

LIVONIA COMMUNITY FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2005 and 2004

COLE, NEWTON & DURAN

CERTIFIED PUBLIC ACCOUNTANTS
33133 SCHOOLCRAFT ROAD
LIVONIA, MICHIGAN 48150-1625

(734) 427-2030

(734) 522-4000

FAX (734) 427-3004

EMAIL: CND@CND CPA.COM
WEBSITE: WWW.CND CPA.COM

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
MICHIGAN ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

ARTHUR R. COLE, CPA, MBA, MSPA
RICHARD P. NEWTON, CPA
KENNETH G. DURAN, CPA
JAMES G. HUSBAND, CPA, MST

A. RUSSELL LUNN

To the Board of Trustees
Livonia Community Foundation, Inc.
Livonia, Michigan

We have reviewed the accompanying statements of financial position of Livonia Community Foundation, Inc. (a nonprofit organization) as of December 31, 2005 and 2004, and the related statements of activities and changes in net assets and functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Livonia Community Foundation, Inc.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

COLE, NEWTON & DURAN

Cole, Newton & Duran

July 11, 2006

LIVONIA COMMUNITY FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2005 and 2004

ASSETS

CURRENT ASSETS	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$ 131,235	\$ 193,275
Investments	<u>525,715</u>	<u>425,633</u>
TOTAL ASSETS	<u>\$ 656,950</u>	<u>\$ 618,908</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and other accrued expenses	\$ -	\$ 23
Grants payable	<u>21,400</u>	<u>18,200</u>
TOTAL CURRENT LIABILITIES	<u>21,400</u>	<u>18,223</u>
NET ASSETS		
Unrestricted	(11,154)	(8,015)
Temporarily restricted	14,164	18,495
Permanently restricted	<u>632,540</u>	<u>590,205</u>
TOTAL NET ASSETS	<u>635,550</u>	<u>600,685</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 656,950</u>	<u>\$ 618,908</u>

See Accountants' Report and Accompanying Notes

LIVONIA COMMUNITY FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2005

With Comparative Totals for the Year Ended December 31, 2004

	2005			2004	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
SUPPORT AND REVENUE					
Support	\$ 13,883	\$ -	\$ 42,335	\$ 56,218	\$ 73,907
Special event, net of expenses	2,650	-	-	2,650	3,040
Miscellaneous	26	-	-	26	-
Investment income	19,707	4,669	-	24,376	19,255
Unrealized loss on investments	(5,836)	-	-	(5,836)	(3,505)
	<u>30,430</u>	<u>4,669</u>	<u>42,335</u>	<u>77,434</u>	<u>92,697</u>
Assets released from temporary restrictions	9,000	(9,000)	-	-	-
Total Support and Revenue	<u>39,430</u>	<u>(4,331)</u>	<u>42,335</u>	<u>77,434</u>	<u>92,697</u>
OPERATING EXPENSES					
Program	26,900	-	-	26,900	27,800
Administrative	4,063	-	-	4,063	5,487
Fundraising	11,606	-	-	11,606	10,134
Total Operating Expenses	<u>42,569</u>	<u>-</u>	<u>-</u>	<u>42,569</u>	<u>43,421</u>
INCREASE/(DECREASE) IN NET ASSETS	(3,139)	(4,331)	42,335	34,865	49,276
NET ASSETS AT BEGINNING OF YEAR	<u>(8,015)</u>	<u>18,495</u>	<u>590,205</u>	<u>600,685</u>	<u>551,409</u>
NET ASSETS AT END OF YEAR	<u>\$ (11,154)</u>	<u>\$ 14,164</u>	<u>\$ 632,540</u>	<u>\$ 635,550</u>	<u>\$ 600,685</u>

See Accountants' Report and Accompanying Notes

LIVONIA COMMUNITY FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2005

With Comparative Totals for the Year Ended December 31, 2004

	2005				2004
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Totals</u>	<u>Totals</u>
Grants	\$ 26,900	\$ -	\$ -	\$ 26,900	\$ 27,800
Clerical support	-	619	-	619	635
Dues and conferences	-	127	-	127	458
Postage	-	316	2,800	3,116	2,755
Printing and supplies	-	193	8,806	8,999	7,564
Bank charges	-	47	-	47	109
Filing fees	-	20	-	20	10
Accounting fees	-	2,600	-	2,600	3,500
Wages	-	126	-	126	527
Payroll tax expense	-	15	-	15	63
	<u>\$ 26,900</u>	<u>\$ 4,063</u>	<u>\$ 11,606</u>	<u>\$ 42,569</u>	<u>\$ 43,421</u>

See Accountants' Report and Accompanying Notes

LIVONIA COMMUNITY FOUNDATION, INC.

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2005 and 2004

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2005</u>	<u>2004</u>
Increase in net assets	\$ 34,865	\$ 49,276
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Unrealized losses on investments	5,836	3,505
Changes in operating assets and liabilities		
(Increase) decrease in refundable payroll taxes	-	15
Increase (decrease) in accounts payable and accrued expenses	<u>3,177</u>	<u>(8,347)</u>
Net cash provided by operating activities	43,878	44,449
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(105,918)</u>	<u>(81,457)</u>
Net cash used in investing activities	<u>(105,918)</u>	<u>(81,457)</u>
Net increase (decrease) in cash and cash equivalents	(62,040)	(37,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>193,275</u>	<u>230,283</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 131,235</u>	<u>\$ 193,275</u>

See Accountants' Report and Accompanying Notes

LIVONIA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE A. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The purpose of the Livonia Community Foundation, Inc. (the Foundation) is to benefit the Livonia community by promoting and developing community resources, properties and civic treasures. Additionally, the Foundation promotes and supports public interest in the arts and programs for the welfare of the community and its citizens.

Financial statement presentation and contributions

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation 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.

Cash and cash equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Contributed Services

Individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services, in accordance with SFAS No. 116 *Accounting for Contributions Received and Contributions Made*. Accordingly, no amounts have been recognized in the financial statements.

Income taxes

The Foundation is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation is qualified with the State of Michigan as a certified community foundation, and as such, a partial tax credit is allowed to income taxpayers by the state for donations to the Foundation's endowment fund.

LIVONIA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE B. INVESTMENTS

As of December 31, 2005, and 2004 the Foundation's investments consisted of the following:

	<u>2005</u>	<u>2004</u>
Certificates of deposit	\$107,122	\$ 83,090
Bond funds, at fair market value	<u>418,593</u>	<u>342,543</u>
	<u>\$525,715</u>	<u>\$425,633</u>

NOTE C. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation's financial instruments include cash, cash equivalents, and accounts payable. The carrying amounts of these financial instruments have been estimated by management to approximate fair value.

NOTE D. CREDIT RISK

The Federal Deposit Insurance Corporation insures balances in one bank up to \$100,000. Uninsured amounts on deposit were \$39,195 and \$50,734 as of December 31, 2005 and 2004, respectively. The Foundation only invests in reputable, high quality financial institutions and does not believe it is exposed to any losses.

NOTE E. ADMINISTRATIVE ALLOCATION

The tobacco grant agreement allows two percent of the tobacco endowment fund revenue to be allocated to administrative expenses. In addition, two percent of the general endowment fund has been allocated to administrative expenses, per recommendation of the Michigan Council of Foundations.

NOTE F. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of earnings on the permanently endowed portion of the annual tobacco grant, and remaining funds of the distributable portion of the grant. The grant requires that distributions must be used in programs to improve health of seniors or youth. For the years ended December 31, 2005 and 2004, the temporarily restricted net assets were \$14,164 and \$18,495, respectively.

LIVONIA COMMUNITY FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

NOTE G. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at December 31, 2005 and 2004, consisted of the following:

	<u>2005</u>	<u>2004</u>
Endowment fund	\$502,622	\$460,287
Greenmead Endowment	15,600	15,600
Tobacco Grant Endowment	100,318	100,318
First Step Endowment	7,000	7,000
Livonia Y Kid Camp Endowment	<u>7,000</u>	<u>7,000</u>
	<u>\$632,540</u>	<u>\$590,205</u>

NOTE H. COMPARATIVE STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2004, from which the summarized information was derived.