



**LEADERSHIP FOR ENVIRONMENT AND
DEVELOPMENT INTERNATIONAL, INC.
(LEAD INTERNATIONAL, INC.)**

Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2005 and 2004



**Marks Paneth
& Shron_{LLP}**

*Certified Public Accountants
and Consultants*

**LEADERSHIP FOR ENVIRONMENT AND DEVELOPMENT INTERNATIONAL, INC.
(LEAD INTERNATIONAL, INC.)**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2005 AND 2004

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Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Leadership for Environment and
Development International, Inc.

We have audited the accompanying statements of financial position of the Leadership for Environment and Development International, Inc., also known as LEAD International, Inc. ("LEAD") as of December 31, 2005 and 2004, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of LEAD'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 the Leadership for Environment and Development International, Inc. as of December 31, 2005 and 2004, 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.

Marks Paneth & Shron LLP

New York, NY
July 5, 2006

622 Third Avenue
New York, NY 10017-6701
Telephone 212 503 8800
Facsimile 212 370 3759

88 Froehlich Farm Boulevard
Woodbury, NY 11797-2921
Telephone 516 992 5900
Facsimile 516 992 5800

Website www.markspaneth.com



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LEADERSHIP FOR ENVIRONMENT AND DEVELOPMENT INTERNATIONAL, INC.
(LEAD INTERNATIONAL, INC.)
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash and cash equivalents (Notes 2C and 7B)	\$ 522,098	\$ 2,482,909
Advances and other receivables (Note 2G)	234,237	285,169
Prepaid expenses	-	26,020
Contribution receivable (Note 6)	-	189,000
Investments, at market (Notes 2D and 3)	7,597,393	11,308,269
Property and equipment, net (Notes 2E and 4)	<u>12,498</u>	<u>32,758</u>
 TOTAL ASSETS	 <u>\$ 8,366,226</u>	 <u>\$ 14,324,125</u>
 LIABILITIES:		
Accounts payable and accrued expenses	\$ 212,513	\$ 249,085
Grants payable (Note 2F)	484,520	393,925
Accrued salaries and compensated absences	44,143	69,682
Deferred revenue	<u>38,000</u>	<u>19,697</u>
 TOTAL LIABILITIES	 <u>779,176</u>	 <u>732,389</u>
 NET ASSETS (Notes 2B and 8):		
Operating	5,452,326	11,149,246
Board designated reserve	<u>2,000,000</u>	<u>2,000,000</u>
Total unrestricted	7,452,326	13,149,246
Temporarily restricted	<u>134,724</u>	<u>442,490</u>
 TOTAL NET ASSETS	 <u>7,587,050</u>	 <u>13,591,736</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 8,366,226</u>	 <u>\$ 14,324,125</u>

The accompanying notes are an integral part of these financial statements.

