EIF | ENTERTAINMENT INDUSTRY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

THE ENTERTAINMENT INDUSTRY FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

CONTENTS

GH&J

GREEN HASSON & JANKS LLP

BUSINESS ADVISORS AND CPAs

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Entertainment Industry Foundation

We have audited the accompanying statement of financial position of The Entertainment Industry Foundation (the Foundation), a nonprofit organization, as of December 31, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's 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 Foundation's 2006 financial statements, and in our report dated February 20, 2007, we expressed an unqualified opinion on 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 financial position of the Foundation as of December 31, 2007 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Green Hasson & Janks LLP

March 24, 2008
Los Angeles, California

10990 Wilshire Boulevard | Sixteenth Floor | Los Angeles, CA 90024-3929
TEL: (310) 873-1600 | FAX: (310) 873-6600 | www.ghjadvisors.com

THE ENTERTAINMENT INDUSTRY FOUNDATION

STATEMENT OF FINANCIAL POSITION
December 31, 2007
With Summarized Totals at December 31, 2006

ASSETS	2007	2006
Cash and Cash Equivalents	$ 6,476,190	$ 11,125,105
Investments	3,976,382	-
Accounts Receivable	3,348	11,318
Contributions Receivable	4,470,747	1,292,702
Prepaid Expenses and Other Assets	684,916	771,689
Property and Equipment (Net)	115,575	99,597
TOTAL ASSETS	$ 15,727,158	$ 13,300,411
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ 777,271	$ 538,305
Grants to Charities	1,744,651	2,074,145
TOTAL LIABILITIES	2,521,922	2,612,450
NET ASSETS:		
Unrestricted	1,851,300	515,106
Temporarily Restricted	11,326,436	10,145,355
Permanently Restricted	27,500	27,500
TOTAL NET ASSETS	13,205,236	10,687,961
TOTAL LIABILITIES AND NET ASSETS	$ 15,727,158	$ 13,300,411

The Accompanying Notes are an Integral Part of These Financial Statements

THE ENTERTAINMENT INDUSTRY FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended December 31, 2007
With Summarized Totals for the Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2007	Total 2006
REVENUE AND OTHER SUPPORT:					
Special Events Revenue	$19,292,028	$ 1,105,754	$ -	$20,397,782	$19,676,094
Less: Costs of Donor Benefits	(5,881,411)	-	-	(5,881,411)	(7,018,162)
NET REVENUE FROM SPECIAL EVENTS	13,410,617	1,105,754	-	14,516,371	12,657,932
CONTRIBUTIONS:					
Direct Contributions	3,013,890	783,993	-	3,797,883	5,411,117
Corporate and Foundation Contributions	2,505,837	-	-	2,505,837	237,765
National Colorectal Cancer Research Alliance	898,757	915,980	-	1,814,737	462,753
Women's Cancer Programs	1,612,280	-	-	1,612,280	-
Worksite Campaigns	636,585	-	-	636,585	682,031
Smoking Cessation Initiative	145,000	-	-	145,000	482,775
National Women's Cancer Research Alliance	114,891	-	-	114,891	1,673,982
National Cardiovascular Research Initiative	5,000	-	-	5,000	-
National Arts Education Initiative	1,200	-	-	1,200	-
TOTAL CONTRIBUTIONS	8,933,440	1,699,973	-	10,633,413	8,950,423
Investment Income	242,985	1,458	-	244,443	55,946
Net Assets Released from Program Restrictions	1,626,104	(1,626,104)	-	-	-
TOTAL REVENUE AND OTHER SUPPORT	24,213,146	1,181,081	-	25,394,227	21,664,301
EXPENSES:					
Program Services:					
Grants Program	16,136,747	-	-	16,136,747	11,622,225
Public Awareness and Education	1,336,433	-	-	1,336,433	1,032,116
TOTAL PROGRAM SERVICES	17,473,180	-	-	17,473,180	12,654,341
Supporting Services:					
Management and General	1,636,594	-	-	1,636,594	1,303,499
Fundraising	3,767,178	-	-	3,767,178	3,136,352
TOTAL SUPPORTING SERVICES	5,403,772	-	-	5,403,772	4,439,851
TOTAL EXPENSES	22,876,952	-	-	22,876,952	17,094,192
CHANGE IN NET ASSETS BEFORE SALE OF LAND AND BUILDING	1,336,194	1,181,081	-	2,517,275	4,570,109
Net Gain on Sale of Land and Building	-	-	-	-	2,636,105
CHANGE IN NET ASSETS	1,336,194	1,181,081	-	2,517,275	7,206,214
Net Assets at Beginning of Year	515,106	10,145,355	27,500	10,687,961	3,481,747
NET ASSETS AT END OF YEAR	$ 1,851,300	$11,326,436	$ 27,500	$13,205,236	$10,687,961

The Accompanying Notes are an Integral Part of These Financial Statements

THE ENTERTAINMENT INDUSTRY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2007
With Summarized Totals for the Year Ended December 31, 2006

	Program Services			Supporting Services			Total Expenses	
	Grants Program	Public Awareness and Education	Total	Management and General	Fundraising	Total	2007	2006
Grants to Charities	$15,505,826	$ -	$15,505,826	$ -	$ -	$ -	$15,505,826	$11,115,791
Salaries and Payroll-Related Expenses	415,031	203,716	618,747	833,256	1,077,164	1,910,420	2,529,167	2,477,255
Professional Services	7,350	423,729	431,079	355,122	1,384,046	1,739,168	2,170,247	1,693,276
Occupancy Cost	123,695	71,051	194,746	246,893	396,624	643,517	838,263	261,116
Office Supplies and Printing	13,203	132,174	145,377	67,421	438,233	505,654	651,031	647,522
Miscellaneous	39,414	138,816	178,230	39,634	239,662	279,296	457,526	503,256
Electronic Media Production	-	232,235	232,235	4,773	74,827	79,600	311,835	49,620
Telephone and Internet	16,369	99,292	115,661	22,457	74,518	96,975	212,636	123,938
Postage	1,898	25,173	27,071	14,237	36,713	50,950	78,021	43,678
Depreciation	7,558	3,556	11,114	15,088	11,797	26,885	37,999	76,111
Insurance	310	1,874	2,184	33,828	1,007	34,835	37,019	39,810
Payroll Deduction Plan Expense	-	-	-	-	28,800	28,800	28,800	26,400
Advertising	-	2,915	2,915	2,290	2,985	5,275	8,190	14,984
Repairs and Maintenance	6,093	554	6,647	539	-	539	7,186	13,945
Public Relations and Publicity	-	1,348	1,348	1,056	802	1,858	3,206	7,490
TOTAL 2007 FUNCTIONAL EXPENSES	$16,136,747	$ 1,336,433	$17,473,180	$ 1,636,594	$ 3,767,178	$ 5,403,772	$22,876,952	
TOTAL 2006 FUNCTIONAL EXPENSES	$11,622,225	$ 1,032,116	$12,654,341	$ 1,303,499	$ 3,136,352	$ 4,439,851		$17,094,192

The Accompanying Notes are an Integral Part of These Financial Statements

THE ENTERTAINMENT INDUSTRY FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2007
With Summarized Totals for the Year Ended December 31, 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 2,517,275	$ 7,206,214
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation	37,999	76,111
Net Gain on Sale of Land and Building	-	(2,636,105)
Realized and Unrealized Gain on Investments	(20,772)	-
(Increase) Decrease in:		
Accounts Receivable	7,970	151,364
Contributions Receivable	(3,178,045)	4,032,281
Prepaid Expenses and Other Assets	86,773	(191,558)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	238,966	(537,522)
Grants to Charities	(329,494)	(3,114,502)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(639,328)	4,986,283
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(6,712,301)	-
Purchase of Property and Equipment	(53,977)	(89,563)
Proceeds from the Sale of Investments	2,756,691	-
Proceeds from the Sale of Land and Building	-	4,469,109
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(4,009,587)	4,379,546
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,648,915)	9,365,829
Cash and Cash Equivalents - Beginning of Year	11,125,105	1,759,276
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,476,190	$ 11,125,105

The Accompanying Notes are an Integral Part of These Financial Statements

NOTE 1 - ORGANIZATION

Created in 1942 by Hollywood legends Samuel Goldwyn with friends Humphrey Bogart, James Cagney, and the Warner brothers, The Entertainment Industry Foundation (formerly Permanent Charities Committee) was established on the belief that the entertainment industry was in a unique position to truly help others.

Their vision was to unify Hollywood's generous giving in order to maximize the amount of charitable dollars raised annually, and guarantee that worthy charities receive these contributions.

Throughout its history, The Entertainment Industry Foundation (the Foundation) has focused on some of the most pressing needs of our time: from the first grants directed to wartime agencies like the United States Organizations (USO) and American Red Cross, to providing funding and creating awareness to help eradicate childhood polio. Today, the Foundation continues this tradition, funding everything from arts education programs to some of the most advanced medical research in the world today.

Additionally, the Foundation continues its Worksite Campaign, the first mode of fundraising in which it was engaged. The Worksite Campaign is based on entertainment industry employees' pledges to give either a fixed percentage or a fixed amount through payroll deductions or one-time gifts and also gives industry members a strong voice in determining how to allocate these industry dollars.

In 1997, the Foundation began a national program initiative with the introduction of the National Women's Cancer Research Alliance (NWCRA). The program raises funds to support and conduct critical translational research in diagnosis and treatment of breast and ovarian cancer through a working alliance with leading medical centers throughout the nation, extending the Foundation's positive social impact throughout the United States.

In 2000, the National Colorectal Cancer Research Alliance (NCCRA) was launched, co-founded by Katie Couric, Lilly Tartikoff and the Foundation. The NCCRA was established to raise funds and awareness to aggressively promote the latest, cutting-edge cancer research and at the same time prevent additional, and needless, colorectal cancer deaths through preventive testing.

In 2001, the Foundation launched the National Cardiovascular Research Initiative (NCRI). The program raises money to support basic and clinical research into the causes of cardiovascular disease which is a major cause of death in the United States for both men and women. The program strives to improve methods for early detection and risk assessment and develop new strategies for prevention, treatment and reversal of heart disease. The overall goals of the program are to increase awareness of heart disease and reduce deaths from the disease.

In 2001, the Foundation launched a smoking cessation program in partnership with the American Legacy Foundation. The initiative worked with various major studios to establish programs to provide services to assist industry employees to quit smoking and to de-glamorize smoking in movies and television.

NOTE 1 - ORGANIZATION (continued)

In 2002, the Foundation launched the National Arts Education Initiative (NAEI) to help reverse the declining public resources given for arts education and further the arts for children and young people.

In 2003, the Foundation launched the Diabetes Aware Initiative (DAI) to raise awareness about the health risks of diabetes. The initial focus is on the health risks of diabetes.

In 2007, the Foundation launched the Women's Cancer Program Initiative (WCP). The focus of this initiative is to save lives by raising awareness about the importance of early detection of breast and reproductive cancers, to fund research for early detection methods, to support community programs that assist women at risk of or affected by cancer, as well as to consolidate EIF's efforts to support the fight against women's cancer that are not addressed by its other initiatives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Foundation are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

- **Temporarily Restricted Net Assets.** The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from program or capital restrictions. The Foundation has $11,326,436 of temporarily restricted net assets at December 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Foundation to expend all of the income (or other economic benefits) derived from the donated assets. The Foundation has $27,500 of permanently restricted net assets at December 31, 2007.

(c) CASH AND CASH EQUIVALENTS

The Foundation has defined cash and cash equivalents as cash in banks and money markets with an original maturity of three months or less.

(d) INVESTMENTS

Investments in equity and debt securities with readily determinable market values are reported at fair value. The fair value of investments is valued at the closing price on the last business day of the fiscal year. Securities are generally held in custodial investment accounts administered by financial institutions.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Interest and dividend income is recorded when earned. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(e) ACCOUNTS RECEIVABLE

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents the estimated net realizable value. The allowance for doubtful accounts is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectibility of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. All accounts receivable are considered fully collectable within one year; therefore, no allowance for doubtful accounts has been provided for at December 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) CONTRIBUTIONS RECEIVABLE

Contributions, including unconditional promises to give, are recognized as support when received at net present value.

Unconditional promises to give which are expected to be collected or paid in future years are discounted at the appropriate rate commensurate with the risks involved. Contributions received and made are recorded at present value using a discount rate of 4.6% for the year ended December 31, 2007. Amortization of the discount on contributions received is recorded as additional contribution revenue. Amortization of the discount on contributions made to other charities is recorded as additional grants to charities expense.

Conditional promises to give that are contingent upon future events or future matching are not recorded until the contingency has been satisfied. If funds are received from such gifts, they are recorded as refundable advances until the contingency is satisfied. When the contingency has been satisfied, the gift is recognized as either unrestricted or temporarily restricted revenue depending on the intent of the donor.

Special event contributions are generally reported as increases in unrestricted net assets. However, if the circumstances surrounding the receipt of such contributions make clear the respective donor's implicit restriction on use, such amounts are classified as increases in temporarily restricted net assets.

Included in contributions receivable at December 31, 2007 are unconditional promises to give, all of which are expected to be fully collected within one year.

(g) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to five hundred dollars and the useful life is greater than one year. The estimated useful lives are as follows:

Office Furniture and Equipment	3 - 5 Years
Leasehold Improvements	5 - 10 Years

h) LONG-LIVED ASSETS

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended December 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) DEFERRED REVENUE

Fees for events, which are paid in advance, are deferred and recognized as income in the period in which the related events are held.

(j) GRANTS TO CHARITIES

Unconditional grants are charged against operations when authorized by the Foundation's Board of Directors. The actual payment of the grant may not necessarily occur in the year of authorization. Cancellations of grants occur when the grantees do not meet the terms under which the grants were awarded. All grants to charities at December 31, 2007 are expected to be paid within one year.

(k) CONCENTRATION OF CREDIT RISK

The Foundation places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not incurred losses related to these investments.

Approximately 57% of the Foundation's total revenue and other support is received through special events.

(l) CONTRIBUTED GOODS AND SERVICES

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received (a) create or enhance long-lived assets, or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

(m) ADVERTISING COSTS

Advertising costs are expensed as incurred. Total advertising expense was $8,190 for the year ended December 31, 2007.

(n) INCOME TAXES

The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code.

(o) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been presented in the statement of functional expenses. Certain indirect costs have been allocated among the programs and supporting services benefited based on equivalent employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) USE OF ESTIMATES

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

(q) COMPARATIVE TOTALS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2006 from which the summarized information was derived.

(r) RECLASSIFICATION

For comparability, the December 31, 2006 figures have been reclassified to conform to the financial statement presentation used at December 31, 2007.

NOTE 3 - INVESTMENTS

Investments at December 31, 2007 consist of the following:

Fixed Income Securities	$ 2,460,642
Equity Securities	1,515,740
TOTAL INVESTMENTS	$ 3,976,382

Investment income at December 31, 2007 consists of the following:

Interest and Dividends	$ 232,017
Realized and Unrealized Gain	20,772
Investment Fees	(8,346)
INVESTMENT INCOME	$ 244,443

THE ENTERTAINMENT INDUSTRY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2007:

Office Furniture and Equipment	$ 317,257
Leasehold Improvements	60,134
TOTAL	377,391
Less: Accumulated Depreciation	(261,816)
PROPERTY AND EQUIPMENT (NET)	$ 115,575

Depreciation expense for the year ended December 31, 2007 was $37,999.

NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at December 31, 2007:

Accounts Payable	$ 289,330
Deferred Rent	135,757
Deferred Revenue	142,995
Accrued Vacation	138,883
Accrued Payroll and Other Payroll Withholdings	70,306
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	$ 777,271

NOTE 6 - COMMITMENTS AND CONTINGENCIES

(a) OPERATING LEASES

The Foundation leases office facilities under several operating leases, with various terms expiring through March 31, 2015. Total rental expense charged to operations under these leases during the year ended December 31, 2007 was $636,784.

Lease commitments are as follows:

Years Ending December 31	
2008	$ 482,881
2009	511,472
2010	521,479
2011	536,838
2012	552,658
Thereafter	1,304,340
TOTAL	$ 3,909,668

NOTE 6 - COMMITMENTS AND CONTINGENCIES (continued)

(b) LITIGATION

In the ordinary course of conducting its business, the Foundation may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Foundation which, from time to time, may have an impact on net assets. The Foundation does not believe that these proceedings, individually or in the aggregate, are material to its operations or financial condition.

NOTE 7 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Restricted net assets at December 31, 2007 are available for the following purposes:

Temporarily Restricted Net Assets:	
Women's Cancer Program Fund	$ 6,509,692
National Colorectal Cancer Research Alliance	2,418,600
Other Donor Purpose Designation	1,742,195
National Women's Cancer Research Alliance	485,421
Diabetes Aware Initiative	150,881
Scholarships and Academic Support	19,647
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$11,326,436
Permanently Restricted Net Assets:	
Scholarship Endowment	$ 27,500