

INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Canary Fund

We have audited the accompanying statement of financial position of The Canary Fund (a non-profit corporation) as of December 31, 2007 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year ended December 31, 2007. These financial statements are the responsibility of The Canary Fund management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Canary Fund as of December 31, 2007 and the results of its operations and its cash flows for the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

Danville, California
June 30, 2008

Regalia & Associates