

**LEXINGTON COMMUNITY
FOUNDATION**

FINANCIAL STATEMENTS

December 31, 2006

August 3, 2007

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, 2006, 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.

Certified Public Accountants

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF FINANCIAL POSITION (See Accountants' Report)

December 31, 2006

ASSETS:

Checking and savings accounts	134,475
Pledges receivable-net	68,665
Land	10,500
Investments	2,593,398
Cash value-life insurance	<u>52,677</u>

TOTAL ASSETS 2,859,715

LIABILITIES:

Grants payable	3,200
Scholarships payable	18,388
Assets held for the benefit of others	<u>203,038</u>
TOTAL LIABILITIES	<u>224,626</u>

NET ASSETS:

Unrestricted	1,823,840
Temporarily restricted	<u>811,249</u>
TOTAL NET ASSETS	<u>2,635,089</u>

TOTAL LIABILITIES AND NET ASSETS 2,859,715

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF ACTIVITIES (See Accountants' Report)

Year Ended December 31, 2006

	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT:			
Contributions	199,949	83,629	283,578
Grant income	2,750	84,973	87,723
Memorials, wills, and bequests	5,876	40,630	46,506
In-kind contributions	3,794	25	3,819
Investment income	273,778	103,168	376,946
Increase in cash value of life insurance	5,106	0	5,106
Fee income	45,667		45,667
	536,920	312,425	849,345
Net assets released from restrictions:			
Restrictions released by payment	101,162	(101,162)	0
TOTAL REVENUE AND SUPPORT	638,082	211,263	849,345
EXPENSES:			
Program	370,655	0	370,655
Supporting services:			
Management and general	27,054	0	27,054
Fundraising	77,568	0	77,568
TOTAL EXPENSES	475,277	0	475,277
INCREASE IN NET ASSETS	162,805	211,263	374,068
NET ASSETS			
Beginning of year	1,661,035	599,986	2,261,021
NET ASSETS - END OF YEAR	1,823,840	811,249	2,635,089

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

(See Accountants' Report)

Year Ended December 31, 2006

	Program	Supporting Services		Total
		Management and General	Fundraising	
FUNCTIONAL EXPENSES:				
Administrative fees	42,835	0	0	42,835
Salaries	21,941	10,970	21,941	54,852
Payroll taxes	1,499	750	1,499	3,748
Employee benefits	3,120	1,560	3,120	7,800
Scholarships and grants	286,157	0	0	286,157
Advertising	324	0	852	1,176
Contracted services	9,027	193	391	9,611
Event expense	0	0	35,545	35,545
Insurance	0	3,299	6,698	9,997
Investment fees	0	1,075	2,183	3,258
Matching funds expense	5,175	0	0	5,175
Office expense	0	660	1,340	2,000
Printing and publications	0	1,109	2,251	3,360
Professional fees	0	3,920	0	3,920
Rent expense	0	1,800	0	1,800
Supplies	577	381	773	1,731
Telephone	0	422	856	1,278
Other expense	0	915	119	1,034
TOTAL FUNCTIONAL EXPENSES	370,655	27,054	77,568	475,277

See accompanying notes.

LEXINGTON COMMUNITY FOUNDATION

STATEMENT OF CASH FLOWS (See Accountants' Report)

Year Ended December 31, 2006

OPERATING ACTIVITIES:	
Increase in net assets	374,068
Items not requiring cash:	
Unrealized investment gains	(273,700)
(Increase) decrease in assets:	
Pledges receivable	83,224
Grants receivable	75,000
Life insurance policies	(9,645)
Increase (decrease) in liabilities:	
Grants payable	(8,909)
Scholarships payable	3,627
NET OPERATING ACTIVITIES	<u>243,665</u>
INVESTING ACTIVITIES:	
Purchase of long-term investments	(243,379)
Proceeds from sale of investments	221,536
NET INVESTING ACTIVITIES	<u>(21,843)</u>
FINANCING ACTIVITIES:	
Payments on short-term notes	(120,371)
(Decrease) in assets held for the benefit of others	(21,488)
NET FINANCING ACTIVITIES	<u>(141,859)</u>
NET INCREASE IN CASH	79,963
Cash - beginning of year	<u>54,512</u>
CASH - END OF YEAR	<u><u>134,475</u></u>

LEXINGTON COMMUNITY FOUNDATION

NOTES TO FINANCIAL STATEMENTS (See Accountants' Report)

December 31, 2006

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.

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.

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LEXINGTON COMMUNITY FOUNDATION

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

December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenue, expenses, and disclosures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash Flow Statement

For purposes of the statement of cash flows, the Foundation considers its checking and savings accounts to be cash.

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, 2006

NOTE 2: PLEDGES RECEIVABLE

Campaign pledges receivable	69,865
Allowance for uncollectibles	<u>(1,200)</u>
TOTAL	<u>68,665</u>

Amounts due in:

One year	28,655
Two to five years	<u>41,210</u>
TOTAL	<u>69,865</u>

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

Library Fund	29,988
Dawson County Museum Fund	28,500
Grand Generation Center	250
Optimists Sports Complex	<u>11,127</u>
TOTAL	<u>69,865</u>

NOTE 3: INVESTMENTS

	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain (Loss)</u>
Money market	3,170	3,170	0
Certificates of deposit	156,114	156,114	0
Mutual funds	<u>2,000,837</u>	<u>2,434,114</u>	<u>433,277</u>
TOTALS	<u>2,160,121</u>	<u>2,593,398</u>	<u>433,277</u>

Investment income consists of the following:

Interest	13,151
Dividends	57,130
Capital gain	65,156
Unrealized gain	<u>273,700</u>
Total	409,137
Investment income recorded as increase to liability for amounts held for the benefit of others	<u>(32,191)</u>
NET INVESTMENT INCOME	<u>376,946</u>

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LEXINGTON COMMUNITY FOUNDATION

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

December 31, 2006

NOTE 4: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at December 31, 2006:

Scholarships	338,510
Community improvements and other	<u>472,739</u>
TOTAL	<u>811,249</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	12,495
Scholarships and grants	<u>88,667</u>
TOTAL	<u>101,162</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 expense	1,800
Professional fees	1,141
Fund raising expenses	<u>878</u>
TOTAL	<u>3,819</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 \$1,800.

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LEXINGTON COMMUNITY FOUNDATION

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

December 31, 2006

NOTE 7: 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, 2006 \$48,178 in cash and cash investments were uninsured.

SUPPLEMENTARY INFORMATION

LEXINGTON COMMUNITY FOUNDATION

SCHEDULE OF BALANCES
(See Accountants' Report)

December 31, 2006

	Balance Beginning of Year	Contributions	Investment Income	Administration Fees	Scholarships, Grants, Etc.	Balance End of Year
TEMPORARILY RESTRICTED:						
CFI Lexington	0	10,025	319	(42)	(1,544)	8,758
Dawson County Museum Fund	107,827	75,354	19,792	(2,409)	(6,450)	194,114
Heartland Museum of Military Vehicles	51,226	31,237	9,699	(1,181)	0	90,981
Lexington Concert Fund	3,029	2,347	425	(26)	(2,109)	3,666
Lexington Main Street Fund	14,042	0	1,657	(85)	(5,497)	10,117
Plum Creek Rodeo	0	15,000	1,062	(63)	(2,418)	13,581
Samaritan Fund	837	325	78	0	(718)	522
Seacrest Newspaper Legacy Fund	45,301	0	7,443	(680)	(3,500)	48,564
Skatepark Challenge	3,667	0	579	(35)	(817)	3,394
Thanks A Million - Aquatic Center	42,621	0	7,003	(640)	0	48,984
Thanks A Million-LMS Auditorium Fund	58,973	0	6,696	(611)	(15,000)	50,058
Francele Skinner Scholarship Fund	14,818	0	2,422	(290)	(300)	16,650
Home Federal Scholarship Fund	0	10,000	958	(29)	0	10,929
Kay Linch Memorial Scholarship	0	20	0	0	0	20
Mark and Vera Turner Scholarship	0	40,230	3,305	(134)	0	43,401
Phyllis Aspen Campbell Scholars	378	0	0	0	(378)	0
Robert Wade Scholarship	0	10,000	0	0	0	10,000
Teammates Fund	5,274	0	866	0	(53)	6,087
Lexington School Scholarship Fund	251,995	14,720	40,861	(6,217)	(49,936)	251,423
TOTAL TEMPORARILY RESTRICTED	599,988	209,258	103,165	(12,442)	(88,720)	811,249
HELD FOR THE BENEFIT OF OTHERS:						
Alumni Association Fund	0	6,456	279	(17)	(3,899)	2,819
Dawson County ARC	8,968	0	1,474	(91)	0	10,351
Grand Generation Center	41,144	70,509	17,045	(1,556)	(15,302)	111,840
Johnson Lake Trails	15,316	3,537	3,064	(187)	(64)	21,666
Lexington Education Appreciation Fund	3,256	2,100	334	(20)	(4,116)	1,554
Lexington Baseball Association	26,685	20	3,769	(229)	(9,000)	21,245
Lexington Tennis Association	9,124	300	1,529	(93)	(100)	10,760
Library Fund	11,614	4,143	0	(61)	(13,948)	1,748
Nebraska Rural Radio Fund	212	600	72	(4)	0	880
Optimists Sports Complex	93,152	99,391	2,148	(24)	(191,948)	2,719
Plum Creek Memorial Fund	15,055	100	2,477	(151)	(25)	17,456
TOTAL HELD FOR THE BENEFIT OF OTHERS	224,526	187,156	32,191	(2,433)	(238,402)	203,038