

Return of Organization Exempt From Income Tax

2005

Department of the Treasury
Internal Revenue Service

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

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

A For the 2005 calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type See Specific Instructions	C Name of organization HALF THE SKY FOUNDATION	D Employer identification number 95-4714047	
	Number and street (or P O box if mail is not delivered to street address) Room/suite 764 GILMAN STREET	E Telephone number 510-525-3377	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	
	City or town, state or country, and ZIP + 4 BERKELEY, CA 94710		• 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 N/A
H(c) Are all affiliates included? N/A Yes No (If "No," attach a list)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number N/A

G Website: WWW.HALFTHESKY.ORG

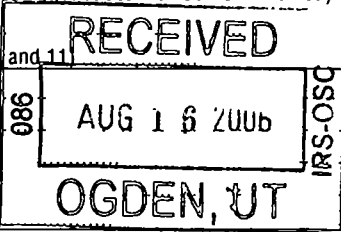
J Organization type (check only one) 501(c)(3) (insert no) 4947(a)(1) or 527

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 chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 **3,553,031.**
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

Revenue	1	Contributions, gifts, grants, and similar amounts received				
	a	Direct public support	1a	3,317,817.		
	b	Indirect public support	1b	82,450.		
	c	Government contributions (grants)	1c			
	d	Total (add lines 1a through 1c) (cash \$ 3,221,533. noncash \$ 178,734.)	1d		3,400,267.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2			
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4		8,028.	
	5	Dividends and interest from securities	5		5,159.	
	6a	Gross rents	6a			
	b	Less rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c			
7	Other investment income (describe)	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
			101,448.	8a		
	b	Less cost or other basis and sales expenses	103,329.	8b		
	c	Gain or (loss) (attach schedule)	-1,881.	8c		
d	Net gain or (loss) (combine line 8c, columns (A) and (B))	STMT 1	8d		-1,881.	
Revenue	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			
	b	Less direct expenses other than fundraising expenses	9b			
c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c				
Revenue	10a	Gross sales of inventory, less returns and allowances	10a	38,129.		
	b	Less cost of goods sold	10b	38,129.		
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c	STMT 2		
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		3,411,573.		
Expenses	13	Program services (from line 44, column (B))	13		1,619,508.	
	14	Management and general (from line 44, column (C))	14		210,408.	
	15	Fundraising (from line 44, column (D))	15		122,152.	
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses (add lines 16 and 44, column (A))	17		1,952,068.	
18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		1,459,505.		
Net Assets	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		791,254.	
	20	Other changes in net assets or fund balances (attach explanation)	20		19,232.	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		2,269,991.	



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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 (attach schedule) (cash \$ <u>0</u> • noncash \$ <u>0</u> •) If this amount includes foreign grants, check here <input type="checkbox"/>	22			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25 Compensation of officers, directors, etc. **	25 304,208.	180,071.	44,433.	79,704.
26 Other salaries and wages	26 146,638.	84,111.	62,527.	
27 Pension plan contributions	27 477.			477.
28 Other employee benefits	28 19,424.		19,424.	
29 Payroll taxes	29 29,956.		29,956.	
30 Professional fundraising fees	30			
31 Accounting fees	31 3,600.		3,600.	
32 Legal fees	32			
33 Supplies	33 12,583.	4,508.	8,075.	
34 Telephone	34			
35 Postage and shipping	35 35,964.	33,947.	2,017.	
36 Occupancy	36 34,656.	12,116.	22,540.	
37 Equipment rental and maintenance	37 10,733.	10,391.	342.	
38 Printing and publications	38 26,128.	26,128.		
39 Travel	39 112,110.	110,504.	1,606.	
40 Conferences, conventions, and meetings	40			
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	42 11,983.		11,983.	
43 Other expenses not covered above (itemize):				
a _____	43a			
b _____	43b			
c _____	43c			
d _____	43d			
e _____	43e			
f _____	43f			
g SEE STATEMENT 4	43g 1,203,608.	1,157,732.	3,905.	41,971.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 1,952,068.	1,619,508.	210,408.	122,152.

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 \$ N/A, (ii) the amount allocated to Program services \$ N/A,
 (iii) the amount allocated to Management and general \$ N/A, and (iv) the amount allocated to Fundraising \$ N/A

** SEE STATEMENT 5

Part III Statement of Program Service Accomplishments (See the instructions.)

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.

What is the organization's primary exempt purpose? SEE ATTACHED	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
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.)	
a SEE ATTACHED	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	1,619,508.
b	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
c	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
d	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services)	1,619,508.

Part IV Balance Sheets (See 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		398,903.
	46 Savings and temporary cash investments	294,688.	180,556.
	47 a Accounts receivable		
	b Less: allowance for doubtful accounts		
	48 a Pledges receivable	957,926.	
	b Less: allowance for doubtful accounts		
	49 Grants receivable		
	50 Receivables from officers, directors, trustees, and key employees		
	51 a Other notes and loans receivable		
	b Less: allowance for doubtful accounts		
	52 Inventories for sale or use		138,991.
	53 Prepaid expenses and deferred charges	174,776.	312,604.
	54 Investments - securities <input type="checkbox"/> Cost <input type="checkbox"/> FMV		
	55 a Investments - land, buildings, and equipment: basis	55,857.	
b Less: accumulated depreciation	32,590.	23,267.	
56 Investments - other SEE STATEMENT 6	200,048.	176,015.	
57 a Land, buildings, and equipment: basis			
b Less: accumulated depreciation			
58 Other assets (describe SEE STATEMENT 7)		92,387.	
59 Total assets (must equal line 74). Add lines 45 through 58	808,542.	2,280,649.	
Liabilities	60 Accounts payable and accrued expenses	4,707.	831.
	61 Grants payable		
	62 Deferred revenue		
	63 Loans from officers, directors, trustees, and key employees		
	64 a Tax-exempt bond liabilities		
	b Mortgages and other notes payable		
	65 Other liabilities (describe SEE STATEMENT 8)	12,581.	9,827.
66 Total liabilities. Add lines 60 through 65)	17,288.	10,658.	
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	736,971.	1,196,450.
	68 Temporarily restricted	54,283.	803,076.
	69 Permanently restricted		270,465.
	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		
	71 Paid-in or capital surplus, or land, building, and equipment fund		
	72 Retained earnings, endowment, accumulated income, or other funds		
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)	791,254.	2,269,991.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	808,542.	2,280,649.	

Part VI Other Information (continued)	Yes	No
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? 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.)	82a	X
82b _____		
83 a Did the organization comply with the public inspection requirements for returns and exemption applications? b Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	83a	X
	83b	X
84 a Did the organization solicit any contributions or gifts that were not tax deductible? b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	84a	X
N/A	84b	
85 501(c)(4), (5), or (6) organizations. a Were substantially all dues nondeductible by members? b 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.	85a	
N/A	85b	
85c _____ N/A		
85d _____ N/A		
85e _____ N/A		
85f _____ N/A		
g Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 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?	85g	
N/A	85h	
86 501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12 b Gross receipts, included on line 12, for public use of club facilities	86a	N/A
	86b	N/A
87 501(c)(12) organizations. Enter: a Gross income from members or shareholders b Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	87a	N/A
	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
89 a 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> b 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 c Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 <u>0.</u> d Enter: Amount of tax on line 89c, above, reimbursed by the organization <u>0.</u>	89b	X
90 a List the states with which a copy of this return is filed <u>CA</u> b Number of employees employed in the pay period that includes March 12, 2005 90b <u>10</u>		
91 a The books are in care of <u>THE ORGANIZATION</u> Telephone no <u>510-525-3377</u> Located at <u>764 GILMAN STREET, BERKELEY, CA</u> ZIP + 4 <u>94710</u> b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country <u>N/A</u> See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. c At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country <u>N/A</u>	91b	X
	91c	X
92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041- Check here and enter the amount of tax-exempt interest received or accrued during the tax year <u>92</u> <u>N/A</u>		

Part VII Analysis of Income-Producing Activities (See 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) Exclu- sion code	(D) Amount	
93 Program service revenue:					
a _____					
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	8,028.	
96 Dividends and interest from securities			14	5,159.	
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			18	-1,881.	
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))		0.		11,306.	0.
105 Total (add line 104, columns (B), (D), and (E))				11,306.	11,306.

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 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 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
N/A	%			
	%			
	%			
	%			

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

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]* Date: 8/11/06 Type or print name and title: Jenny Bowen, Executive Director

Paid Preparer's Use Only: Preparer's signature: *[Signature]* Date: 8/9/06 Check if self-employed: Preparer's SSN or PTIN: _____
 Firm's name (or yours if self-employed), address, and ZIP + 4: IRELAND SAN FILIPPO, LLP
 1075 NORTH TENTH STREET
 SAN JOSE, CALIFORNIA 95112
 EIN: _____ Phone no: (408) 286-7780

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 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

2005

Name of the organization

HALF THE SKY FOUNDATION

Employer identification number

95 4714047

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
NONE				
Total number of other employees paid over \$50,000 ▶	0			

Part II-A 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
NONE		
Total number of others receiving over \$50,000 for professional services ▶	0	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms If there are none, enter "None " See page 2 of the instructions)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other 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 \$ _____ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B) 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		X
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?		X
b Lending of money or other extension of credit?		X
c Furnishing of goods, services, or facilities?		X
d Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE STATEMENT 12	X	
e Transfer of any part of its income or assets?		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)		X
b Do you have a section 403(b) annuity plan for your employees?		X
c During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		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?		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 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 **▶ _____**
- 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) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization **▶** Type 1 Type 2 Type 3

Provide the following information about the supported organizations (See page 6 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 6 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) 2001	(e) Total
15 Gifts, grants, and contributions received (Do not include unusual grants. See line 28.)	1,628,725.	942,323.	943,313.	655,842.	4,170,203.
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	40,844.	19,117.	15,261.	44,791.	120,013.
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	1,257.	5,038.	4,028.	4,853.	15,176.
19 Net income from unrelated business activities not included in line 18					
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.		-508.	2,217.	90.	1,799.
23 Total of lines 15 through 22	1,670,826.	965,970.	964,819.	705,576.	4,307,191.
24 Line 23 minus line 17	1,629,982.	946,853.	949,558.	660,785.	4,187,178.
25 Enter 1% of line 23	16,708.	9,660.	9,648.	7,056.	
26 Organizations described on lines 10 or 11:					
a Enter 2% of amount in column (e), line 24					26a 83,744.
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 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 266,051.
c Total support for section 509(a)(1) test. Enter line 24, column (e)					26c 4,187,178.
d Add: Amounts from column (e) for lines 18 <u>15,176.</u> 19 <u> </u> 22 <u>1,799.</u> 26b <u>266,051.</u>					26d 283,026.
e Public support (line 26c minus line 26d total)					26e 3,904,152.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 93.2407%
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	(2004)	(2003)	(2002)	(2001)	N/A
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 11b, 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	(2004)	(2003)	(2002)	(2001)	N/A
c Add: Amounts from column (e) for lines 15 <u> </u> 16 <u> </u> 17 <u> </u> 20 <u> </u> 21 <u> </u>					27c N/A
d Add: Line 27a total <u> </u> and line 27b total <u> </u>					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test. Enter amount on line 23, column (e)					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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

NONE

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

N/A

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

		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)		
<hr/>			
<hr/>			
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	
<hr/>			
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	
<hr/>			
<hr/>			
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)

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 (The term "expenditures" means amounts paid or incurred)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
		N/A	
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 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	41	
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 on page 11 of the instructions)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A (e) Total
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	
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)

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

- 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
		0.

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

FORM 990 . GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
ETRADE (1400 SHARES)	22,819.	23,792.	0.	-973.
EATON VANCE (10 SHARES)	442.	442.	0.	0.
LEGG MASON (7 SHARES)	431.	431.	0.	0.
ELI LILLY (13 SHARES)	662.	662.	0.	0.
GE (9 SHARES)	265.	304.	0.	-39.
MICROSOFT (38 SHARES)	939.	998.	0.	-59.
MOTOROLA (500 SHARES)	11,364.	11,745.	0.	-381.
PFIZER (104 SHARES)	2,389.	2,458.	0.	-69.
SILICON SOTRAGE (1000 SHARES)	5,827.	5,930.	0.	-103.
UNITRIN INC. (545 SHARES)	24,132.	24,994.	0.	-862.
MCKESSON (612 SHARES)	32,178.	31,573.	0.	605.
TO FORM 990, PART I, LINE 8	101,448.	103,329.	0.	-1,881.

FORM 990

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 10

STATEMENT 2

INCOME

1. GROSS RECEIPTS	38,129	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		38,129
4. COST OF GOODS SOLD (LINE 13)	38,129	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR		
7. MERCHANDISE PURCHASED	38,129	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		38,129
12. INVENTORY AT END OF YEAR		
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12)		38,129

FORM 990	OTHER CHANGES IN NET ASSETS OR FUND BALANCES	STATEMENT	3
DESCRIPTION		AMOUNT	
UNREALIZED GAIN ON INVESTMENT		19,232.	
TOTAL TO FORM 990, PART I, LINE 20		19,232.	

FORM 990	OTHER EXPENSES			STATEMENT	4
DESCRIPTION	(A) TOTAL	(B) PROGRAM SERVICES	(C) MANAGEMENT AND GENERAL	(D) FUNDRAISING	
DEVELOPMENT EXPENSES	13,075.			13,075.	
BANK/MERCHANT					
CHARGES	27,325.	289.		27,036.	
INSURANCE	5,145.	2,293.	2,852.		
EDUCATION AND					
DOCUMENTATION	118,260.	118,260.			
TRAINING	21,388.	21,388.			
SPECIAL PROJECT	222,377.	222,377.			
CHILD RELOCATION	25,843.	25,843.			
CONSTRUCTION	154,331.	154,331.			
FIELD SUPER	22,668.	22,668.			
TEACHERS	174,333.	174,333.			
NANNY	371,803.	371,803.			
CONSULTING	9,784.	9,784.			
DIGITAL HTS	11,401.	11,401.			
MEDICAL	5,456.	5,456.			
MISCELLANEOUS	20,419.	17,506.	1,053.	1,860.	
TOTAL TO FM 990, LN 43	1,203,608.	1,157,732.	3,905.	41,971.	

<u>NAME OF OFFICER, ETC.</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BEN. PLANS</u>	<u>EXPENSE ACCOUNTS</u>	<u>TOTALS</u>
WEN ZHAO	37,080.			37,080.
A. PROGRAM SERVICES	37,080.			37,080.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

<u>NAME OF OFFICER, ETC.</u>	<u>COMPENSATION</u>	<u>EMPLOYEE BEN. PLANS</u>	<u>EXPENSE ACCOUNTS</u>	<u>TOTALS</u>
CAROL ODANIELL	31,495.			31,495.
A. PROGRAM SERVICES	31,495.			31,495.
B. MANAGEMENT AND GENERAL				
C. FUNDRAISING				

TOTAL PROGRAM SERVICES				180,071.
TOTAL MANAGEMENT AND GENERAL				44,433.
TOTAL FUNDRAISING				79,704.
TOTAL OFFICER, ETC., COMPENSATION INCLUDED ON PARTS V-A AND V-B				<u>304,208.</u>

<u>FORM 990</u>	<u>OTHER INVESTMENTS</u>	<u>STATEMENT</u>	<u>6</u>
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<u>DESCRIPTION</u>	<u>VALUATION METHOD</u>	<u>AMOUNT</u>
INVESTMENTS	MARKET VALUE	176,015.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		<u>176,015.</u>

FORM 990	OTHER ASSETS	STATEMENT	7
DESCRIPTION		AMOUNT	
OTHER RECEIVABLES		79,937.	
DEPOSITS		12,450.	
TOTAL TO FORM 990, PART IV, LINE 58, COLUMN B		92,387.	

FORM 990	OTHER LIABILITIES	STATEMENT	8
DESCRIPTION		AMOUNT	
LEASE PAYABLE		5,282.	
ACCRUED EXPENSES		4,545.	
TOTAL TO FORM 990, PART IV, LINE 65, COLUMN B		9,827.	

FORM 990	OTHER REVENUE INCLUDED ON FORM 990	STATEMENT	9
DESCRIPTION		AMOUNT	
INCOME ON THE RETURN NOT ON THE BOOKS		100,862.	
TOTAL TO FORM 990, PART IV-A		100,862.	

FORM 990	OTHER EXPENSES INCLUDED ON FORM 990	STATEMENT	10
DESCRIPTION		AMOUNT	
EXPENSE ON THE RETURN NOT ON THE BOOKS		100,862.	
TOTAL TO FORM 990, PART IV-B		100,862.	

FORM 990 PART V - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 11

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
RICHARD BOWEN 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
CARLOS CORDEIRO 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
LOU DEMATTEI 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
CAROLYN POPE EDWARDS 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
BOB EISENBERG 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
KARIN EVANS 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
LINDA FILARDI 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
JIM GRADOVILLE 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
STEVE HOFFMANN 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
DANA JOHNSON 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
KAY JOHNSON 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.

HALF THE SKY FOUNDATION

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SCOTT KRONICK 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
YVES MAURIS 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
NANCY SPELMAN 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
VIVIAN WONG ZALOOM 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR 5.00	0.	0.	0.
JENNY BOWEN 764 GILMAN STREET BERKELEY, CA 94710	EXECUTIVE DIRECTOR 60.00	111,496.	0.	0.
EMILY CLARK 764 GILMAN STREET BERKELEY, CA 94710	DIRECTOR OF DEVELOPMENT 40.00	79,704.	0.	0.
IVY YU 764 GILMAN STREET BERKELEY, CA 94710	OPERATIONS DIRECTOR 40.00	44,433.	0.	0.
WEN ZHAO 764 GILMAN STREET BERKELEY, CA 94710	PRESCHOOL PROGRAM DIRECTOR 30.00	37,080.	0.	0.
CAROL ODANIELL 764 GILMAN STREET BERKELEY, CA 94710	BUILDING DIRECTOR 30.00	31,495.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V		<u>304,208.</u>	<u>0.</u>	<u>0.</u>

SCHEDULE A

EXPLANATION OF TRANSACTIONS
PART III, LINE 2D

STATEMENT 12

SEE FORM 990, PART V-A FOR COMPENSATION DETAILS

SCHEDULE A	OTHER INCOME			STATEMENT 13
DESCRIPTION	2004 AMOUNT	2003 AMOUNT	2002 AMOUNT	2001 AMOUNT
MISCELLANEOUS	0.	-508.	2,217.	90.
TOTAL TO SCHEDULE A, LINE 22	0.	-508.	2,217.	90.

HALF THE SKY FOUNDATION

EIN: 95-4714047

2005 FORM 990, PART II, LINE 42

DEPRECIATION SCHEDULE

<u>Asset Description</u>	<u>Purchase Date</u>	<u>Cost</u>	<u>Asset Life</u>	<u>Expected Annual Depreciation</u>	<u>Accumulated Depreciation @ 12/31/04</u>	<u>2005 Depreciation</u>	<u>Accumulated Depreciation @ 12/31/05</u>
Computers & Software							
Software	10/18/2001	974.16	3	324.72	974.16	-	974.16
Epson Printer	11/20/2001	1,104.55	3	368.18	1,104.55	-	1,104.55
Vaio	02/15/2002	3,366.37	3	1,122.12	3,179.35	187.02	3,366.37
Sony computers	03/16/2002	3,927.87	3	1,309.29	3,600.55	327.32	3,927.87
Dell computer	03/16/2002	1,568.41	3	522.80	1,437.71	130.70	1,568.41
2 Dell computers	12/09/2002	1,776.81	3	592.27	1,233.90	542.91	1,776.81
Sony Printer	02/04/2003	1,016.24	3	338.75	649.26	338.75	988.01
Projector	09/23/2003	2,317.30	3	772.43	965.54	772.43	1,737.97
Database	10/01/2003	19,000.00	3	6,333.33	3,392.86	6,333.33	9,726.19
Dell computer	02/16/2004	1,149.59	3	383.20	319.33	383.20	702.53
2 computers	04/07/2004	1,100.00	3	366.67	275.00	366.67	641.67
Laptop	05/20/2004	1,082.49	3	360.83	210.48	360.83	571.31
Intuit Quickbooks Software	12/17/2005	2,963.38	3	987.79	-	82.32	82.32
Sony E-solutions Printer	06/29/2005	3,535.33	3	1,178.44	-	589.22	589.22
Subtotal		44,882.50			17,342.69	10,414.70	27,757.39
Furniture & Fixtures							
A/C	07/27/2001	3,390.00	7	484.29	1,654.64	484.29	2,138.93
A/C	08/02/2001	1,356.00	7	193.71	661.86	193.71	855.57
File Cabinets	01/29/2003	928.75	7	132.68	254.30	132.68	386.98
Desks	02/09/2004	2,400.00	7	342.86	314.29	342.86	657.15
File Cabinets	02/09/2004	1,200.00	7	171.43	157.14	171.43	328.57
Desks	02/09/2004	900.00	7	128.57	117.86	128.57	246.43
Book cases	02/09/2004	400.00	7	57.14	52.38	57.14	109.52
Tables	02/09/2004	400.00	7	57.14	52.38	57.14	109.52
Subtotal		10,974.75			3,264.85	1,567.82	4,832.67
Grand Total		55,857.25			20,607.54	11,982.52	32,590.06

HALF THE SKY FOUNDATION

EIN: 95-4714047

2005 FORM 990, PART III

STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS

Organization's Purpose

Half the Sky was created in order to enrich the lives and enhance the prospects for orphaned children in China. We create and operate infant nurture and preschool programs, provide personalized learning for older children and establish loving permanent foster care and guidance for children with disabilities. It is our goal to ensure that every orphaned child has a caring adult in her life and a chance at a bright future.

2005 Accomplishments

In 2005, Half the Sky accomplished the following exempt purpose achievements:

- Created a foster village in Gaoyou, Jiangsu in cooperation with Jiangsu Provincial Bureau of Civil Affairs to provide permanent foster homes for children whose disabilities will prevent them from being adopted
- Created preschools and/or infant nurture centers in Gaoyou and Lianyungang, Jiangsu, in Haikou and Sanya, Hainan, in Yiyang, Hunan; and in Guangzhou, Guangdong.
- Launched the first phase of a four-phase project to enrich the lives of children orphaned by AIDS in Henan province.
- Collaborated with the central government's China Centre for Adoption Affairs to develop national guidelines for orphan care in China.
- By the end of 2005, HTS operated 26 centers in 11 provinces.
- Total children served by year-end: approximately 3,200, Estimated number who've benefited from the programs: 10,000
- Published 3 general newsletters, 4 Big Sisters newsletters, numerous email newsletters, and thousands of individual progress reports for every child in the Organization's programs