

Return of Organization Exempt from Income Tax

2004

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

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 , **2004**, and ending ,

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

Please use IRS label or print or type. See specific instructions.
BENEFICENT TECHNOLOGY INC
480 CALIFORNIA AVE #201
PALO ALTO, CA 94306-1609

D Employer Identification Number
77-0555413

E Telephone number
650-475-5440

F Accounting method: Cash Accrual
 Other (specify) ▶

• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).**

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

G Web site: ▶ N/A

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 ▶ **2,203,045.**

I Group Exemption Number. . . ▶

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

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See Instructions)

REVENUE	1 Contributions, gifts, grants, and similar amounts received:			
	a Direct public support	1 a	1,321,888.	
	b Indirect public support	1 b		
	c Government contributions (grants)	1 c	241,170.	
	d Total (add lines 1a through 1c) (cash \$ 1,563,058. noncash \$)	1 d		1,563,058.
	2 Program service revenue including government fees and contracts (from Part VII, line 93)	2		638,606.
	3 Membership dues and assessments	3		
	4 Interest on savings and temporary cash investments	4		1,381.
	5 Dividends and interest from securities	5		
	6a Gross rents	6 a		
	b Less: rental expenses	6 b		
	c Net rental income or (loss) (subtract line 6b from line 6a)	6 c		
7 Other investment income (describe)	7			
	8a Gross amount from sales of assets other than inventory	(A) Securities		(B) Other
		8 a		
		8 b		
		8 c		
d Net gain or (loss) (combine line 8c, columns (A) and (B))	8 d			
	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)	9 a	
		b Less: direct expenses other than fundraising expenses	9 b	
		c Net income or (loss) from special events (subtract line 9b from line 9a)	9 c	
	10a Gross sales of inventory, less returns and allowances	10 a		
		b Less: cost of goods sold	10 b	
		c Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10 c	
11 Other revenue (from Part VII, line 103)	11			
12 Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		2,203,045.	
EXPENSES	13 Program services (from line 44, column (B))	13		2,099,508.
	14 Management and general (from line 44, column (C))	14		187,025.
	15 Fundraising (from line 44, column (D))	15		258,045.
	16 Payments to affiliates (attach schedule)	16		
	17 Total expenses (add lines 16 and 44, column (A))	17		2,544,578.
NET ASSETS	18 Excess or (deficit) for the year (subtract line 17 from line 12)	18		-341,533.
	19 Net assets or fund balances at beginning of year (from line 73, column (A))	19		948,695.
	20 Other changes in net assets or fund balances (attach explanation)	20		
	21 Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		607,162.

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.

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 (att sch) (cash \$ _____ non-cash \$ _____).....	22				
23 Specific assistance to individuals (att sch).....	23				
24 Benefits paid to or for members (att sch).....	24				
25 Compensation of officers, directors, etc.....	25	215,688.	67,215.	71,423.	77,050.
26 Other salaries and wages.....	26	923,503.	846,561.	6,861.	70,081.
27 Pension plan contributions.....	27				
28 Other employee benefits.....	28	377,884.	302,646.	26,004.	49,234.
29 Payroll taxes.....	29				
30 Professional fundraising fees.....	30				
31 Accounting fees.....	31				
32 Legal fees.....	32				
33 Supplies.....	33	15,784.	15,036.		748.
34 Telephone.....	34	13,717.	13,717.		
35 Postage and shipping.....	35				
36 Occupancy.....	36				
37 Equipment rental and maintenance.....	37				
38 Printing and publications.....	38	55,563.	55,563.		
39 Travel.....	39	113,467.	97,198.	7,403.	8,866.
40 Conferences, conventions, and meetings.....	40				
41 Interest.....	41				
42 Depreciation, depletion, etc (attach schedule).....	42	14,713.	8,915.	5,024.	774.
43 Other expenses not covered above (itemize):					
a <u>SEE STATEMENT 1</u>	43a	814,259.	692,657.	70,310.	51,292.
b.....	43b				
c.....	43c				
d.....	43d				
e.....	43e				
44 Total functional expenses (add lines 22 - 43). Organizations completing columns (B) - (D), carry these totals to lines 13 - 15.....	44	2,544,578.	2,099,508.	187,025.	258,045.

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 \$ _____; (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

What is the organization's primary exempt purpose? <u>SEE STATEMENT 2</u>	Program Service Expenses (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; but optional for others.)
a <u>SEE STATEMENT 3</u> ----- ----- ----- (Grants and allocations \$ _____)	2,099,508.
b ----- ----- (Grants and allocations \$ _____)	
c ----- ----- (Grants and allocations \$ _____)	
d ----- ----- (Grants and allocations \$ _____)	
e Other program services (Grants and allocations \$ _____)	
f Total of Program Service Expenses (should equal line 44, column (B), Program services).....	2,099,508.

Part IV Balance Sheets (See Instructions)

Note: <i>Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.</i>		(A) Beginning of year		(B) End of year
A S S E T S	45 Cash — non-interest-bearing	601,975.	45	203,057.
	46 Savings and temporary cash investments		46	
	47a Accounts receivable	139,205.		
	b Less: allowance for doubtful accounts		47c	139,205.
	48a Pledges receivable		48a	
	b Less: allowance for doubtful accounts		48b	48c
	49 Grants receivable		49	152,060.
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)		50	
	51a Other notes & loans receivable (attach sch.)		51a	
	b Less: allowance for doubtful accounts		51b	51c
	52 Inventories for sale or use		52	
	53 Prepaid expenses and deferred charges	22,876.	53	17,623.
	54 Investments — securities (attach schedule)	▶ <input type="checkbox"/> Cost <input type="checkbox"/> FMV	54	
	55a Investments — land, buildings, & equipment: basis	192,680.	55a	
	b Less: accumulated depreciation (attach schedule)	STATEMENT 4 179,297.	19,055.	55c
56 Investments — other (attach schedule)		56		
57a Land, buildings, and equipment: basis		57a		
b Less: accumulated depreciation (attach schedule)		57b	57c	
58 Other assets (describe ▶ <u>SEE STATEMENT 5</u>)	1,504,738.	58	414,325.	
59 Total assets (add lines 45 through 58) (must equal line 74)	2,234,928.	59	939,653.	
L I A B I L I T I E S	60 Accounts payable and accrued expenses	155,093.	60	239,128.
	61 Grants payable		61	
	62 Deferred revenue	24,947.	62	43,363.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63	
	64a Tax-exempt bond liabilities (attach schedule)		64a	
	b Mortgages and other notes payable (attach schedule)	1,106,193.	64b	50,000.
	65 Other liabilities (describe ▶ _____)		65	
66 Total liabilities (add lines 60 through 65)	1,286,233.	66	332,491.	
N E T A S S E T S O R F U N D B A L A N C E S	Organizations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted	388,633.	67	312,883.
	68 Temporarily restricted	560,062.	68	294,279.
	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)	948,695.	73	607,162.
	74 Total liabilities and net assets/fund balances (add lines 66 and 73)	2,234,928.	74	939,653.

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.

BAA

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

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

a Total revenue, gains, and other support per audited financial statements. ▶	a			a Total expenses and losses per audited financial statements. ▶	a		
		N/A				N/A	
b Amounts included on line a but not on line 12, Form 990:				b Amounts included on line a but not on line 17, Form 990:			
(1) Net unrealized gains on investments. . . . \$				(1) Donated services and use of facilities. \$			
(2) Donated services and use of facilities. \$				(2) Prior year adjustments reported on line 20, Form 990. . . . \$			
(3) Recoveries of prior year grants. \$				(3) Losses reported on line 20, Form 990. . . . \$			
(4) Other (specify):				(4) Other (specify):			
----- \$				----- \$			
Add amounts on lines (1) through (4). . . . ▶	b			Add amounts on lines (1) through (4). . . . ▶	b		
c Line a minus line b ▶	c			c Line a minus line b ▶	c		
d Amounts included on line 12, Form 990 but not on line a :				d Amounts included on line 17, Form 990 but not on line a :			
(1) Investment expenses not included on line 6b, Form 990. \$				(1) Investment expenses not included on line 6b, Form 990. \$			
(2) Other (specify):				(2) Other (specify):			
----- \$				----- \$			
Add amounts on lines (1) and (2). . . ▶	d			Add amounts on lines (1) and (2). . . ▶	d		
e Total revenue per line 12, Form 990 (line c plus line d). ▶	e			e Total expenses per line 17, Form 990 (line c plus line d). ▶	e		

Part V List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated; see 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 and deferred compensation	(E) Expense account and other allowances
JAMES FRUCHTERMAN 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	CHAIRMAN & CEO 40	163,938.	15,627.	0.
G. GERVAISE DAVIS III 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	DIRECTOR 1	0.	0.	0.
JAMES KLECKNER 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	SECRETARY 1	0.	0.	0.
J. LEIGHTON READ, MD. 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	DIRECTOR 1	0.	0.	0.
CHRIS A. EYRE 480 CALIFORNIA AVE. #201 PALO ALTO, CA, CA 94306	DIRECTOR 1	0.	0.	0.
TERESA THROCKMORTON 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	CFO 30	51,750.	10,706.	0.

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 instructions.

Part VI Other Information (See 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.		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.		X
78a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?		X
78b	If 'Yes,' has it filed a tax return on Form 990-T for this year?		N/A
79	Was there a liquidation, dissolution, termination, or substantial contraction during the year? If 'Yes,' attach a statement.		X
80a	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?	X	
80a	If 'Yes,' enter the name of the organization BENGINEERING, INC. (SEE NOTE 2) and check whether it is <input type="checkbox"/> exempt or <input checked="" type="checkbox"/> nonexempt.		
81a	Enter direct and indirect political expenditures. See line 81 instructions.	81a	0.
81b	Did the organization file Form 1120-POL for this year?		X
82a	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?	X	
82b	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	14,725.
83a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85a	501(c)(4), (5), or (6) organizations. Were substantially all dues nondeductible by members?		N/A
85b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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.		N/A
85c	Dues, assessments, and similar amounts from members.	85c	N/A
85d	Section 162(e) lobbying and political expenditures.	85d	N/A
85e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices.	85e	N/A
85f	Taxable amount of lobbying and political expenditures (line 85d less 85e).	85f	N/A
85g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	85g	N/A
85h	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	N/A
86a	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12.	86a	N/A
86b	Gross receipts, included on line 12, for public use of club facilities.	86b	N/A
87a	501(c)(12) organizations. Enter: a Gross income from members or shareholders.	87a	N/A
87b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87b	N/A
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	X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 <u>0.</u> ; section 4912 <u>0.</u> ; section 4955 <u>0.</u>		
89b	501(c)(3) and 501(c)(4) organizations. 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.
90a	List the states with which a copy of this return is filed CALIFORNIA		
90b	Number of employees employed in the pay period that includes March 12, 2004 (See instructions.)	90b	23
91	The books are in care of TERESA THROCKMORTON Telephone number 650-475-5440 Located at 480 CALIFORNIA AVE. #201, PALO ALTO, CA ZIP + 4 94306-1609		
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	N/A

Part VII Analysis of Income-Producing Activities (See 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 BOOKACCESS					138,221.
b BOOKSHARE.ORG					107,534.
c HRDAG					112,939.
d ROYALTIES			15	279,912.	
e					
f Medicare/Medicaid payments					
g Fees & contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings & temporary cash invmnts			14	1,381.	
96 Dividends & 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 pers prop					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					
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))				281,293.	358,694.
105 Total (add line 104, columns (B), (D), and (E))					639,987.

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 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).
▼	SEE STATEMENT 6

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See 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
BENGINEERING, INC. 480 CALIFORNIA AVE., #201 PALO ALTO, CA 94306 77-0556653	100.000 % % % %	ENGINEERING SVCS	95,052.	20,650.

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See 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).

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.

Please Sign Here

Signature of officer _____ Date _____

Type or print name and title. _____

Paid Preparer's Use Only

Preparer's signature: _____ Date: _____ Check if self-employed:

Firm's name (or yours if self-employed), address, and ZIP + 4: SHANNON & SNYDER, CPA'S
650 N WINCHESTER BLVD., #6
SAN JOSE, CA 95128-1511

Preparer's SSN or PTIN (See General Instruction W): P00430745

EIN: 77-0360232

Phone no.: (408) 241-8700

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

**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.)

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

OMB No. 1545-0047

2004

Name of the organization BENEFICENT TECHNOLOGY INC	Employer identification number 77-0555413
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Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees

(See 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 and deferred compensation	(e) Expense account and other allowances
DAVID OFFEN PALO ALTO, CA 94306	DIRECTOR OF ENG 40	110,600.	11,914.	0.
CHARLES LA PIERRE PALO ALTO, CA 94306	ENGINEER 40	85,935.	4,888.	0.
GEORGE WEIKART PALO ALTO, CA 94306	ENGINEER 40	80,880.	9,975.	0.
MARC LEVINE PALO ALTO, CA 94306	PROJECT MANAGER 40	76,125.	4,628.	0.
PATRICK BALL PALO ALTO, CA 94306	DIR OF HUM RGHT 40	72,667.	11,627.	0.
Total number of other employees paid over \$50,000.....▶	6			

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

(See 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
EDWARD DRISCOLL, JR. PORTOLA VALLEY, CA 94028	CONSULTING	57,000.
PETER SCIALLI OAKTON, VA 22124	CONSULTING	67,313.

Total number of others receiving over \$50,000 for professional services.....▶	0	

Part III Statements About Activities (See 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> N/A </u> (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)		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.) SEE STATEMENT 7		
a Sale, exchange, or leasing of property?		X
b Lending of money or other extension of credit?	X	
c Furnishing of goods, services, or facilities?	X	
SEE FORM 990, PART V		
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
e Transfer of any part of its income or assets?		X
3a 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.)		X
b Do you have a section 403(b) annuity plan for your employees?		X
4a Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See 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 ▶** _____
- 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.)
- 11a** 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.)
- 11b** 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 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 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) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	1,337,329.	386,663.	377,850.	134,072.	2,235,914.
16 Membership fees received					
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	63,317.	33,112.	8,205.	1,956,946.	2,061,580.
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	350,536.	303,451.	335,222.	223,301.	1,212,510.
19 Net income from unrelated business activities not included in line 18				-93,650.	-93,650.
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
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					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	1,751,182.	723,226.	721,277.	2,220,669.	5,416,354.
24 Line 23 minus line 17	1,687,865.	690,114.	713,072.	263,723.	3,354,774.
25 Enter 1% of line 23	17,512.	7,232.	7,213.	22,207.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 67,095.
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					26b 346,543.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 3,354,774.
d Add: Amounts from column (e) for lines: 18 1,212,510. 19 -93,650. 22 _____ 26b 346,543.					26d 1,465,403.
e Public support (line 26c minus line 26d total)					26e 1,889,371.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 56.32 %
27 Organizations described on line 12: N/A					
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 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c _____
d Add: Line 27a total _____ and line 27b total					27d _____
e Public support (line 27c total minus line 27d total)					27e _____
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)					27f _____
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g _____ %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h _____ %

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 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?		
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?		
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.) ----- ----- -----		
32	Does the organization maintain the following:		
a	Records indicating the racial composition of the student body, faculty, and administrative staff?		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?		
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.) ----- -----		
33	Does the organization discriminate by race in any way with respect to:		
a	Students' rights or privileges?		
b	Admissions policies?		
c	Employment of faculty or administrative staff?		
d	Scholarships or other financial assistance?		
e	Educational policies?		
f	Use of facilities?		
g	Athletic programs?		
h	Other extracurricular activities?		
	If you answered 'Yes' to any of the above, please explain. (If you need more space, attach a separate statement.) ----- -----		
34a	Does the organization receive any financial aid or assistance from a governmental agency?		
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.		
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.		

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

N/A

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	
39	Other exempt purpose expenditures	39	
40	Total exempt purpose expenditures (add lines 38 and 39)	40	
41	Lobbying nontaxable amount. Enter the amount from the following table —		
	If the amount on line 40 is —		
	The lobbying nontaxable amount is —		
	Not over \$500,000	20% of the amount on line 40	
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	41
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
	Over \$17,000,000	\$1,000,000	
42	Grassroots nontaxable amount (enter 25% of line 41)	42	
43	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43	
44	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44	
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.)

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					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots non-taxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities (For reporting only by organizations that did not complete Part VI-A) (See instructions.)

N/A

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:	Yes	No	Amount
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 .)			

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 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?

		Yes	No
a Transfers from the reporting organization to a noncharitable exempt organization of:			
(i)	Cash		X
(ii)	Other assets		X
b Other transactions:			
(i)	Sales or exchanges of assets with a noncharitable exempt organization		X
(ii)	Purchases of assets from a noncharitable exempt organization		X
(iii)	Rental of facilities, equipment, or other assets		X
(iv)	Reimbursement arrangements		X
(v)	Loans or loan guarantees		X
(vi)	Performance of services or membership or fundraising solicitations		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees		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:

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

52a 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:

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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**STATEMENT 1
FORM 990, PART II, LINE 43
OTHER EXPENSES**

	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT & GENERAL	(D) FUNDRAISING
BANK CHARGES	882.		882.	
INSURANCE	4,630.		4,630.	
MARKETING	30,177.	27,137.	575.	2,465.
MEALS	13,193.	10,129.	1,042.	2,022.
MISCELLANEOUS	11,308.	10,973.	79.	256.
OUTSIDE SERVICES	395,054.	348,247.	44,106.	2,701.
SHARED EXPENSES (SEE NOTE 1)	326,653.	266,215.	18,424.	42,014.
SOFTWARE LICENSE	10,975.	10,975.		
SUBSCRIPTIONS & DUES	6,690.	4,284.	572.	1,834.
TRAINING	14,697.	14,697.		
TOTAL	\$ 814,259.	\$ 692,657.	\$ 70,310.	\$ 51,292.

**STATEMENT 2
FORM 990, PART III
ORGANIZATION'S PRIMARY EXEMPT PURPOSE**

BENEFICENT TECHNOLOGY, INC. (BENETECH) PROVIDES TECHNOLOGY DIRECTLY TO DISADVANTAGED AND UNDER-SERVED COMMUNITIES THROUGHOUT THE UNITED STATES AND THE WORLD. BENETECH USES TECHNOLOGY TO HELP SOLVE PROBLEMS THAT AFFECT THESE COMMUNITIES. BENETECH APPLIES TECHNOLOGY TO SOCIAL NEEDS IN THE AREA OF DISABILITY, BRIDGING THE DIGITAL DIVIDE, EDUCATION, LITERACY, HUMAN RIGHTS, EMPLOYMENT OF THE DISADVANTAGED AND THE PREVENTION OF SUFFERING. BENETECH HAS EXTENSIVE EFFORTS IN THE FIELD OF LITERACY; ESPECIALLY THE INDEPENDENT ACCESS OF BOOKS BY PEOPLE WITH PRINT-RELATED DISABILITIES. BENETECH HAS EXTENSIVE EFFORTS IN MAKING SOFTWARE FOR HUMAN RIGHTS AND SOCIAL JUSTICE ORGANIZATIONS TO DOCUMENT AND MONITOR HUMAN RIGHTS VIOLATIONS. IN ADDITION, BENETECH IS BEGINNING TO DEVELOP A LANDMINE DETECTOR TO REDUCE INJURIES AND DEATHS TO NON-COMBATANTS.

**STATEMENT 3
FORM 990, PART III, LINE A
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS**

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
MARTUS: THE MARTUS PROJECT PROVIDES TECHNOLOGY TOOLS TO ASSIST THE SOCIAL JUSTICE SECTOR COLLECT, SAFEGUARD, ORGANIZE AND DISSEMINATE INFORMATION ABOUT HUMAN RIGHTS VIOLATIONS.		602,533.
LANDMINE: THE LANDMINE DETECTOR PROJECT IS INVOLVED IN ADAPTING TECHNOLOGY, DEVELOPED FOR MILITARY AND AIRLINE USE, TO HUMANITARIAN DETECTION AND REMOVAL OF LANDMINES ACROSS THE WORLD.		87,312.
HRDAG: THE HRDAG PROJECT DEVELOPS DATABASE SOFTWARE, DATA COLLECTION STRATEGIES AND STATISTICAL TECHNIQUES TO MEASURE HUMAN RIGHTS VIOLATIONS. HRDAG'S TECHNOLOGY AND ANALYSIS IS USED BY TRUTH COMMISSIONS, INTERNATIONAL CRIMINAL TRIBUNALS,		

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STATEMENT 3 (CONTINUED)
FORM 990, PART III, LINE A
STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

DESCRIPTION	GRANTS AND ALLOCATIONS	PROGRAM SERVICE EXPENSES
AND NON-GOVERNMENTAL HUMAN RIGHTS ORGANIZATIONS AROUND THE WORLD. OUR ANALYSIS IDENTIFIES THE TRENDS AND PATTERNS, WHICH MAY BE EVIDENCE OF CRIMES OF POLICY.		546,670.
BOOKSHARE.ORG: BOOKSHARE.ORG IS AN INTERNET-BASED ONLINE REPOSITORY OF OVER 24,000 DIGITAL BOOKS AVAILABLE FOR DOWNLOAD BY PEOPLE WITH PRINT DISABILITIES. THE COLLECTION INCLUDES BEST SELLERS, TEXTBOOKS, DAILY NEWSPAPERS AND MAGAZINES FOR USE WITH ALMOST ALL ADAPTIVE TECHNOLOGY. BOOKSHARE.ORG MEETS THE STRINGENT COPYRIGHT LAW EXEMPTION FOR PROVIDING ACCESSIBLE ELECTRONIC BOOKS.		666,924.
ROUTE 66 LITERACY (PREVIOUSLY KNOWN AS ALL-LINK): ROUTE 66 LITERACY IS AN INNOVATIVE PROTOTYPE INTERNET SERVICE EMBODYING THE BEST PRACTICES FOR READING AND WRITING INSTRUCTION TO BEGINNING ADOLESCENT AND ADULT READERS, PARTICULARLY THOSE WITH SEVERE DISABILITIES.		12,180.
BOOKACCESS: SUBCONTRACTOR TO MISSISSIPPI CONSORTIUM FOR INTERNATIONAL DEVELOPMENT, PROVIDING MEDICAL AND ENGINEERING TEXTBOOKS AND E-BOOKS, INCLUDING CUSTOMIZED E-BOOK SOFTWARE, TO UNIVERSITY LIBRARIES IN NORTHERN IRAQ.		120,192.
NEW PROJECTS: EXPENSES FOR NEW PROJECTS ARE RELATED TO POTENTIAL PROJECTS BEING CONSIDERED BY BENETECH.		63,697.
	<u>\$ 0.</u>	<u>\$ 2,099,508.</u>

STATEMENT 4
FORM 990, PART IV, LINE 55B
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE
MACHINERY AND EQUIPMENT	\$ 192,680.	\$ 179,297.	\$ 13,383.
TOTAL	<u>\$ 192,680.</u>	<u>\$ 179,297.</u>	<u>\$ 13,383.</u>

STATEMENT 5
FORM 990, PART IV, LINE 58
OTHER ASSETS

BENGINEERING STOCK	\$ 10,000.
DEPOSITS	44,091.
FREEDOM SCIENTIFIC STOCK	120,000.
RELATED ENTITY RECEIVABLE BE	240,234.
TOTAL	<u>\$ 414,325.</u>

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**STATEMENT 6
FORM 990, PART VIII
RELATIONSHIP OF ACTIVITIES TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES**

<u>LINE #</u>	<u>EXPLANATION OF ACTIVITIES</u>
93A	THE BOOKACCESS SERVICE PROVIDES MEDICAL AND ENGINEERING TEXTBOOKS AND E-BOOKS, INCLUDING CUSTOMIZED E-BOOK SOFTWARE, TO UNIVERSITY LIBRARIES IN NORTHERN IRAQ.
93B	THE BOOKSHARE.ORG SERVICE PROVIDES ACCESSIBLE ELECTRONIC BOOKS ON THE INTERNET FOR PEOPLE WITH DISABILITIES.
93C	THE HRDAG PROJECT DEVELOPS DATABASE SOFTWARE, DATA COLLECTION STRATEGIES AND STATISTICAL TECHNIQUES TO MEASURE HUMAN RIGHTS VIOLATIONS.

**STATEMENT 7
SCHEDULE A, PART III, LINE 2
TRANSACTIONS WITH TRUSTEES, DIRECTORS, ETC.**

BENEFICENT TECHNOLOGY, INC. INCURRED AN INTERCOMPANY RECEIVABLE WITH A RELATED ENTITY, BENGINEERING, INC., FEIN 77-0556653. BENEFICENT TECHNOLOGY, INC. BILLS BENGINEERING, INC. BASED ON PERCENTAGE OF EMPLOYEE TIME SPENT ON THE RELATED ENTITY'S PROJECTS.

THE CHIEF FINANCIAL OFFICER OF BENEFICENT TECHNOLOGY, INC. WAS EMPLOYED BY AN INDEPENDENT COMPANY FOR PART OF THE YEAR. BENETECH CONTRACTED WITH THIS COMPANY FOR SERVICES, INCLUDING THE CFO, A STAFF ACCOUNTANT AND IT CONSULTANTS.

DURING THE YEAR A BOARD MEMBER VOLUNTEERED HIS PROFESSIONAL LEGAL SERVICES TO BENEFICENT TECHNOLOGY, INC. HIS SERVICES WERE REPORTED AT FMV AS IN-KIND REVENUE FOR A TOTAL OF \$10,000.

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NOTE 1

SHARED EXPENSES INCLUDE: RENT, TELEPHONE, OFFICE SUPPLIES, EQUIPMENT, LIABILITY INSURANCE, POSTAGE, FREIGHT, RECEPTIONIST, HR, AND IT SERVICES.

NOTE 2

THESE TWO ORGANIZATIONS OPERATE COLLECTIVELY UNDER THE NAME BENETECH.

NOTE 3

AN INDEPENDENT AUDIT WAS PERFORMED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BENEFICENT TECHNOLOGY, INC. AND BENGINEERING, INC. THEREFORE, A RECONCILIATION OF AUDITED REVENUE AND EXPENSES TO THE TAX RETURN IS NOT POSSIBLE FOR EACH INDIVIDUAL ENTITY.

NOTE 4

THE BEGINNING BALANCES SHOWN ON THE BALANCE SHEET IN PART IV OF THE TAX RETURN DIFFERS FROM LAST YEAR'S ENDING BALANCE BECAUSE BENEFICENT TECHNOLOGY, INC. MERGED WITH BENEFICENT, INC., FEIN 77-0225904, EFFECTIVE JANUARY OF 2004. THE BEGINNING BALANCES SHOWN ARE THE COMBINED BALANCES OF THE TWO ENTITIES AS REPORTED ON THEIR RESPECTIVE RETURNS FOR 2003 (SEE NEXT PAGE).

YEAR
2004

California Exempt Organization Annual Information Return

FORM
199

For calendar or fiscal year beginning month _____ day _____ year 2004 , and ending month _____ day _____ year	
IMPORTANT: Your number is required.	
California corporation number 2269751	Federal employer identification number (FEIN) 77-0555413
Corporation/Organization name BENEFICENT TECHNOLOGY INC	
Address 480 CALIFORNIA AVE #201	PMB no.
City PALO ALTO, CA 94306-1609	State ZIP Code
A Final return? <input type="checkbox"/> Yes. Check applicable box. <input checked="" type="checkbox"/> No <input type="checkbox"/> Dissolved <input type="checkbox"/> Withdrawn <input type="checkbox"/> Merged/Reorganized (attach explanation) If a box is checked, enter date <input type="checkbox"/>	
B Check forms filed this year: State: <input type="checkbox"/> 109 <input type="checkbox"/> 100 <input type="checkbox"/> 100S <input type="checkbox"/> 100W Fed: <input checked="" type="checkbox"/> 990 Fed: <input type="checkbox"/> 990EZ <input type="checkbox"/> 990T <input type="checkbox"/> 990PF <input type="checkbox"/> 1041 <input type="checkbox"/> 1120H <input type="checkbox"/> 1120	
C If organization is exempt under R&TC Section 23701d and is a school, public charity, religious organization, or is controlled by a religious operation, check box. See General Instruction F. No filing fee is required. <input type="checkbox"/>	
D Is this a group filing? See General Instruction N. <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
E Accounting method used . <u>ACCRUAL</u>	
F Type of organization <input checked="" type="checkbox"/> Exempt under Section 23701 <u>D</u> (insert letter) <input type="checkbox"/> IRC Section 4947(a)(1) trust	

Part I Complete Part I unless not required to file this form. See General Instructions B and C.

Receipts and Revenues <small>(Enclose, but do not staple, any payment.)</small>	1 Gross sales or receipts from other sources. From Side 2, Part II, line 8 ●	1	639,987.
	2 Gross dues and assessments from members and affiliates. ●	2	
	3 Gross contributions, gifts, grants, and similar amounts received. See instructions SEE .SCH. B . . . ●	3	1,563,058.
	4 Total gross receipts for filing requirement test. Add line 1 through line 3 This line must be completed. If the result is less than \$25,000, see General Instruction C. ●	4	2,203,045.
	5 Cost of goods sold 5	5	
	6 Cost or other basis, and sales expenses of assets sold. 6	6	
	7 Total costs. Add line 5 and line 6	7	
	8 Total gross income. Subtract line 7 from line 4	8	2,203,045.
Expenses	9 Total expenses and disbursements. From Side 2, Part II, line 18	9	2,544,578.
	10 Excess of receipts over expenses and disbursements. Subtract line 9 from line 8	10	-341,533.
Filing Fee	11 Filing fee \$10 or \$25. See General Instruction F.	11	10.
	12 Penalty for failure to file on time. See General Instruction L.	12	
	13 Use tax. See instructions. ●	13	
	14 Balance due. Add line 11, line 12, and line 13	14	10.

- 15** If exempt under R&TC Section 23701d, has the organization during the year: (1) participated in any political campaign or (2) attempted to influence legislation or any ballot measure, or (3) made an election under R&TC Section 23704.5 (relating to lobbying by public charities)? If 'Yes,' complete and attach form FTB 3509, Political or Legislative Activities by Section 23701d Organizations. Yes No
- 16** Did the organization have any changes in its activities, governing instrument, articles of incorporation, or bylaws that have not been reported to the Franchise Tax Board? If 'Yes,' complete an explanation and attach copies of revised documents. Yes No
- 17** Is the organization exempt under R&TC Section 23701g? Yes No
If 'Yes,' enter amount of gross receipts from nonmember sources. . . . \$ _____
- 18** Did the organization file Form 100, Form 100S, 100W, or Form 109 to report taxable income? Yes No
If 'Yes,' enter amount of total income reported. . . . \$ _____
- 19** The financial records are in care of. TERESA THROCKMORTON Daytime telephone 650-475-5440
located at 480 CALIFORNIA AVE. #201, PALO ALTO, CA 94306-1609

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 taxpayer) is based on all information of which preparer has any knowledge.	Title _____
	Signature of officer _____ Date _____	Daytime telephone 650-475-5440
Paid Preparer's Use Only	Paid Preparer's signature _____ Date _____	Check if self-employed <input type="checkbox"/> Paid preparer's SSN or PTIN P00430745
	Firm's name (or yours, if self-employed) and address SHANNON & SNYDER, CPA'S 650 N WINCHESTER BLVD., #6 SAN JOSE, CA 95128-1511	FEIN 77-0360232 Daytime telephone (408) 241-8700

Part II Organizations with gross receipts of more than \$25,000 and private foundations regardless of amount of gross receipts—complete Part II or furnish substitute information. See Specific Line Instructions.

Receipts from Other Sources	1 Gross sales or receipts from all business activities. See instructions	1	
	2 Interest	2	1,381.
	3 Dividends	3	
	4 Gross rents	4	
	5 Gross royalties	5	
	6 Gross amount received from sale of assets	6	
	7 Other income. Attach schedule SEE STATEMENT 1	7	638,606.
	8 Total gross sales or receipts from other sources. Add line 1 through line 7. Enter here and on Side 1, Part I, line 1	8	639,987.
Expenses and Disbursements	9 Contributions, gifts, grants, and similar amounts paid. Attach schedule	9	
	10 Disbursements to or for members	10	
	11 Compensation of officers, directors, and trustees. Attach schedule SEE STATEMENT 2	11	215,688.
	12 Other salaries and wages	12	923,503.
	13 Interest	13	
	14 Taxes	14	
	15 Rents	15	
	16 Depreciation and depletion	16	14,713.
	17 Other. Attach schedule SEE STATEMENT 3	17	1,390,674.
	18 Total expenses and disbursements. Add line 9 through line 17. Enter here and on Side 1, Part I, line 9	18	2,544,578.

Schedule L Balance Sheets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
Assets				
1 Cash		601,975.		203,057.
2 Net accounts receivable		86,284.		291,265.
3 Net notes receivable. Attach schedule				
4 Inventories				
5 Federal and state government obligations				
6 Investments in other bonds. Attach schedule				
7 Investments in stock. Attach schedule				
8 Mortgage loans (number of loans)				
9 Other investments. Attach schedule				
10a Depreciable assets	183,639.		192,680.	
b Less accumulated depreciation	164,584.	19,055.	179,297.	13,383.
11 Land				
12 Other assets. Attach schedule ST. 4		1,527,614.		431,948.
13 Total assets		2,234,928.		939,653.
Liabilities and net worth				
14 Accounts payable		155,093.		239,128.
15 Contributions, gifts, or grants payable				
16 Bonds and notes payable. Attach schedule				
17 Mortgages payable		1,106,193.		50,000.
18 Other liabilities. Attach schedule ST. 5		24,947.		43,363.
19 Capital stock or principle fund		948,695.		607,162.
20 Paid-in or capital surplus. Attach reconciliation				
21 Retained earnings or income fund				
22 Total liabilities and net worth		2,234,928.		939,653.

Schedule M-1 Reconciliation of income per books with income per return			
Do not complete this schedule if the amount on Schedule L, line 13, column (d), is less than \$25,000			
1 Net income per books	-341,533.	7 Income recorded on books this year not included in this return. Attach schedule	
2 Federal income tax		8 Deductions in this return not charged against book income this year. Attach schedule	
3 Excess of capital losses over capital gains		9 Total. Add line 7 and line 8	
4 Income not recorded on books this year. Attach schedule		10 Net income per return. Subtract line 9 from line 6	
5 Expenses recorded on books this year not deducted in this return. Attach schedule			
6 Total. Add line 1 through line 5	-341,533.		-341,533.

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**STATEMENT 1
FORM 199, PART II, LINE 7
OTHER INCOME**

PROGRAM SERVICE REVENUE.....	\$ 638,606.
TOTAL	<u>\$ 638,606.</u>

**STATEMENT 2
FORM 199, PART II, LINE 11
COMPENSATION OF OFFICERS, DIRECTORS, AND TRUSTEES**

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
JAMES FRUCHTERMAN 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	CHAIRMAN & CEO 40	\$ 163,938.	\$ 15,627.	\$ 0.
G. GERVAISE DAVIS III 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	DIRECTOR 1	0.	0.	0.
JAMES KLECKNER 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	SECRETARY 1	0.	0.	0.
J. LEIGHTON READ, MD. 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	DIRECTOR 1	0.	0.	0.
CHRIS A. EYRE 480 CALIFORNIA AVE. #201 PALO ALTO, CA, CA 94306	DIRECTOR 1	0.	0.	0.
TERESA THROCKMORTON 480 CALIFORNIA AVE. #201 PALO ALTO, CA 94306	CFO 30	51,750.	10,706.	0.
TOTAL		<u>\$ 215,688.</u>	<u>\$ 26,333.</u>	<u>\$ 0.</u>

**STATEMENT 3
FORM 199, PART II, LINE 17
OTHER EXPENSES**

BANK CHARGES.....	\$ 882.
INSURANCE.....	4,630.
MARKETING.....	30,177.
MEALS.....	13,193.
MISCELLANEOUS.....	11,308.
OTHER EMPLOYEE BENEFIT.....	377,884.
OUTSIDE SERVICES.....	395,054.
PRINTING AND PUBLICATIONS.....	55,563.
SHARED EXPENSES (SEE NOTE 1).....	326,653.
SOFTWARE LICENSE.....	10,975.
SUBSCRIPTIONS & DUES.....	6,690.

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STATEMENT 3 (CONTINUED)
FORM 199, PART II, LINE 17
OTHER EXPENSES

SUPPLIES	\$	15,784.
TELEPHONE.....		13,717.
TRAINING.....		14,697.
TRAVEL.....		113,467.
	TOTAL	<u>\$ 1,390,674.</u>

STATEMENT 4
FORM 199, SCHEDULE L, LINE 12
OTHER ASSETS

BENGINEERING STOCK	10,000.
DEPOSITS	44,091.
FREEDOM SCIENTIFIC STOCK.....	120,000.
PREPAID EXPENSES AND DEFERRED CHARGES.....	17,623.
RELATED ENTITY RECEIVABLE BE.....	240,234.
	TOTAL <u>\$ 431,948.</u>

STATEMENT 5
FORM 199, SCHEDULE L, LINE 18
OTHER LIABILITIES

DEFERRED REVENUE	43,363.
	TOTAL <u>\$ 43,363.</u>

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NOTE 1

SHARED EXPENSES INCLUDE: RENT, TELEPHONE, OFFICE SUPPLIES, EQUIPMENT, LIABILITY INSURANCE, POSTAGE, FREIGHT, RECEPTIONIST, HR, AND IT SERVICES.

NOTE 2

THE BEGINNING BALANCES SHOWN ON THE BALANCE SHEET IN SCHEDULE L OF THE TAX RETURN DIFFERS FROM LAST YEAR'S ENDING BALANCE BECAUSE BENEFICENT TECHNOLOGY, INC. MERGED WITH BENEFICENT, INC., FEIN 77-0225904, EFFECTIVE JANUARY OF 2004. THE BEGINNING BALANCES SHOWN ARE THE COMBINED BALANCES OF THE TWO ENTITIES AS REPORTED ON THEIR RESPECTIVE RETURNS FOR 2003 (SEE NEXT PAGE).