

**THE CARCINOID CANCER FOUNDATION, INC.
FINANCIAL STATEMENTS
FEBRUARY 28, 2006 AND 2005**

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Carcinoid Cancer Foundation, Inc.

We have audited the accompanying statements of financial position of The Carcinoid Cancer Foundation, Inc. as of February 28, 2006 and 2005 and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of The Carcinoid Cancer Foundation, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 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 Carcinoid Cancer Foundation, Inc. as of February 28, 2006 and 2005 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Rosenblatt, Kiman, Levittan, Levine & Co. LLP

Rosenblatt, Kiman, Levittan, Levine & Co. LLP

New Hyde Park, New York
September 13, 2006

**THE CARCINOID CANCER FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
FEBRUARY 28, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 338,123	\$ 178,331
Investments (Note 2)	<u>14,962</u>	<u>15,222</u>
Total Current Assets	<u>353,085</u>	<u>193,553</u>
FIXED ASSETS		
Property and Equipment	137,910	122,598
Less: Accumulated Depreciation	<u>(85,229)</u>	<u>(69,999)</u>
	<u>52,681</u>	<u>52,599</u>
TOTAL ASSETS	<u>\$ 405,766</u>	<u>\$ 246,152</u>

LIABILITIES AND NET ASSETS

Net Assets		
Unrestricted Fund Balance	<u>\$ 405,766</u>	<u>\$ 246,152</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 405,766</u>	<u>\$ 246,152</u>

See accompanying notes.

**THE CARINOID CANCER FOUNDATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
PUBLIC SUPPORT		
Contributions	\$ 209,841	\$ 157,107
Grants (Unrestricted)	<u>167,300</u>	<u>92,000</u>
Total Public Support	<u>377,141</u>	<u>249,107</u>
REVENUE		
Fundraising	36,225	27,550
Dividend Income	571	377
Interest Income	7,275	2,633
Unrealized Loss on Securities	<u>(1,868)</u>	<u>(2,537)</u>
Total Revenue	<u>42,203</u>	<u>28,023</u>
Total Public Support and Revenue	<u>419,344</u>	<u>277,130</u>
EXPENSES		
Program Services	192,978	160,818
General and Administrative	17,407	14,690
Fundraising	19,345	10,235
C11 PET Scan Project	<u>30,000</u>	<u>25,000</u>
Total Expenses	<u>259,730</u>	<u>210,743</u>
Increase in Net Assets	159,614	66,387
Net Assets - Beginning of Year	<u>246,152</u>	<u>179,765</u>
Net Assets - End of Year	<u>\$ 405,766</u>	<u>\$ 246,152</u>

See accompanying notes.

**THE CARINOID CANCER FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 159,614	\$ 66,387
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	15,230	13,152
Unrealized Losses on Securities Held	1,868	2,537
Net Increase in Investment Activity	<u>(1,608)</u>	<u>(2,012)</u>
Total Net Cash Provided by Operating Activities	<u>175,104</u>	<u>80,064</u>
Cash Flows from Investing Activities		
Acquisitions of Fixed Assets	<u>(15,312)</u>	<u>(2,943)</u>
Net Increase in Cash	159,792	77,121
Cash - Beginning of Year	<u>178,331</u>	<u>101,210</u>
Cash - End of Year	<u>\$ 338,123</u>	<u>\$ 178,331</u>

See accompanying notes.

THE CARCINOID CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FEBRUARY 28, 2006

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Accounting Fees	\$ -	\$ 2,000	\$ -	\$ 2,000
Advertising	1,184	-	-	1,184
Awards and Grants	7,335	-	-	7,335
Bank Charges	-	416	-	416
Bookkeeping	1,540	1,078	462	3,080
Computer Expenses	12,451	1,383	-	13,834
Conferences and Conventions	17,475	-	-	17,475
Credit Card Processing Fees	887	111	111	1,109
Depreciation	14,468	762	-	15,230
Dues and Licenses	899	100	-	999
Educational Materials	3,908	-	-	3,908
Educational Support Associates	19,350	-	-	19,350
Fundraising	-	-	18,259	18,259
Honoraria	3,000	-	-	3,000
Insurance	-	124	-	124
Internet	1,128	-	-	1,128
Legal Fees	-	3,357	-	3,357
Occupancy	4,050	450	-	4,500
Office Expenses	-	4,704	-	4,704
Postage and Delivery	3,825	-	201	4,026
Printing and Reproduction	636	85	127	848
Reference Books and Subscriptions	974	-	-	974
Repairs and Maintenance	-	2,466	-	2,466
Research Associates	52,414	-	-	52,414
Support Group Expense	7,453	-	-	7,453
Telephone	3,159	371	185	3,715
Travel	19,895	-	-	19,895
Webcast and Lecture Transcription	13,695	-	-	13,695
Website Development	2,853	-	-	2,853
Website Hosting	399	-	-	399
Total	\$ 192,978	\$ 17,407	\$ 19,345	\$ 229,730

See accompanying notes.

THE CARCINOID CANCER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FEBRUARY 28, 2005

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Accounting Fees	\$ -	\$ 1,400	\$ -	\$ 1,400
Bank Charges	-	331	-	331
Bookkeeping	1,950	1,365	585	3,900
Business Gifts	-	652	-	652
Computer Expenses	7,062	785	-	7,847
Conferences and Conventions	7,954	-	-	7,954
Credit Card Processing Fees	1,084	136	136	1,356
Database Development	15,905	-	-	15,905
Depreciation	12,494	658	-	13,152
Dues and Licenses	409	45	-	454
Educational Equipment	1,941	-	-	1,941
Educational Grants	2,500	-	-	2,500
Educational Materials	15,199	-	-	15,199
Filing Fees	144	16	-	160
Fundraising	-	-	8,238	8,238
Honoraria	6,400	-	-	6,400
Internet	215	-	-	215
Legal Fees	-	4,088	-	4,088
Office Expenses	3,281	438	656	4,375
Postage and Delivery	3,934	-	207	4,141
Printing and Reproduction	786	105	157	1,048
Repairs and Maintenance	-	4,160	-	4,160
Research Associates	53,551	-	-	53,551
Support Group Expenses	5,341	-	-	5,341
Telephone	4,344	511	256	5,111
Travel	6,989	-	-	6,989
Website Development	8,195	-	-	8,195
Website Hosting	1,140	-	-	1,140
Total	\$ 160,818	\$ 14,690	\$ 10,235	\$ 185,743

See accompanying notes.

**THE CARCINOID CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005**

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The Carcinoid Cancer Foundation, Inc. ("the Agency") is a nonprofit organization incorporated under the laws of the State of New York in 1968. The agency provides education to medical professionals and the general public in the area of carcinoid and neuroendocrine tumors and conducts and supports research in this area.

Financial Statements Presentation

The Agency follows standards of accounting and financial reporting for not-for-profit organizations. Accordingly, the financial statements are prepared on the accrual basis of accounting.

The financial statements are prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations, issued by the Financial Accounting Standards Board for presentation of its financial statements. The Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At this time the Agency does not have temporarily restricted and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reflected in the statement of activities and changes in net assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 124, Accounting for Investments.

THE CARCINOID CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Property and Equipment

Purchased property and equipment is capitalized at cost. Office improvements are being depreciated over thirty nine years using the straight-line method of depreciation; furniture and office equipment are being depreciated over an estimated useful life of seven years using the double declining balance method of depreciation; research equipment is being depreciated over an estimated useful life of five years using the straight-line method or double declining balance method of depreciation, depending on when the asset was placed in service.

Depreciation expense totaled \$15,230 and \$13,152 for the years ended February 28, 2006 and 2005, respectively.

Income Taxes

Income Taxes are not provided for in the financial statements since the Agency is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The agency is not classified as a private foundation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

NOTE 2 – INVESTMENTS

Investments as of February 28, 2006 and 2005 include the following:

	<u>Cost</u>	<u>2006 Market Value</u>	<u>2005 Market Value</u>
Corporate Bonds and Notes	<u>\$15,000</u>	<u>\$14,962</u>	<u>\$15,222</u>

**THE CARCINOID CANCER FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2006 AND 2005**

NOTE 3 – BOARD OF DIRECTORS

The Board of Directors has provided services for the Agency without compensation. Therefore, these services are not reflected in the financial statements.

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Agency maintains several cash accounts at three banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The amount in excess of the FDIC limit totaled \$10,299 at February 28, 2006. At February 28, 2005, the cash balances did not exceed the insured limit. The Agency also hold cash funds in two brokerage accounts at UBS Financial Services, which are not insured by the FDIC. The balances of these brokerage funds totaled \$119,184 and \$129,362 for the years ended February 28, 2006 and 2005, respectively.