

Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust

OMB No 1545-0052

2006

Treated as a Private Foundation
Note: The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2006, or tax year beginning 12/01, 2006, and ending 11/30/2007
G Check all that apply ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation
FOUND ANIMALS FOUNDATION, INC.

Number and street (or P O box number if mail is not delivered to street address) Room/suite
11755 WILSHIRE BLVD, SUITE 1600

City or town, state, and ZIP code
LOS ANGELES, CA 90025

A Employer identification number
20-3944602

B Telephone number (see page 11 of the instructions)
(310) 806-9290

C If exemption application is pending, check here ☐

D 1 Foreign organizations check here ☐
2 Foreign organizations meeting the 85% test, check here and attach computation ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

H Check type of organization ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) **\$ 8,823,069.**

J Accounting method ☐ Cash ☒ Accrual
☐ Other (specify) _____
(Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	5,186,666.			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	168,701.	168,701.	168,701.	STMT 1
	4 Dividends and interest from securities	147,377.	147,377.	147,377.	STMT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-64,723.			
	b Gross sales price for all assets on line 6a	5,121,943.			
	7 Capital gain net income (from Part IV, line 2)		1,753,205.		
	8 Net short-term capital gain				
	9 Income modifications				
	10 a Gross sales less returns and allowances				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)	199,954.			STMT 3
	12 Total. Add lines 1 through 11	5,637,975.	2,069,283.	316,078.	
	13 Compensation of officers, directors, trustees, etc.	NONE			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) STMT 4	-1,078.	NONE	NONE	-1,078.
	b Accounting fees (attach schedule) STMT 5	15,233.	NONE	NONE	15,233.
	c Other professional fees (attach schedule) STMT 6	36,357.	NONE	NONE	36,357.
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	41,500.	NONE	NONE	NONE
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) STMT 8	155,948.	NONE	NONE	155,947.
	24 Total operating and administrative expenses.				
	Add lines 13 through 23	247,960.	NONE	NONE	206,459.
	25 Contributions, gifts, grants paid	212,000.			212,000.
	26 Total expenses and disbursements Add lines 24 and 25	459,960.	NONE	NONE	418,459.
	27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements		5,178,015.			
b Net investment income (if negative, enter -0-)			2,069,283.		
c Adjusted net income (if negative, enter -0-)				316,078.	

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

** STMT 7

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	3,599,878.	2,680,137.	2,680,137.
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments - U.S. and state government obligations (attach schedule)			
	b Investments - corporate stock (attach schedule)			
	c Investments - corporate bonds (attach schedule)			
	11 Investments - land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶			
	12 Investments - mortgage loans			
	13 Investments - other (attach schedule) STMT 9 .	NONE	6,133,632.	6,133,632.
	14 Land, buildings, and equipment basis Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶ STMT 10)	13,676.	9,300.	9,300.	
16 Total assets (to be completed by all filers - see page 17 of the instructions. Also, see page 1, item I)	3,613,554.	8,823,069.	8,823,069.	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ STMT 11)	NONE	35,031.	
	23 Total liabilities (add lines 17 through 22)	NONE	35,031.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	3,613,554.	8,788,038.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see page 18 of the instructions)	3,613,554.	8,788,038.	
	31 Total liabilities and net assets/fund balances (see page 18 of the instructions)	3,613,554.	8,823,069.	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,613,554.
2 Enter amount from Part I, line 27a	2	5,178,015.
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	8,791,569.
5 Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 12	5	3,531.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	8,788,038.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)			(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a SEE PART IV SCHEDULE					
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a					
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)			2	1,753,205.	
<div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; padding-left: 5px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div> </div>					
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			3		
<div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; padding-left: 5px;"> If gain, also enter in Part I, line 8, column (c) (see pages 13 and 18 of the instructions) If (loss), enter -0- in Part I, line 8 </div> </div>					

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year, see page 19 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2005	546,647.	3,749,201.	0.14580359922
2004			
2003			
2002			
2001			
2 Total of line 1, column (d)			2 0.14580359922
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.14580359922
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5			4 8,794,055.
5 Multiply line 4 by line 3			5 1,282,205.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 20,693.
7 Add lines 5 and 6			7 1,302,898.
8 Enter qualifying distributions from Part XII, line 4			8 418,459.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 19.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 19 of the instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary - see instructions)		1	41,386.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	
3 Add lines 1 and 2		3	41,386.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	NONE
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	41,386.
6 Credits/Payments			
a 2006 estimated tax payments and 2005 overpayment credited to 2006	6a	6,629.	
b Exempt foreign organizations-tax withheld at source	6b	NONE	
c Tax paid with application for extension of time to file (Form 8868)	6c	45,000.	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	51,629.
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> If Form 2220 is attached		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	10,243.
11 Enter the amount of line 10 to be Credited to 2007 estimated tax		11	10,243. Refunded

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 20 of the instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation \$ _____ (2) On foundation managers \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on foundation managers \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see page 20 of the instructions) CA,		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV on page 28)? If "Yes," complete Part XIV	X	
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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Part VII-A Statements Regarding Activities Continued

11a At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11a		X
b If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	11b	N/A	
12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12		X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address NONE			
14 The books are in care of DAN MELILLO Telephone no 310-806-9290			
Located at 11755 WILSHIRE BLVD, #1600 LOS ANGELES, CA ZIP + 4 90025			
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-F in lieu of Form 1041 - Check here		N/A	<input type="checkbox"/>
and enter the amount of tax-exempt interest received or accrues during the year	15		

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	1b	N/A
Organizations relying on a current notice regarding disaster assistance check here		<input type="checkbox"/>
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2006?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If "Yes," list the years		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see page 22 of the instructions)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2006)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2006?	4b	X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required Continued

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☒ Yes ☐ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 23 of the instructions)? ☐ **5b** ☒ X
Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☒ Yes ☐ No
If "Yes," attach the statement required by Regulations section 53.4945-5(d) SEE STATEMENT 17

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ **6b** ☒ X
If you answered "Yes" to 6b, also file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ **7b** ☐ N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see page 23 of the instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 13		NONE	NONE	NONE

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 24 of the instructions). If 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, other allowances
NONE				

Total number of other employees paid over \$50,000 ☐ **NONE**

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *Continued***3** Five highest-paid independent contractors for professional services (see page 24 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services NONE

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 CAMPAIGN THAT WILL CONTRIBUTE TO THE SPAYING/NEUTERING AND MICROCHIPPING OF SUBSTANTIALLY ALL OF THE DOGS AND CATS IN LOS ANGELES.	145,416.
2 FINANCIAL ASSISTANCE FOR LOS ANGELES ANIMAL SERVICES RABBIT SHELTER INCLUDING HELP WITH CLEANING AND FEEDING OF RABBITS	9,074.
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made up by the foundation during the tax year on lines 1 and 2	Amount
1 NONE	
2	
All other program-related investments. See page 25 of the instructions	
3 NONE	
Total. Add lines 1 through 3	

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 25 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	5,217,103.
b	Average of monthly cash balances	1b	3,701,572.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	9,300.
d	Total (add lines 1a, b, and c)	1d	8,927,975.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	NONE
3	Subtract line 2 from line 1d	3	8,927,975.
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 26 of the instructions)	4	133,920.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	8,794,055.
6	Minimum investment return. Enter 5% of line 5	6	439,703.

Part XI Distributable Amount (see page 26 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☒ and do not complete this part)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2006 from Part VI, line 5	2a	
b	Income tax for 2006 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
6	Deduction from distributable amount (see page 26 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	

Part XII Qualifying Distributions (see page 26 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	418,459.
b	Program-related investments - total from Part IX-B	1b	NONE
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	418,459.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 27 of the instructions)	5	N/A
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	418,459.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see page 27 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2005				
a Enter amount for 2005 only				
b Total for prior years				
3 Excess distributions carryover, if any, to 2006				
a From 2001				
b From 2002				
c From 2003				
d From 2004				
e From 2005				
f Total of lines 3a through e				
4 Qualifying distributions for 2006 from Part XII, line 4 ▶ \$				
a Applied to 2005, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 27 of the instructions)				
d Applied to 2006 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount - see page 27 of the instructions				
e Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2006 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2007				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 28 of the instructions)				
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)				
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2002				
b Excess from 2003				
c Excess from 2004				
d Excess from 2005				
e Excess from 2006				

Form **990-PF** (2006)

Part XIV Private Operating Foundations (see page 28 of the instructions and Part VII-A, question 9)

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, enter the date of the ruling ▶ 01/10/2007

b Check box to indicate whether the foundation is a private operating foundation described in section ☒ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	316,078.	160,201.			476,279.
b 85% of line 2a	268,666.	136,171.			404,837.
c Qualifying distributions from Part XII, line 4 for each year listed	418,459.	546,647.			965,106.
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.	418,459.	546,647.			965,106.
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter:					
(1) Value of all assets	8,823,069.	3,613,554.			12,436,623.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i).					NONE
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	293,135.	124,973.			418,108.
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).					NONE
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					NONE
(3) Largest amount of support from an exempt organization					NONE
(4) Gross investment income					NONE

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year - see page 28 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

SEE STATEMENT 14

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

N/A

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

<div>Recipient</div> <div>Name and address (home or business)</div>	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE STATEMENT 15				
Total			► 3a	212,000.
b Approved for future payment				
Total			► 3b	

Enter gross amounts unless otherwise indicated

(See worksheet in line 13 instructions on page 29 to verify calculations)

Line No. Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)

NOT APPLICABLE

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of		
	(1) Cash	1a(1)	X
	(2) Other assets	1a(2)	X
b	Other transactions		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
	(3) Rental of facilities, equipment, or other assets	1b(3)	X
	(4) Reimbursement arrangements	1b(4)	X
	(5) Loans or loan guarantees	1b(5)	X
	(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	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 foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

2 a Is the foundation 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

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 or fiduciary) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer or trustee _____ Date 10/10/08 Title President

Paid Preparer's Use Only	Preparer's signature 	Date OCT 6 2008	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Signature on page 31 of the instructions) P00358939
	Firm's name (or yours if self-employed), address, and ZIP code HOLTHOUSE CARLIN & VAN TRIGT LLP 4550 E. THOUSAND OAKS BLVD, #100 WESTLAKE VILLAGE, CA 91362	EIN 95-4345526	Phone no 805-374-8555	

Form **990-PF** (2006)

Schedule B(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No 1545-0047

2006

Name of organization

FOUND ANIMALS FOUNDATION, INC.

Employer identification number

20-3944602

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule - see instructions)

General Rule -

- ☒ For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II)

Special Rules -

- ☐ For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals (Complete Parts I, II, and III)
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than \$1,000 (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

Name of organization FOUND ANIMALS FOUNDATION, INC.

Employer identification number

20-3944602

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	GARY KARLIN MICHELSON, M.D. 11755 WILSHIRE BLVD, SUITE 1600 LOS ANGELES, CA 90025	5,186,666.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
			Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Employer identification number

Part II **Noncash Property (See Specific Instructions.)**[illegible]

**FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
\$, 121, 943.		JP MORGAN - SEE STATEMENT ATTACHED				D	VAR	12/13/2006
		PROPERTY TYPE: SECURITIES					1, 753, 205.	
		3, 368, 738.						
TOTAL GAIN (LOSS)							----- 1, 753, 205. =====	

FOUND ANIMALS FOUNDATION, INC.
FEIN 20-3944602
YEAR ENDING 11/30/2007

SCHEDULE B PART II - ATTACHMENT

DESCRIPTION	QUANTITY	FMV	TOTAL
OM GROUP INC	4,600	50 02	230,092 00
DECKERS OUTDOORS CORP	3,100	57 52	178,312 00
AMERICAN EAGLE OUTFITTERS INC	3,200	47.93	153,376.00
INSTEEL INDUSTRIES INC.	4,622	19 83	91,654 26
UNITED STATE STEEL CORP	1,750	75 22	131,635 00
INTERNATIONAL GAME TECHNOLOGY	2,800	44 62	124,936 00
AVICI SYSTEMS INC	17,000	7 74	131,580 00
WESTERN DIGITAL CORP	6,400	21 39	136,896 00
SEAGATE TECHNOLOGY	4,900	26.10	127,890 00
MORGAN STANLEY	5,095	77 62	395,473 90
AGCO CORP	12,425	32 22	400,333 50
JP MORGAN CHASE & CO	7,795	47 01	366,442 95
DEERE & COMPANY	4,345	95 94	416,859 30
CORN PRODUCTS INTERNATIONAL INC	6,055	36 94	223,671 70
AGRIUM INC	12,095	31 56	381,718.20
MARATHON OIL CORP	3,800	95.24	361,912 00
NOKIA CORP ADR - A SHRS	15,935	20 36	324,436.60
ALCOA INC	10,930	31 01	338,939 30
KELLWOOD COMPANY	10,500	34 35	360,675 00
ST PAUL TRAVELERS COMPANIES INC	6,015	51 51	309,832 65
TOTAL			<u><u>5,186,666 36</u></u>

**Application for Extension of Time To File an
Exempt Organization Return**

OMB No 1545-1709

Department of the Treasury
Internal Revenue Service

► File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
 - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

Section 501(c) corporations required to file Form 990-T and requesting an automatic 6-month extension - check this box ☐ and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for section 501(c) corporations required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization	Employer identification number
	FOUND ANIMALS FOUNDATION INC	20-3944602
	Number, street, and room or suite no. If a P.O. box, see instructions	
	11755 WILSHIRE BLVD., SUITE 1600	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	LOS ANGELES, CA 90025	

Check type of return to be filed (file a separate application for each return)

<input type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T (corporation)	<input type="checkbox"/> Form 4720
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input checked="" type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870

► The books are in the care of ► TRACY MCGREGOR

Telephone No ► 310 806-9290

FAX No ► 310 806-9291

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box ☐ If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension will cover

1 I request an automatic 3-month (6 months for a section 501(c) corporation required to file Form 990-T) extension of time until 07/15, 2008, to file the exempt organization return for the organization named above. The extension is for the organization's return for

- ☐ calendar year _____ or
 ► ☒ tax year beginning 12/01, 2006, and ending 11/30, 2007

2 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	\$ 51,629.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b	\$ 6,629.
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	\$ 45,000.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 4-2007)

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **X**

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. You must file original and one copy.

Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization	Employer identification number
	FOUND ANIMALS FOUNDATION INC	20-3944602
	Number, street, and room or suite no. If a P.O. box, see instructions	For IRS use only
	11755 WILSHIRE BLVD., SUITE 1600	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	LOS ANGELES, CA 90025	

Check type of return to be filed (File a separate application for each return):

<input type="checkbox"/> Form 990	<input checked="" type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 5227	

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

• The books are in the care of **TRACY MCGREGOR**

Telephone No **310 806-9290**

FAX No **310 806-9291**

• If the organization does not have an office or place of business in the United States, check this box ☐

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) ☐ If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until **10/15/2008**

5 For calendar year **12/01/2006**, or other tax year beginning **12/01/2006** and ending **11/30/2007**

6 If this tax year is for less than 12 months, check reason ☐ Initial return ☐ Final return ☐ Change in accounting period

7 State in detail why you need the extension **ADDITIONAL TIME IS REQUIRED TO GATHER INFORMATION FOR PREPARATION AND FILING FOR A COMPLETE AND ACCURATE TAX RETURN.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a	\$ 51,629.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$ 51,629.-
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	8c	\$ NONE

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature **▶**

Title **▶**

Date **▶**

HOLTHOUSE CARLIN & VAN TRIGT LLP
1601 CLOVERFIELD BOULEVARD, #300 S
SANTA MONICA, CA 90404

Form 8868 (Rev. 4-2008)

FORM 990PF, PART I - INTEREST ON TEMPORARY CASH INVESTMENTS

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
JP MORGAN	168,701.	168,701.	168,701.
TOTAL	168,701.	168,701.	168,701.

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
JP MORGAN	147,377.	147,377.	147,377.
TOTAL	147,377.	147,377.	147,377.

FORM 990PF, PART I - OTHER INCOME
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----
UNREALIZED GAIN FROM INVESTMENTS	199,954.

TOTALS	199,954.
	=====

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	-1,078.	NONE	NONE	-1,078.
TOTALS	-1,078.	NONE	NONE	-1,078.

FORM 990PF, PART I - ACCOUNTING FEES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----	ADJUSTED NET INCOME -----	CHARITABLE PURPOSES -----
ACCOUNTING FEES	15,233.	NONE	NONE	15,233.
TOTALS	15,233.	NONE	NONE	15,233.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
CONSULTANT - HARRIS RAND LUSK	36,357.	NONE	NONE	36,357.
TOTALS	36,357.	NONE	NONE	36,357.

FORM 990PF, PART I - TAXES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
FEDERAL EXCISE TAX	41,500.	NONE	NONE	NONE
TOTALS	41,500.	NONE	NONE	NONE

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
MICROCHIP PROGRAM	145,416.	NONE	NONE	145,416.
OTHER MISCELLANEOUS	1,048.	NONE	NONE	1,047.
FILING FEES	160.	NONE	NONE	160.
ANIMAL PROGRAM	9,324.	NONE	NONE	9,324.
TOTALS	155,948.	NONE	NONE	155,947.

FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
ISHARES MSCI EAFE VALUE INDEX	699,930.	699,930.
ISHARES MSCI EMERGING MARKET	772,000.	772,000.
ISHARES RUSSELL 2000 VALUE	574,960.	574,960.
ISHARES S&P 500/BARRA GROWTH	699,700.	699,700.
FMR ASIA PACIFIC REAL ESTATE	795,236.	795,236.
SPDR S&P OIL & GAS EXPLORATION	679,280.	679,280.
SPDR S&P OIL & GAS EQUIPMENT	682,020.	682,020.
TORTOISE ENERGY CAPITAL CORP.	1,230,506.	1,230,506.
TOTALS	6,133,632.	6,133,632.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
INTEREST RECEIVABLE	9,300.	9,300.
TOTALS	9,300.	9,300.

FORM 990PF, PART II - OTHER LIABILITIES

=====

DESCRIPTION	ENDING BOOK VALUE
-----	-----

EXCISE TAX PAYABLE	35,031.
--------------------	---------

TOTALS

35,031.
=====

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
PRIOR PERIOD ADJUSTMENT	3,531.

TOTAL	3,531.
	=====

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
GARY KARLIN MICHELSON, M.D. GKM CAPITAL, INC 11755 WILSHIRE BLVD, SUITE 1600 LOS ANGELES, CA 90025	PRESIDENT AS REQUIRED	NONE	NONE	NONE
DAVID COHEN GKM CAPITAL, INC. 11755 WILSHIRE BLVD, SUITE 1600 LOS ANGELES, CA 90025	CFO & SECRETARY AS REQUIRED	NONE	NONE	NONE
GRAND TOTALS		NONE	NONE	NONE

FORM 990PF, PART XV - INFORMATION REGARDING FOUNDATION MANAGERS

=====

GARY KARLIN MICHELSON, M.D.
GKM CAPITAL, INC.
11755 WILSHIRE BLVD, SUITE 1600
LOS ANGELES, CA 90025

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR

AND

FOUNDATION STATUS OF RECIPIENT

RECIPIENT NAME AND ADDRESS

PURPOSE OF GRANT OR CONTRIBUTION

AMOUNT

FIX NATION 21039 MENDENHALL COURT TOPANGA, CA 90290	NONE 501(C) (3)	SPAY AND NEUTER FOR CATS	160,000.
KAREN BRESLIN 2600 LEWIS WAY SUITE 112 LAKEWOOD, CO 80227	ATTORNEY INDIVIDUAL GRANT - SEE STMT 17	ATTORNEY FOR PIT BULL BAN	25,000.
SINGITA P.O. BOX 921779 SYLMAR, CA 91392	NONE 501(C) (3)	ANIMAL SANCTUARY FOR ABUSED/NEGLECTED ANIMALS	10,000.
BEST FRIENDS ANIMAL SOCIETY 5001 ANGEL CANYON RD KANAB, UT 84741	NONE 501(C) (3)	REBUILDING OF ANIMAL HOUSE	10,000.
SOCIAL COMPASSION 1515 SKYLINE DRIVE LAGUNA BEACH, CA 92651	NONE 501(C) (3)	SPAYING AND NEUTERING OF CATS AND DOGS IN CALIFORNIA	3,000.
PAWD SQUAD P.O. BOX 6564 BURBANK, CA 91510	NONE 501(C) (3)	RESCUE AND MEDICAL CARE FOR CATS AND DOGS	2,000.
JACKIE'S PURRFECT MATCH WESTCHESTER, CA 90045	NONE 501(C) (3)	HELP WITH VET BILLS FOR OLDER CATS	1,000.
DOG HAVEN FOUNDATION 11506 SUNSHINE TERRACE STUDIO CITY, CA 91604	NONE 501(C) (3)	FUND DONATIONS TO CALIFORNIA DOG RESCUE GROUPS	1,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR

AND

FOUNDATION STATUS OF RECIPIENT

RECIPIENT NAME AND ADDRESS

PURPOSE OF GRANT OR CONTRIBUTION

AMOUNT

TOTAL CONTRIBUTIONS PAID

212,000.

Attachment to Form 990-PF in satisfaction of Expenditure Responsibility rules:

1. Name and address of grantee: Karen Breslin, Attorney at Law, 548 So. Carr Street, Lakewood, Colorado 80226
2. Date and amount of grant: September 15, 2007; \$25,000.
3. Purpose of Grant. The grant was made to challenge a municipal ordinance in Denver that has criminalized the ownership of dogs fitting the general description of the pit-bull breed. The challenge is based upon the assertion that the ordinance violates the Fifth Amendment and Fourteen Amendment rights of the owners of dogs subject to the ban. The grant is consistent with the charitable purposes of the Found Animals Foundation, Inc., because an essential purpose for which Found Animals Foundation, Inc. was formed was to reduce the number of companion animals in shelters. Enforcement of the Denver ordinance has led to the seizure and destruction of over 1,000 pit-bull type dogs, without regard to the temperament of the dog.
4. Amounts Expended. The grant funds (\$25,000) were disbursed after the work supported with the grant funds was completed and upon the presentation of an invoice by Ms. Breslin, describing the tasks undertaken.
5. No Diversion of Funds. The managers of the Found Animals Foundation, Inc. are informed that all funds disbursed were used for the purposes described above. The foundation managers have no reason to believe that any funds were diverted.
6. Progress Report. The invoice presented by Ms. Breslin on or about September 15, 2007, constitutes a report for the purposes of Treasury Regulations Section 53.4959-5(c)(2)(vi).
7. Verification. The complaint prepared by Ms. Breslin with the United States District Court in the District of Colorado on April 6, 2007 provides objective evidence that the work supported by this grant was completed and that the grant funds were used for their intended purpose. Furthermore, the activities of Ms. Breslin with respect to this issue are a matter of public record.

SCHEDULE D
(Form 1041)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

► **Attach to Form 1041, Form 5227, or Form 990-T. See the separate instructions for Form 1041 (also for Form 5227 or Form 990-T, if applicable).**

OMB No 1545-0092

2006

Name of estate or trust

Employer identification number

FOUND ANIMALS FOUNDATION, INC.

20-3944602

Note: Form 5227 filers need to complete **only** Parts I and II

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

	(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 35)	(f) Gain or (Loss) for the entire year (col (d) less col (e))
1						
2	Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824					2
3	Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts					3
4	Short-term capital loss carryover Enter the amount, if any, from line 9 of the 2005 Capital Loss Carryover Worksheet					4 ()
5	Net short-term gain or (loss). Combine lines 1 through 4 in column (f) Enter here and on line 13, column (3) below					5

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

	(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see page 35)	(f) Gain or (Loss) for the entire year (col (d) less col (e))
6	SEE STATEMENT 1			5,121,943.	3,368,738.	1,753,205.
7	Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824					7
8	Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts					8
9	Capital gain distributions					9
10	Gain from Form 4797, Part I					10
11	Long-term capital loss carryover Enter the amount, if any, from line 14 of the 2005 Capital Loss Carryover Worksheet					11 ()
12	Net long-term gain or (loss). Combine lines 6 through 11 in column (f) Enter here and on line 14a, column (3) below					12 1,753,205.

Part III Summary of Parts I and II

Caution: Read the instructions **before** completing this part

	(1) Beneficiaries' (see page 36)	(2) Estate's or trust's	(3) Total
13 Net short-term gain or (loss)	13		
14 Net long-term gain or (loss):			
a Total for year	14a		1,753,205.
b Unrecaptured section 1250 gain (see line 18 of the worksheet on page 36).	14b		
c 28% rate gain	14c		
15 Total net gain or (loss). Combine lines 13 and 14a	15		1,753,205.

Note: If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4. If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the Capital Loss Carryover Worksheet, as necessary.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2006

Part IV Capital Loss Limitation**16** Enter here and enter as a (loss) on Form 1041, line 4, the **smaller** of**a** The loss on line 15, column (3) or**b** \$3,000**16** ()*If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22, is a loss, complete the **Capital Loss Carryover Worksheet** on page 39 of the instructions to determine your capital loss carryover***Part V Tax Computation Using Maximum Capital Gains Rates** (Complete this part only if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22 is more than zero.)*Note: If line 14b, column (2) or line 14c, column (2) is more than zero, complete the worksheet on page 38 of the instructions and skip Part V. Otherwise, go to line 17*

17	Enter taxable income from Form 1041, line 22	17	
18	Enter the smaller of line 14a or 15 in column (2) but not less than zero	18	
19	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2)	19	
20	Add lines 18 and 19	20	
21	If the estate or trust is filing Form 4952, enter the amount from line 4g, otherwise, enter -0- ▶	21	
22	Subtract line 21 from line 20. If zero or less, enter -0-	22	
23	Subtract line 22 from line 17. If zero or less, enter -0-	23	
24	Enter the smaller of the amount on line 17 or \$2,050	24	
25	Is the amount on line 23 equal to or more than the amount on line 24? <input type="checkbox"/> Yes. Skip lines 25 through 27, go to line 28 and check the "No" box <input type="checkbox"/> No. Enter the amount from line 23	25	
26	Subtract line 25 from line 24	26	
27	Multiply line 26 by 5% (.05)	27	
28	Are the amounts on lines 22 and 26 the same? <input type="checkbox"/> Yes. Skip lines 28 through 31, go to line 32 <input type="checkbox"/> No. Enter the smaller of line 17 or line 22	28	
29	Enter the amount from line 26 (If line 26 is blank, enter -0-)	29	
30	Subtract line 29 from line 28	30	
31	Multiply line 30 by 15% (.15)	31	
32	Figure the tax on the amount on line 23. Use the 2006 Tax Rate Schedule on page 23 of the instructions	32	
33	Add lines 27, 31, and 32	33	
34	Figure the tax on the amount on line 17. Use the 2006 Tax Rate Schedule on page 23 of the instructions	34	
35	Tax on all taxable income. Enter the smaller of line 33 or line 34 here and on line 1a of Schedule G, Form 1041	35	

Schedule D (Form 1041) 2006

Trade Activity

Realized Gain/Loss Summary

	Amount USD
Short Term Gain/Loss	0.00
Long Term Gain/Loss	1,753,204.98

Note: **S** indicates Short Term Realized Gain/Loss
L indicates Long Term Realized Gain/Loss
O indicates Ordinary Income Realized Gain

Capital gains and losses on sales with missing or incomplete tax cost are identified with N/A.

Trade Activity by Type

Trade Date	Settlement Date	Type	Description	Currency	Quantity	Price/Unit	Market Cost/Proceeds	Tax Cost	Realized Gain/Loss USD
Settled									
Dec 13 Dec 18		Sale	SEAGATE TECHNOLOGY	USD	- 4,900	25.90	126,661.10	- 74,391.95	52,269.15 L
Dec 13 Dec 18		Sale	AGCO CORP	USD	- 12,425	30.90	383,299.46	- 235,462.45	147,837.01 L
Dec 13 Dec 18		Sale	AGRIUM INC	USD	- 12,095	31.15	376,142.93	- 264,830.91	111,312.02 L
Dec 13 Dec 18		Sale	ALCOA INC	USD	- 10,930	30.61	334,010.52	- 263,591.16	70,419.36 L
Dec 13 Dec 18		Sale	AMERICAN EAGLE OUTFITTERS INC	USD	- 3,200	47.00	150,235.38	- 73,802.91	76,432.47 L
Dec 13 Dec 18		Sale	AVICI SYSTEMS INC	USD	- 17,000	7.603	128,412.33	- 74,658.65	53,753.68 L
Dec 13 Dec 18		Sale	CORN PRODUCTS INTERNATIONAL INC	USD	- 6,055	36.64	221,545.63	- 123,690.33	97,855.30 L
Dec 13 Dec 18		Sale	DECKERS OUTDOORS CORP	USD	- 3,100	57.40	177,779.53	- 75,459.30	102,320.23 L
Dec 13 Dec 18		Sale	DEERE & CO	USD	- 4,345	95.01	412,588.52	- 265,131.90	147,456.62 L



FOUND ANIMALS FOUNDATION, INC.
Account Number Q 56800-00-8

Trade Activity by Type continued

Trade Date	Settlement Date	Type	Description	Currency	Quantity	Price/Unit	Market Cost/Proceeds	Tax Cost	Realized Gain/Loss USD
Settled continued									
Dec 13 Dec 18		Sale	INSTEEL INDUSTRIES INC	USD	- 4,622	19.34	89,155.63	- 33,117.58	56,038.05 L
Dec 13 Dec 18		Sale	INTERNATIONAL GAME TECHNOLOGY	USD	- 2,800	45.26	126,584.10	- 75,329.95	51,254.15 L
Dec 13 Dec 18		Sale	J P MORGAN CHASE & CO	USD	- 7,795	47.83	372,433.65	- 264,163.20	108,270.45 L
Dec 13 Dec 18		Sale	KELLWOOD CO	USD	- 10,500	32.86	344,494.40	- 269,028.90	75,465.50 L
Dec 13 Dec 18		Sale	MARATHON OIL CORP	USD	- 3,800	93.30	354,339.11	- 264,318.88	90,020.23 L
Dec 13 Dec 18		Sale	MORGAN STANLEY	USD	- 5,095	79.05	402,492.63	- 265,808.19	136,684.44 L
Dec 13 Dec 18		Sale	NOKIA CORP CL A	USD	- 15,935	20.43	324,745.30	- 260,138.88	64,606.42 L
SPONSORED A/D/R									
Dec 13 Dec 18		Sale	OM GROUP INC	USD	- 4,600	47.90	220,103.23	- 73,719.89	146,383.34 L
Dec 13 Dec 18		Sale	THE ST PAUL TRAVELERS COMPANIES INC	USD	- 6,015	52.66	316,439.42	- 262,549.94	53,889.48 L
Dec 13 Dec 18		Sale	UNITED STATES STEEL CORP	USD	- 1,750	73.68	128,836.04	- 74,524.95	54,311.09 L
Dec 13 Dec 18		Sale	WESTERN DIGITAL CORP	USD	- 6,400	20.62	131,643.94	- 75,017.95	56,625.99 L
							5,121,942.85	- 3,308,737.87	1,753,204.98