

**LEXINGTON COMMUNITY
FOUNDATION**

FINANCIAL STATEMENTS

December 31, 2005



**CONTRYMAN
ASSOCIATES, P.C.**

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To the Board of Directors
Lexington Community Foundation
Lexington, Nebraska

We have compiled the accompanying statement of financial position of Lexington Community Foundation (a non-profit organization) as of December 31, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the accompanying supplementary information contained in the schedules of balances, which is presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedule information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, do not express an opinion or any other form of assurance on them.

Contryman Associates, P.C.
Certified Public Accountants

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION (See Accountants' Report)

December 31, 2005

ASSETS:

Checking and savings accounts	54,512
Pledges receivable-net	151,539
Grants receivable	75,000
Land	10,500
Investments	2,298,905
Cash value-life insurance	<u>43,032</u>

TOTAL ASSETS

2,633,488

LIABILITIES:

Grants payable	12,109
Scholarships payable	14,760
Notes payable	120,371
Assets held for the benefit of others	<u>224,526</u>
TOTAL LIABILITIES	<u><u>371,766</u></u>

NET ASSETS:

Unrestricted	1,661,736
Temporarily restricted	<u>599,986</u>
TOTAL NET ASSETS	<u><u>2,261,722</u></u>

TOTAL LIABILITIES AND NET ASSETS

2,633,488

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES (See Accountants' Report)

Year Ended December 31, 2005

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Contributions	180,664	25,600	206,264
Grant Income	28,150	119,315	147,465
Memorials, wills, and bequests	13,214	390	13,604
In-kind contributions	15,806	0	15,806
Investment income	107,209	30,886	138,095
Fee income	22,518	0	22,518
	367,561	176,191	543,752
Net assets released from restrictions:			
Restrictions released by payment	92,607	(92,607)	0
TOTAL REVENUE AND SUPPORT	460,168	83,584	543,752
EXPENSES:			
Program	407,256	0	407,256
Supporting services:			
Management and general	26,501	0	26,501
Fundraising	85,611	0	85,611
TOTAL EXPENSES	519,368	0	519,368
INCREASE (DECREASE) IN NET ASSETS	(59,200)	83,584	24,384
NET ASSETS - Beginning of year	1,720,936	516,402	2,237,338
NET ASSETS - END OF YEAR	1,661,736	599,986	2,261,722

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES (See Accountants' Report)

Year Ended December 31, 2005

	Program	Supporting Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES:				
Administrative fees	8,900	0	0	8,900
Salaries	19,668	9,834	19,668	49,170
Payroll taxes	1,170	585	1,170	2,925
Employee benefits	2,640	1,320	2,640	6,600
Scholarships and grants	367,757	0	0	367,757
Advertising	491	0	1,000	1,491
Continuing education	0	175	0	175
Dues	0	900	0	900
Event expense	0	0	49,455	49,455
Insurance	0	3,215	6,527	9,742
Investment fees	1,449	1,449	0	2,898
Matching funds expense	2,725	0	0	2,725
Office expense	0	966	1,960	2,926
Printing and publications	0	512	1,039	1,551
Professional fees	0	2,828	0	2,828
Rent expense	0	3,600	0	3,600
Supplies	1,575	471	958	3,004
Telephone	881	579	1,057	2,517
Other expense	0	67	137	204
TOTAL FUNCTIONAL EXPENSES	407,256	26,501	85,611	519,368

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS

(See Accountants' Report)

Year Ended December 31, 2005

OPERATING ACTIVITIES:	
Increase in net assets	24,384
Items not requiring cash:	
Unrealized investment gains	25,504
Donation of land	(10,500)
(Increase) decrease in assets:	
Pledges receivable	59,263
Grants receivable	85,000
Life insurance policies	(9,353)
Increase (decrease) in liabilities:	
Grants payable	(5,363)
Scholarships payable	(3,890)
NET OPERATING ACTIVITIES	<u>165,045</u>
INVESTING ACTIVITIES:	
Purchase of long-term investments	(623,156)
Proceeds from sale of investments	<u>1,167,385</u>
NET INVESTING ACTIVITIES	<u>544,229</u>
FINANCING ACTIVITIES:	
Net proceeds on short-term notes	120,371
(Decrease) in assets held for the benefit of others	<u>(943,898)</u>
NET FINANCING ACTIVITIES	<u>(823,527)</u>
NET (DECREASE) IN CASH	(114,253)
Cash - beginning of year	<u>168,765</u>
CASH - END OF YEAR	<u><u>54,512</u></u>

LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (See Accountants' Report)

December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Entity

Lexington Community Foundation was established as a nonprofit corporation in 1982 to support various individuals, groups, and communities in the Lexington, Nebraska area. To accomplish its goal, the Foundation accepts, holds, and invests funds received from contributors, generally located in the same geographic area. The Foundation then disburses income and/or principal through grants and awards in accordance with the contributors' guidelines, if applicable, and Foundation guidelines. The Foundation is exempt from federal income taxes by Internal Revenue Code Section 501(c)(3).

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – These are net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – These are net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes.

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LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) (See Accountants' Report)

December 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair market value (FMV). Money market accounts and certificates of deposit are reflected at their account balance or face value, and mutual funds are stated at quoted market prices. Unrealized gains and losses are included in the change in net assets. Mutual funds are unsecured.

Contributions

Contributions are recognized when a donor makes a pledge to give to the Foundation that is, in substance, unconditional. Unless otherwise noted, contributions are considered unrestricted. Contributions restricted by the donor are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributed Services

Contributed services are recognized at fair value, except for the work of volunteers for which no monetary value has been assigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimated amounts.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and supporting services have been summarized on a functional basis in the statements. Accordingly, certain costs have been allocated among programs and supporting services.

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LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) (See Accountants' Report)

December 31, 2005

NOTE 2: PLEDGES RECEIVABLE

Campaign pledges receivable	153,839
Allowance for uncollectibles	(2,300)
TOTAL	<u>151,539</u>

Amounts due in:

One year	125,694
Two to five years	<u>28,145</u>
TOTAL	<u>153,839</u>

The pledges are due from individuals and businesses located in central Nebraska and are unsecured. Pledges are designated as follows:

Library Fund	80,652
Education Appreciation	400
Grand Generation Center	1,375
Optimists Sports Complex	71,142
Unrestricted	<u>270</u>
TOTAL	<u>153,839</u>

NOTE 3: INVESTMENTS

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market	80,246	80,246	0
Certificates of deposit	300,664	300,664	0
Mutual funds	<u>1,746,518</u>	<u>1,917,995</u>	<u>171,477</u>
TOTALS	<u>2,127,428</u>	<u>2,298,905</u>	<u>171,477</u>

Investment income consists of the following:

Interest	31,115
Dividends	44,328
Capital Gain	32,202
Increase in cash value life insurance	4,946
Unrealized Gain	<u>58,204</u>
Total	<u>170,795</u>
Investment income recorded as increase to liability for amounts held for the benefit of others	<u>(32,700)</u>
NET INVESTMENT INCOME	<u>138,095</u>

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LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) (See Accountants' Report)

December 31, 2005

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at December 31, 2005:

Scholarships	272,465
Community improvements and other	<u>327,521</u>
TOTAL	<u>599,986</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

Purpose of restrictions accomplished:	
Investment administration fees	8,810
Scholarships and grants	<u>83,797</u>
TOTAL	<u>92,607</u>

NOTE 5: ASSETS HELD FOR THE BENEFIT OF OTHERS

This amount represents funds received by the Foundation that are to be used for specific entities or individuals as designated by the donor. This type of transaction is referred to as an agency transaction. An agency transaction is one which the Foundation has little or no control over the use of the assets received.

NOTE 6: IN-KIND CONTRIBUTIONS

In-kind contributions recognized as revenue were as follows:

Rent	3,600
Professional services	1,000
Fund raising expenses	11,157
Supplies	<u>48</u>
TOTAL	<u>15,806</u>

The Foundation rented office space without charge from a member of the board of directors and recognized in-kind income and rent expense in the amount of \$3,600.

Professional services and supplies were utilized by program, management and general and fundraising services.

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LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
(See Accountants' Report)

December 31, 2005

NOTE 7: NOTE PAYABLE – BANK

The Foundation had a short-term note payable with the bank bearing interest at 6%, unsecured.

NOTE 8: CONCENTRATION OF CREDIT RISK

The Foundation maintains cash in various financial institutions. At times during the year the balances exceeded the Federal Deposit Insurance Corporation limit of \$100,000. At December 31, 2005 \$144,077 in cash and cash investments were uninsured.

SUPPLEMENTARY INFORMATION

LEXINGTON COMMUNITY FOUNDATION

SCHEDULE OF BALANCES (See Accountants' Report)

December 31, 2005

	Balance Beginning of Year	Contributions	Investment Income	Administration Fees	Scholarships, Grants, Etc.	Balance End of Year
TEMPORARILY RESTRICTED:						
Seacrest Newspaper Legacy Fund	45,156	0	2,587	(443)	(2,000)	45,300
Skatepark Challenge	5,754	600	238	(19)	(2,906)	3,667
Thanks A Million	119,857	13,712	6,020	(991)	(37,005)	101,593
Phyllis Aspen Campbell Scholars	378	0	0	0	0	378
Francele Skinner Scholarship Fund	16,818	0	0	0	(2,000)	14,818
Lexington School Foundation Fund	263,582	15,781	14,428	(6,154)	(35,642)	251,995
Teammates Fund	0	5,035	239	0	0	5,274
Dawson County Museum Fund	45,595	58,746	4,273	(787)	0	107,827
Heartland Museum of Military Vehicles	0	49,632	1,925	(331)	0	51,226
Samaritan Fund	0	1,050	52	0	(265)	837
Lexington Concert Fund	2,146	750	133	0	0	3,029
Lexington Main Street Fund	17,116	0	990	(83)	(3,981)	14,042
TOTAL TEMPORARILY RESTRICTED	516,402	145,306	30,885	(8,808)	(83,799)	599,986
HELD FOR THE BENEFIT OF OTHERS:						
Dawson County ARC	8,515	0	496	(43)	0	8,968
Lexington Baseball Association	0	26,500	185	0	0	26,685
Grand Generation Center	0	41,573	953	(321)	(1,061)	41,144
Optimists Sports Complex	0	283,497	1,463	(559)	(191,249)	93,152
Lexington Tennis Association	28,575	411	1,068	(163)	(20,767)	9,124
Library Fund	1,056,696	18,884	25,961	(12,016)	(1,077,911)	11,614
Plum Creek Memorial Fund	15,413	0	877	(75)	(1,160)	15,055
Johnson Lake Trails	53,923	105,066	1,315	(92)	(144,896)	15,316
Lexington Education Appreciation Fund	3,962	2,360	240	(41)	(3,265)	3,256
Nebraska Rural Radio Fund	1,340	3,730	142	0	(5,000)	212
TOTAL HELD FOR THE BENEFIT OF OTHERS	1,168,424	482,021	32,700	(13,310)	(1,445,309)	224,526