

**THE MARTY LYONS FOUNDATION, INC.**  
*(A Non-Profit Corporation)*

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**THE MARTY LYONS FOUNDATION, INC.**  
*(A Non-Profit Corporation)*

**DECEMBER 31, 2005**

**Table of Contents**

	<i><u>Page</u></i>
Independent Auditors' Report	1
Statement of Financial Position as of December 31, 2005	2
Statement of Activities for the Year Ended December 31, 2005	3
Statement of Functional Expenses for the Year Ended December 31, 2005	4
Statement of Cash Flows for the Year Ended December 31, 2005	5
Notes to Financial Statements	6-10
Schedule 1 - Celebrity Golf Classic Revenue and Expenses	11

**BASS & LEMER LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

836 HEMPSTEAD AVE.  
WEST HEMPSTEAD, N.Y. 11552  
(516) 485-9600  
FAX: (516) 485-9603

1501 BROADWAY  
NEW YORK, N.Y. 10036  
(212) 944-1500

SHELBY S. GOLDGRAB, C.P.A., C.M.A.  
GARY S. ADLER, C.P.A.

To the Board of Directors  
The Marty Lyons Foundation, Inc.  
(A Non-Profit Corporation)  
326 West 48th Street  
New York, NY 10036

*Independent Auditors' Report*

We have audited the accompanying statement of financial position of The Marty Lyons Foundation, Inc. (a non-profit corporation), as of December 31, 2005 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of The Marty Lyons Foundation, Inc.'s 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 Marty Lyons Foundation, Inc. as of December 31, 2005 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule 1 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
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Certified Public Accountants

West Hempstead, New York  
May 15, 2006

THE MARTY LYONS FOUNDATION, INC.  
(A Non-Profit Corporation)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2005

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 523,223	
Prepaid Expenses	<u>19,248</u>	
Total Current Assets		\$ 542,471

Furniture and Equipment:

Furniture and Equipment (Net of \$31,440 Depreciation)		6,696
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Other Assets:

Investments (at Market Value)		<u>77,002</u>
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<b>TOTAL ASSETS</b>		<u><u>\$ 626,169</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 43,404	
Deferred Revenue	<u>3,600</u>	
Total Current Liabilities		\$ 47,004

Total Net Assets - Unrestricted		<u>579,165</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u><u>\$ 626,169</u></u>
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The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

**THE MARTY LYONS FOUNDATION, INC.**  
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**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

**Revenue and Other Support:**

Fund Raising Events	\$ 424,679	
Celebrity Golf Classic	331,555	
Unrestricted Contributions	334,214	
Interest and Dividend Income on Investments	8,571	
Unrealized (Loss) on Investments	<u>(963)</u>	
Total Revenue and Other Support		\$1,098,056

**Expenses:**

Specific Assistance to Individuals	504,027	
Fund Raising Events Expenses	298,283	
Payroll and Payroll Taxes	129,942	
Public Relations	37,468	
Insurance	19,882	
Telephone	17,868	
Rent Expense	12,000	
Supplies	11,658	
Employee Health Insurance	11,297	
Chapter and Board Meeting Expenses	8,644	
Professional Fees	7,420	
Seminar Fees	5,486	
Stationery, Printing and Postage	3,910	
Registrations and Licenses	3,768	
Pension Plan Contribution	3,714	
Computer Costs	2,925	
Credit Card Fees	2,650	
Bank Charges and Miscellaneous	2,435	
Depreciation	1,794	
Payroll Processing	1,485	
Administrative and Office Expenses	<u>1,044</u>	
Total Expenses		<u>1,087,700</u>

Increase in Net Assets (Unrestricted) 10,356

*Net Assets (Unrestricted)* - Beginning of Year 568,809

*Net Assets (Unrestricted)* - End of Year \$ 579,165

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

**THE MARTY LYONS FOUNDATION, INC.**  
(A Non-Profit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Services</u>	<u>Fund Raising, Management and General</u>	<u>Total</u>
Specific Assistance to Individuals	\$ 504,027	\$ -	\$ 504,027
Fund Raising Events Expenses	-	298,283	298,283
Payroll and Payroll Taxes	129,942	-	129,942
Public Relations	37,468	-	37,468
Insurance	19,882	-	19,882
Telephone	16,081	1,787	17,868
Rent Expense	9,000	3,000	12,000
Supplies	10,492	1,166	11,658
Employee Health Insurance	11,297	-	11,297
Chapter and Board Meeting Expenses	7,780	864	8,644
Professional Fees	-	7,420	7,420
Seminar Fees	4,388	1,098	5,486
Stationery, Printing and Postage	3,910	-	3,910
Registration and Licenses	-	3,768	3,768
Pension Plan Contribution	3,714	-	3,714
Computer Costs	2,625	300	2,925
Credit Card Fees	-	2,650	2,650
Bank Charges and Miscellaneous	-	2,435	2,435
Depreciation	1,094	700	1,794
Payroll Processing	-	1,485	1,485
Administrative and Office Expenses	939	105	1,044
Totals	<u>\$ 762,639</u>	<u>\$ 325,061</u>	<u>\$ 1,087,700</u>

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

THE MARTY LYONS FOUNDATION, INC.  
(A Non-Profit Corporation)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows from Operating Activities:

Increase in Net Assets \$ 10,356

*Adjustments to Reconcile Increase in Net Assets to  
Net Cash Provided by Operating Activities -*

Depreciation Expense	1,794
Unrealized (Loss) on Investments	963
Decrease in Receivables	16,080
Increase in Prepaid Expenses	(16,248)
Increase in Accounts Payable	10,241
Increase in Deferred Revenue	3,600
Net Cash Provided by Operating Activities	<u>26,786</u>

Cash Flows from Investing Activities:

Purchase of Investments - Reinvested Dividends (1,501)

Net Increase in Cash and Cash Equivalents 25,285

Cash and Cash Equivalents at Beginning of Year 497,938

Cash and Cash Equivalents at End of Year \$ 523,223

Cash and Cash Equivalents at End of Year:

Cash in Checking Accounts	\$ 306,622
Cash in Money Market Accounts	216,601
Total	<u><u>\$ 523,223</u></u>

Supplementary Information:

Interest Paid on a Cash Basis	\$ 0
Income Taxes Paid on a Cash Basis	\$ 0

The accompanying summary of accounting principles, policies and notes to financial statements are an integral part of these statements.

**THE MARTY LYONS FOUNDATION, INC.**  
*(A Non-Profit Corporation)*

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**Note 1 - Summary of Significant Accounting Principles and Policies:**

This summary of the significant accounting principles and policies of The Marty Lyons Foundation, Inc. is presented to assist in evaluating the corporation's financial statements included in this report. These principles and policies conform to accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which impact the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions. A summary of the accounting principles and policies followed by The Marty Lyons Foundation, Inc. is as follows:

- Classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets - permanently restricted, temporarily restricted, and unrestricted - be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.
- All contributions received by the organization are recorded as unrestricted support because they are received without donor stipulations that would limit the use of the donated assets.
- Assets, liabilities, revenue and expenses are recognized on the accrual basis.
- For the purpose of the statements of financial position and cash flows, cash and cash equivalents includes cash deposited with banks and short-term highly liquid investments generally with original maturities of three months or less. These cash, cash equivalents and short-term investments approximate fair value because of the short maturities of these instruments.
- Investments are stated at market value which are determined at quoted market prices.
- Equipment is recorded at cost or, if donated, at fair market value and is depreciated on a straight-line basis over the estimated life of the respective asset.



**THE MARTY LYONS FOUNDATION, INC.**  
*(A Non-Profit Corporation)*

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2005**

**Note 1 - Summary of Significant Accounting Principles and Policies (continued):**

- The organization adopted FAS No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organization," in 1997. Under FAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.
- Cash and cash equivalents include cash in checking and money market accounts.
- The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of the items. The fair value of marketable securities is determined by quoted market prices.

**Note 2 - Formation, Tax Exempt Status:**

The Marty Lyons Foundation, Inc. was incorporated on October 28, 1982 in New York State as a Not-for-Profit corporation. The purposes for which the corporation was formed was to raise funds to be used to fulfill the wishes of children with either chronic life-threatening illnesses or terminally ill children between the ages of three and seventeen. The Marty Lyons Foundation, Inc. provides activities that include trips and meetings with celebrities and sports figures. The corporation's support and revenue is generated through contributions, gifts, grants and special fund raising events and activities. The corporation received federal tax exempt 501(c)(3) status from the Internal Revenue Service on April 27, 1984. Donors may deduct contributions to the corporation as provided in Section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to the corporation can be deductible for Federal estate and gift tax purposes.

The Marty Lyons Foundation, Inc. is currently registered to solicit funds in New York, Florida, Georgia, Massachusetts, Maryland, New Jersey, South Carolina and Connecticut.

**THE MARTY LYONS FOUNDATION, INC.**  
(A Non-Profit Corporation)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2005**

**Note 3 - Cash and Cash Equivalents:**

Cash and cash equivalents consists of the following accounts:

Cash in Checking Accounts	\$306,622
Cash in Money Market Accounts	<u>216,601</u>
Total	<u>\$523,223</u>

**Note 4 - Investments:**

Investments at December 31, 2005 consist of the following:

<u>Description of Investment</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Unrealized (Loss)</u>
2,531 shs Oppenheimer Convertible Securities Fund Class A	\$ 34,453	\$ 33,466	\$ (987)
342 shs Evergreen Large Cap Equity Fund Class A	5,198	5,392	194
4,220 shs VanKampen Prime Rate Income Trust	<u>38,314</u>	<u>38,144</u>	<u>(170)</u>
Total	<u>\$ 77,965</u>	<u>\$ 77,002</u>	<u>\$ (963)</u>

At December 31, 2005, the aggregate market value of investments was less than their aggregate carrying value by \$(963). The Statement of Activities provides for a (decrease) in unrestricted net assets for unrealized (loss) on investments of \$(963).

**Note 5 - Program Activities:**

During 2005, The Marty Lyons Foundation, Inc. provided approximately 205 children, who have terminal or life-threatening illnesses, the fulfillment of a "special wish". The "special wishes" included meeting a celebrity, educational and entertainment items, shopping sprees, special gifts, and trips to recreational sites and specific points of interest. The child's family is provided with airline tickets, hotel accommodations and travel expense allowance on trips outside of the area in which they reside. Applications for "special wishes" are reviewed by the Chapter's Board and Medical Advisor on a monthly basis. Reports on these wishes are then made quarterly to the Foundation's Board of Directors. Applications are accepted only for children between three and seventeen years of age who have a terminal or life-threatening illness. Children must also reside, or be receiving medical treatment, within the Foundation Chapter's designated geographic locations.

**THE MARTY LYONS FOUNDATION, INC.**  
(A Non-Profit Corporation)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2005**

**Note 6 - Unrestricted Contributions:**

All contributions received by The Marty Lyons Foundation, Inc. have been recorded as unrestricted contributions. There were no donor stipulations that limit the use of the donated assets.

**Note 7 - Special Fund Raising Events and Activities:**

During 2005, The Marty Lyons Foundation, Inc. had various fund raising events. The net proceeds from these events are to be used in achieving The Marty Lyons Foundation, Inc.'s commitment to its present and future recipients.

The major fund raising events in 2005 were as follows:

Fund Raising Event	Revenue	Expenses	Net
4th Annual Golf Outing for Nassau County	\$ 56,274	\$ 14,744	\$ 41,530
Long Island 7th Annual Golf Outing	49,565	25,522	24,043
60's Dance	7,237	3,340	3,897
U.S. Secret Service 11th Annual Big Apple Classic	67,555	33,155	34,400
20th Annual Celebrity Golf Classic	331,555	155,015	176,540
Institutional Investor Awards Dinner-Silent Auction	15,185	8,164	7,021
New England 3rd Annual Beach Blast	10,395	4,741	5,654
LI 2nd Annual Bowling for Wishes - Suffolk County	11,294	2,009	9,285
Georgia 7th Annual Celebrity Weekend for Kids	14,185	477	13,708
Hedge Fund Awards Dinner-Silent Auction	10,970	5,388	5,582
SC 7th Annual Golf Classic	19,810	10,014	9,796
LI 11th Annual Bowling for Wishes - Nassau County	14,113	7,673	6,440
New England 9th Norwalk Golf Classic	7,990	7,933	57
Holiday Party for the Wish Children	140,106	20,108	119,998
Totals	<u>\$ 756,234</u>	<u>\$ 298,283</u>	<u>\$ 457,951</u>

**Note 8 - Rent Expense:**

The Marty Lyons Foundation, Inc. is currently leasing office space on a month-to-month basis at \$1,000 per month.

**Note 9 - Non-Cash Contributions:**

Included in unrestricted contributions are non-cash contributions valued at \$4,727.

**THE MARTY LYONS FOUNDATION, INC.**  
*(A Non-Profit Corporation)*

**NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

**DECEMBER 31, 2005**

**Note 10 - Investment Risk:**

The Foundation had cash deposits with Bank of America in excess of the \$100,000 FDIC insurance coverage.

The Securities Investor Protection Corporation (SIPC) provides up to \$500,000 of insurance coverage for the Foundation's securities with UBS Financial Services (\$100,000 cash; \$400,000 securities).

THE MARTY LYONS FOUNDATION, INC.  
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SCHEDULE 1  
CELEBRITY GOLF CLASSIC  
REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2005

Total Revenue		\$ 331,555
<i>Expenses:</i>		
Golf Course Fee and Food	\$ 126,757	
Golf Windbreakers, Bags and Favors	13,665	
Printing Supplies	7,506	
Raffle Items	6,495	
Other Expenses	592	
Total Expenses	<u>155,015</u>	
Excess of Revenue over Expenses		<u>\$ 176,540</u>