

**INDEPENDENT AUDITORS' REPORT****The Board of Directors  
The Canary Fund**

We have audited the accompanying statements of financial position of The Canary Fund (a non-profit corporation) as of December 31, 2008 and 2007 and the related statements of activities and changes in net assets, and cash flows for the years then ended. 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 audits. The summarized information for the prior year was derived from The Canary Fund's December 31, 2007 financial statements. In our report dated June 30, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Danville, California*  
*May 26, 2009*

