

SCHEDULE A
(Form 990 or 990-EZ)

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k),
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information—(See separate instructions.)

OMB No. 1545-0047

2004

Department of the Treasury
Internal Revenue Service

MUST be completed by the above organizations and attached to their Form 990 or 990-EZ

Name of the organization

Tapfound, Inc. dba Taproot Foundation

Employer identification number

91-2162645

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
Name James Shepard Str 466 Geary Street, Suite 300 City San Francisco ST CA Zip 94102 Country	Title Natl Program Dir Avg hr/wk 40	63,750	0	0
Name Matt O'Grady Str 466 Geary Street, Suite 300 City San Francisco ST CA Zip 94102 Country	Title Managing Dir Avg hr/wk 40	60,241	0	900
Name Str City Zip Country	Title Avg hr/wk			
Name Str City Zip Country	Title Avg hr/wk			
Name Str City Zip Country	Title Avg hr/wk			
Total number of other employees paid over \$50,000	2			

Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services

(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
Name NONE Str City ST ZIP Country Check here if a business <input type="checkbox"/>		
Name Str City ST ZIP Country Check here if a business <input type="checkbox"/>		
Name Str City ST ZIP Country Check here if a business <input type="checkbox"/>		
Name Str City ST ZIP Country Check here if a business <input type="checkbox"/>		
Name Str City ST ZIP Country Check here if a business <input type="checkbox"/>		
Total number of others receiving over \$50,000 for professional services	0	

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>0</u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.				
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? . . . see Part V, Form 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3 a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	3a		X
b	Do you have a section 403(b) annuity plan for your employees?	3b	X	
4 a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a	X	
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)The organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 ☐ A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 ☐ A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 ☐ A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 ☐ A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 ☐ A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ _____ City _____ ST _____ Country _____
- 10 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11 a ☒ An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11 b ☐ A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 ☐ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 ☐ An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

- 14 ☐ An organization organized and operated to test for public safety. Section 509(a)(4). (See page 5 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) **Use cash method of accounting.****Note:** You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2003	(c) 2002	(d) N/A	(e) Total			
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	524,086	27,306	79,596		630,988			
16 Membership fees received					0			
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	29,212	17,317	779		47,308			
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	940	131	32		1,103			
19 Net income from unrelated business activities not included in line 18					0			
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0			
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0			
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					0			
23 Total of lines 15 through 22	554,238	44,754	80,407	0	679,399			
24 Line 23 minus line 17	525,026	27,437	79,628	0	632,091			
25 Enter 1% of line 23	5,542	448	804	0				
26 Organizations described on lines 10 or 11:								
a Enter 2% of amount in column (e), line 24								
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2000 through 2003 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts								
c Total support for section 509(a)(1) test: Enter line 24, column (e)								
d Add: Amounts from column (e) for lines:								
18 1,103	19 0							
22 0	26b 233,867							
e Public support (line 26c minus line 26d total)								
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))								
27 Organizations described on line 12:								
a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year:								
(2003) (2002) (2001) (2000)								
b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year:								
(2003) (2002) (2001) (2000)								
c Add: Amounts from column (e) for lines:								
15 0	16 0							
17 0	20 0	21 0						
d Add: Line 27a total	0	and line 27b total	0					
e Public support (line 27c total minus line 27d total)								
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)								
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))								
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))								

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2000 through 2003, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions.)

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

N/A

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)	31	
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)
(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check **a** ☐ if the organization belongs to an affiliated group. Check **b** ☐ if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36	Total lobbying expenditures to influence public opinion (grassroots lobbying)	36	
37	Total lobbying expenditures to influence a legislative body (direct lobbying)	37	
38	Total lobbying expenditures (add lines 36 and 37)	38	0
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	0
41	Lobbying nontaxable amount. Enter the amount from the following table—		
<p>If the amount on line 40 is— The lobbying nontaxable amount is—</p> <p>Not over \$500,000 20% of the amount on line 40</p> <p>Over \$500,000 but not over \$1,000,000 \$100,000 plus 15% of the excess over \$500,000</p> <p>Over \$1,000,000 but not over \$1,500,000 \$175,000 plus 10% of the excess over \$1,000,000</p> <p>Over \$1,500,000 but not over \$17,000,000 \$225,000 plus 5% of the excess over \$1,500,000</p> <p>Over \$17,000,000 \$1,000,000</p>		41	0
42	Grassroots nontaxable amount (enter 25% of line 41)	42	0
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	0
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	0

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
45 Lobbying nontaxable amount					0
46 Lobbying ceiling amount (150% of line 45(e))					0
47 Total lobbying expenditures					0
48 Grassroots nontaxable amount					0
49 Grassroots ceiling amount (150% of line 48(e))					0
50 Grassroots lobbying expenditures					0

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

- a Volunteers
- b Paid staff or management (Include compensation in expenses reported on lines c through h.)
- c Media advertisements
- d Mailings to members, legislators, or the public
- e Publications, or published or broadcast statements
- f Grants to other organizations for lobbying purposes
- g Direct contact with legislators, their staffs, government officials, or a legislative body
- h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means
- i Total lobbying expenditures (Add lines c through h.)

Yes	No	Amount
	X	
	X	
	X	
	X	
	X	
	X	
	X	
	X	
		0

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 11 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting organization to a noncharitable exempt organization of:

Yes	No
-----	----

(i) Cash	51a(i)	X
----------	--------	---

(ii) Other assets	a(ii)	X
-----------------------------	-------	---

b Other transactions:

(i) Sales or exchanges of assets with a noncharitable exempt organization	b(i)	X
---	------	---

(ii) Purchases of assets from a noncharitable exempt organization	b(ii)	X
---	-------	---

(iii) Rental of facilities, equipment, or other assets	b(iii)	X
--	--------	---

(iv) Reimbursement arrangements	b(iv)	X
---	-------	---

(v) Loans or loan guarantees	b(v)	X
------------------------------	------	---

(vi) Performance of services or membership or fundraising solicitations	b(vi)	X
---	-------	---

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

c		x
---	--	---

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

[illegible]

52 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

► ☐ Yes ☒ No

b If "Yes," complete the following schedule:

[illegible]

Tapfound Inc. dba Taproot Foundation
Notes to Form 990 and Schedule A
Tax ID #91-2162645
For nine months ended September 30, 2005

Form 990, Part I, Line 9: Special Events

The organization hosted a wine tasting event in San Francisco. Tickets were sold and the proceeds were used to benefit the organization's tax exempt purpose.

Form 990, Part I, Line 42: Depreciation

Form 990, Part IV, Line 57: Property & Equipment

Property and equipment, consisting of office and computer equipment, are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Form 990, Part V: Board of Directors

The following directors can be reached in care of:

Taproot Foundation
466 Geary Street, Suite 300
San Francisco, CA 94102

Caroline Barlerin, *Chair*
Joe Fay, *Vice Chair*
Kerry Bessey
Patrick DiChiro
Antoinette LaBelle
Elaine Mason
Paul Wiefels

Ryan Kluft, *Treasurer*
Aaron Hurst, *President*
Jill Blair
Tom Eddington
Stefan Linn
Dick Matgen

DONNA COHEN
Certified Public Accountant

■
1116 Lincoln Avenue
San Rafael, CA 94901
415/457-8770
Fax 415/457-8771

TapFound Inc. dba Taproot Foundation

Financial Statements &

Independent Auditor's Report

for the nine-month period ended

September 30, 2005

■
1116 Lincoln Avenue
San Rafael, CA 94901
415/457-8770
Fax 415/457-8771

Independent Auditor's Report

To the Board of Directors
TapFound Inc.
dba Taproot Foundation
San Francisco, California

I have audited the accompanying statement of financial position of TapFound Inc., dba Taproot Foundation, as of September 30, 2005 and the related statements of activity, changes in net assets, functional expenses, and cash flows for the nine-month period then ended. These financial statements are the responsibility of TapFound's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TapFound Inc. as of September 30, 2005, and the result of its operations for the 9-month period then ended in conformity with accounting principles generally accepted in the United States of America.

January 27, 2006


Certified Public Accountant

**TapFound Inc.
dba Taproot Foundation**

**Statement of Financial Position
September 30, 2005**

ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current Assets:			
Cash & equivalents	\$175,986	\$225,500	\$401,486
Grants receivable, current portion (Note 3)	95,000	217,000	312,000
Donations receivable	2,299		2,299
Other receivables	983		983
Prepaid expenses	<u>8,183</u>		<u>8,183</u>
Total current assets	282,451	442,500	724,951
Grants receivable, less discount to present value (Note 3)		191,156	191,156
Deposits	5,700		5,700
Property & equipment, net of accumulated depreciation of \$830	<u>9,269</u>		<u>9,269</u>
 TOTAL ASSETS	 <u>\$297,420</u>	 <u>\$633,656</u>	 <u>\$931,076</u>
 LIABILITIES & NET ASSETS			
Current Liabilities:			
Accounts payable	\$29,284		\$29,284
Accrued payroll liabilities	27,065		27,065
Accrued vacation pay	8,637		8,637
Deferred contract revenue	<u>73,290</u>		<u>73,290</u>
 TOTAL LIABILITIES	 138,276	 0	 138,276
 NET ASSETS			
Unrestricted	159,144		159,144
Temporarily Restricted (Note 4)		<u>633,656</u>	<u>633,656</u>
 TOTAL NET ASSETS	 159,144	 633,656	 792,800
 TOTAL LIABILITIES & NET ASSETS	 <u>\$297,420</u>	 <u>\$633,656</u>	 <u>\$931,076</u>

The accompanying notes are an integral part
of the financial statements.

**TapFound Inc.
dba Taproot Foundation**

**Statement of Activity and Changes in Net Assets
for the 9-month period ended September 30, 2005**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support & Revenue:			
Grants	\$15,000	\$942,156	\$957,156
Net assets released from restrictions:			
Satisfaction of donor requirements (Note 5)	540,500	(540,500)	0
Contributions	51,933		51,933
In-kind contributions	17,846		17,846
Special events income, less direct donor benefits of \$13,317	16,313		16,313
Contract fees	25,000		25,000
Interest	<u>253</u>	<u> </u>	<u>253</u>
Total support & revenue	666,845	401,656	1,068,501
Expenses:			
Programs	378,102		378,102
Administration	113,483		113,483
Fundraising	<u>117,425</u>	<u> </u>	<u>117,425</u>
Total expenses	<u>609,010</u>	<u>0</u>	<u>609,010</u>
CHANGE IN NET ASSETS	57,835	401,656	459,491
NET ASSETS, January 1st	101,309	232,000	333,309
NET ASSETS, September 30th	<u>\$159,144</u>	<u>\$633,656</u>	<u>\$792,800</u>

The accompanying notes are an integral part
of the financial statements.

TapFound Inc
dba Taproot Foundation

Statement of Functional Expenses
For the 9-Month Period Ended September 30, 2005

	Programs	Administration	Fundraising	Total
Salaries	\$286,156	\$49,766	\$78,797	\$414,719
Payroll taxes & benefits	47,007	8,084	12,798	67,889
Temporary help				0
Occupancy	17,264	3,002	4,753	25,019
Special events				0
Accounting & auditing		12,819		12,819
Travel		27,849		27,849
Telephone & internet	7,204	1,253	1,984	10,441
Office supplies	3,965	690	1,092	5,747
Professional fees	694		10,000	10,694
Conferences & meetings	5,819	1,615	641	8,075
Printing & copying	1,609	280	443	2,332
Bank fees				0
Insurance		2,253		2,253
Professional development				0
Staff recruitment		2,148		2,148
Postage	816	142	225	1,183
Payroll fees		2,081		2,081
Fundraising			4,608	4,608
Equipment	6,340	1,103	1,746	9,189
Depreciation	573	100	158	831
Other	655	298	180	1,133
Total Expenses	\$378,102	\$113,483	\$117,425	\$609,010

The accompanying notes are an integral part
of the financial statements.

**TapFound Inc.
dba Taproot Foundation**

**Statement of Cash Flows
for the 9-month period ended September 30, 2005**

Cash flows from operating activities:

Change in net assets	\$459,491
Adjustments to reconcile revenue over (under) expenses to net cash from operating activities:	
Depreciation	830
Changes in assets & liabilities:	
(Increase) decrease in grants receivable	(403,156)
(Increase) decrease in donations & other receivables	3,313
(Increase) decrease in prepaid expenses	(6,475)
(Increase) decrease in deposits	(4,143)
Increase (decrease) in accounts payable	16,652
Increase (decrease) in accrued payroll liabilities	27,065
Increase (decrease) in accrued vacation pay	4,259
Increase (decrease) in deferred contract revenue	<u>73,290</u>
Cash provided (used) by operating activities:	171,126

Cash flows from investing activities:

Purchase of office equipment	<u>(10,099)</u>
Cash provided (used) by investing activities:	(10,099)

Cash provided (used) during year	161,027
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Cash & equivalents, January 1st	<u>240,459</u>
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Cash & equivalents, December 31st	<u>\$401,486</u>
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The accompanying notes are an integral part
of the financial statements.

**TapFound Inc.
dba Taproot Foundation**

**Notes to Financial Statements
September 30, 2005**

1. The Foundation

Nature of activities

TapFound Inc., dba Taproot Foundation, (the Foundation) was founded in 2002. Its mission is to strengthen nonprofit Foundations by engaging business professionals in volunteer service. Nonprofit Foundations in need of professional services (marketing/fundraising, information technology, and human resources) apply for a service grant from the Foundation. The Foundation then facilitates the placement of volunteer professionals to accomplish the specific goals of the nonprofit Foundation, monitors progress on the project, and assures its completion. The Foundation currently operates in San Francisco and New York City.

The Foundation is a nonprofit Foundation, exempt from income taxes under IRS Code Section 501(c) (3), and section 23701(d) of the California Revenue and Taxation Code. The Foundation is governed by a 13-member Board of Directors.

Funding

The Foundation receives the majority of its funding through corporate and foundation grants and contributions. Support is also received through contributions from individuals and special events.

Change in Accounting Period

The Foundation has elected to change its accounting period from a calendar year to a fiscal year ending September 30th. As such, these financial statements are for the interim short period: the 9-month period ending September 30, 2005. The first full fiscal year will be from October 1, 2005 to September 30, 2006.

2. Summary of Significant Accounting Policies

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based upon the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Accounting for Restricted Support

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(continued)

**TapFound Inc.
dba Taproot Foundation**

**Notes to Financial Statements
September 30, 2005**

(continued)

The Foundation reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Cash and Cash Equivalents

Cash and cash equivalents consist of a bank checking account.

Donations Receivable

Donations receivable consist of donations received through the internet, whereby the cash has not yet been transferred to the Foundation.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, receivables, and accounts payable approximate fair value because of the short maturity of these instruments.

Property & Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over an estimated useful life of three years.

Functional Expenses

The Foundation allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with a specific activity or support service are allocated directly. Expenses that are common to several functions are allocated according to a formula based on the relative amount of staff time spent on the particular function.

In-kind Contributions

In-kind contributions consist of office space and services received for the New York City program. It is recorded based on the respective fair market value that the Foundation would expect to pay for such space and support services.

Professional volunteer services which are facilitated by Taproot Foundation, but received by other nonprofit organizations, are not recorded on the books because they are considered to be agency transactions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**TapFound Inc.
dba Taproot Foundation**

**Notes to Financial Statements
September 30, 2005**

3. Grants Receivable.

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Current portion	\$95,000	\$217,000	\$312,000
Due in one to three years		198,000	198,000
Less discount to present value (4%)		<u>(6,844)</u>	<u>(6,844)</u>
Grants receivable, net	\$95,000	\$408,156	\$503,156

4. Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2005 consist of awards received for the following:

Launch & support of the New York City office	\$262,500
Capacity building	18,000
Service grants to nonprofit organizations	162,000
Operating support - 10/05 to 7/08	<u>191,156</u>
	\$633,656

5. Net Assets Released From Restriction

During 2005, donor requirements were satisfied and the corresponding restrictions released for the following:

Service grants to nonprofit organizations	\$370,000
Launch of the New York City office	67,500
Capacity building	35,000
Operating support for 2005	<u>68,000</u>
	\$540,500

6. Operating Leases

The Foundation amended its lease for office space on Geary Street in San Francisco, expanding into a second office. Premises are leased for three years until October 31, 2008. Monthly rent is \$4,267, with annual increases based on the consumer price index. The lease contains two one-year options to renew. Future minimum lease payments are as follows:

<u>Year Ending</u>	
September 30, 2006	\$56,187
September 30, 2007	\$26,830
September 30, 2008	\$24,120
September 30, 2009	\$2,010

7. Related Party Transactions

The President of the Foundation is compensated for his services as Executive Director.

**TapFound Inc.
dba Taproot Foundation**

**Notes to Financial Statements
September 30, 2005**

8. Concentrations

As of September 30, 2005, the Foundation had \$407,000 on deposit with one bank, exceeding the Federal Deposit Insurance Corporation (FDIC) limit by \$307,000.

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