

**BENEFICENT TECHNOLOGY, INC.
& BENGINEERING, INC.
DBA THE BENETECH INITIATIVE
CONSOLDIATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT THEREON
DECEMBER 31, 2005**

**BENEFICENT TECHNOLOGY, INC.
& BENGINEERING, INC.
DBA THE BENETECH INITIATIVE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Benetech Initiative
Palo Alto, California

We have audited the accompanying consolidated statement of financial position of Beneficent Technology, Inc. (a nonprofit organization) and Bengineering, Inc. (a for-profit organization) dba The Benetech Initiative ("the Organizations"), as of December 31, 2005, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations' 2004 financial statements and, in our report dated July 14, 2005, we expressed an unqualified opinion in those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beneficent Technology, Inc. and Bengineering, Inc. dba The Benetech Initiative as of December 31, 2005, and the changes in the Organizations' net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

April 24, 2006