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CITY MANAGERS OFFICE
LAWRENCE, KS

Annual Report
FY2006 (January 1, 2006 - December 31, 2006)

March 29, 2007

Submitted By:
Davina Gans
Executive Director



FY07 Annual Report

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FY06 Annual Report

Contact:

Name: Davina Gans
Phone: 785-979-1618
Email: Davina.gans@lawrencefreenet.org

Executive Summary

Lawrence Freenet, Inc. has continued its efforts as the only non-profit internet and technology based organization in Kansas. Our FY06 goal was to improve and refine the transmission of free internet service to citizens of the City of Lawrence who meet our three exempt criteria;

1. Income level below 140% of poverty as publish by the State of Kansas SRS.
2. Disabled people receiving VA benefits or SSI benefits.
3. Youth between the ages of 18-23 working with the SRS Independent Living program benefiting youth aging out of State Custody.

Progress for FY06 is evidenced by the following:

- The development of two new exempt criteria (2. and 3. above) which will allow a greater number of people to be served.
- The partnering of Lawrence Freenet, Inc with other Kansas non-profit agencies for the donation of computers and technology to anyone who needs.
- The steady expansion of coverage area towards our goal of city wide coverage by May 15, 2007.
- Improvement of deployment readiness, service quality, and download speeds for online classes.
- A formal external audit was done to ensure accountability of funds and donations to Lawrence Freenet.
- Development of a co-produced educational model was initiated with RAHN, The Lawrence High School Diploma Completion Program, and the Boys & Girls Club of Lawrence.

-Development of joint grant writing projects to bring exempt services to families at 160% of Federal Poverty guidelines to adapt to the higher cost of living in Lawrence, Kansas.

For FY06, Lawrence Freenet, Inc. was a mostly volunteer organization with one part time employee. Given growth concerns board approval was given for the hiring of an Executive Director and an Administrative Intern. The FY07 will provide opportunity for continuing improvements to the services and support provided by Lawrence Freenet, Inc. as well as the possibility of strong and rapid growth. We are excited about the possibilities for more efficient operations and more powerful tools to manage data and resources. Lawrence Freenet, Inc. and the FY07 cit-wide launch, however, is also a handicap in terms of current demands on staff time. With the implementation of the city-wide network looming, basic operational capability will quickly become the focus. Beyond initial implementation, building on the new operating model being developed for FY07 will follow. This means the continuation of progress on strategic priorities by improving and refining the ability to link planning, fundraising, and budget."

Organization

The Lawrence Freenet, Inc. reports to the Board of Directors and consists of three part time positions at the present time.

Mission Statement

Our mission is to surmount the Digital Divide and create equal and unrestricted access to the internet for disabled and disadvantaged people with the goal of improving their quality of life, educational, and employment opportunities, and access to assistive computer technology.

State of the Organization

Lawrence Freenet, Inc. has had a fiscal year reflecting our growth as a growing non-profit trying to serve the community. In addition to completing the tasks associated with providing services to the community, staff has started to have significant involvement with Lawrence committees working with the populations we are trying to serve. Ongoing efforts to improve communication and direct involvement in the Community will continue into FY07.

Less time has been invested in refining existing processes and developing new models than originally planned. Slower response time and a larger work backlog for the office as a whole continues to be a problem.

**Those We Serve - Financially Disadvantage, VA and SSI recipients,
Independent Living Youth.**

Free Service:

Lawrence Freenet, Inc. has refined and streamlined the process for signing up, and being approved for Exempt Service. Enrollment can be done both on-line and via mail for those who currently have no access to a computer and printer. Customers are re-evaluated for their eligibility every 6 months.

Free Computers:

Lawrence Freenet, Inc. continues to receive donations of working and non-working computers from the community and surrounding areas. We have a staff of volunteers who assist with rebuilding and reloading machines for families in need. When possible, printers and other equipment are donated to the customer as well

Fiscal and Physical Resources

Lawrence Freenet, Inc. completed FY06 with total expenditures of \$61,384.89 as compared to \$13,863.15 for FY05. The total for FY06 includes the part time administrator positions and equipment for Exempt Service Customers. Revenue grew from \$16,888.05 in FY05 to \$51,663.16 in FY06. While we still operating at a loss, the completion of the city wide expansion project in FY07 should reverse this trend and allow us to start more educational programs.

Not For Profit Corporation Annual Report

Please print this copy for your records. Do not mail a copy to the Secretary of State's office.

Electronically Filed
09/14/2006

1. Corporation Name: LAWRENCE FREENET INC
2. Business Entity ID No.: 6039648
3. Tax Closing Date: December 2005
4. State of Incorporation: KS
5. Official Mailing Address:
Kris Adair, 4922 Stoneback Pl , LAWRENCE KS 66047
6. Location of Principal Office:
2311 Wakarusa Ste. H , Lawrence KS 66047

7. Officers

Adam Mansfield - President or equivalent
PO Box 3532 Lawrence, KS 66046

Andrew Brown - Secretary or equivalent
PO Box 3532 Lawrence, KS 66047

Kris Adair - Treasurer or equivalent (This officer is also a member of the governing body)
4922 Stoneback Pl Lawrence, KS 66047

8. Governing Body

9. Does this corporation/organization have the authority to issue stock? No

10. Total number of members: 3

11. Does this corporation hold more than 50% equity ownership in any other business entity that is on file with the Kansas Secretary of State? No

12. Does this corporation own or lease land in Kansas suitable for use in agriculture? No

Federal Employer Identification Number (FEIN): 202656113

I declare under penalty of perjury pursuant to the laws of the state of Kansas that the foregoing is true and correct.

Executed on the 14 of September, 2006

Signature of authorized Officer: Kris Adair

Title/Position of the signer: Treasurer
Contact phone number: 785-840-7989
E-mail: kris.adair@lawrencefreenet.org

LAWRENCE FREENET INC.

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
DECEMBER 31, 2006

AND

INDEPENDENT AUDITOR'S
REPORT



KRISTY TESKA
ENROLLED AGENT

K TAX & FINANCIAL SERVICES
2708 FREEDOM HILL CT.
LAWRENCE, KS 66047

(785) 843-8687

LAWRENCE FREENET INC.
YEAR ENDING DECEMBER 31, 2006

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AUDIT REPORT

To the Board of Directors of Lawrence Freenet Inc.;

I have audited the enclosed statement of assets, liabilities, and equity of Lawrence Freenet Inc. a nonprofit organization as of December 31, 2006 and the related statement of revenues and expenses for the year then ended.

The audit consisted of examining documents and files, asking questions and compiling Quick Books reports. The bank account balances were verified with the Quick Books balance. Accounts receivable was reviewed. Accounts payable balances were verified with the paper file provided by the company. The only fixed assets owned by the company were donated computers.

The nonprofit organization prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements included in this report present fairly in all material respects the assets, liabilities and equity of Lawrence Freenet Inc. as of December 31, 2006.

Kristy Teska
Enrolled Agent

2708 Freedom Hill Ct., Lawrence, KS 66047
(785) 843-8687
ktax@sunflower.com

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03/29/07
Accrual Basis

Lawrence Freenet Inc
Balance Sheet
As of December 31, 2006

	Dec 31, 06
ASSETS	
Current Assets	
Checking/Savings	
Checking Account - Central	2,057.86
Douglas County	732.19
Total Checking/Savings	2,790.05
Accounts Receivable	
1200 · Accounts Receivable	2,360.49
Total Accounts Receivable	2,360.49
Other Current Assets	
1499 · Undeposited Funds	1,083.78
Total Other Current Assets	1,083.78
Total Current Assets	6,234.32
Other Assets	
Computers, Donated	900.00
Total Other Assets	900.00
TOTAL ASSETS	7,134.32
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	13,480.44
Total Accounts Payable	13,480.44
Other Current Liabilities	
Refundable Advances	
Loan From Andrew Brown	150.00
Loan From Joshua Montgomery	-396.35
Loan From Kris Adair	-0.60
Total Refundable Advances	-246.95
2100 · Payroll Liabilities	695.45
Total Other Current Liabilities	448.50
Total Current Liabilities	13,928.94
Total Liabilities	13,928.94
Equity	
1110 · Net Assets	3,024.90
Net Income	-9,819.52
Total Equity	-6,794.62
TOTAL LIABILITIES & EQUITY	7,134.32

Lawrence Freenet Inc
Profit & Loss
January through December 2006

	Jan - Dec 06
Ordinary Income/Expense	
Income	
4030 · Contributions Income	
4070 · Unrestricted	2,185.00
Total 4030 · Contributions Income	2,185.00
4150 · Miscellaneous Income	81.89
4170 · Program Fees	
Equipment Sales	8,768.51
Installation	29,008.39
Internet Service	20,170.35
Labor	381.25
4170 · Program Fees - Other	25.00
Total 4170 · Program Fees	58,353.50
4190 · Reimbursed Expenses	-89.11
Total Income	60,531.28
Cost of Goods Sold	
5000 · Cost of Goods Sold	8,868.12
Total COGS	8,868.12
Gross Profit	51,663.16
Expense	
Seminars	200.00
4000 · Reconciliation Discrepancies	-0.01
6110 · Automobile Expense	40.34
6120 · Bank Service Charges	1,553.11
6180 · Insurance	
6185 · Liability Insurance	900.00
6180 · Insurance - Other	485.00
Total 6180 · Insurance	1,385.00
6200 · Interest Expense	9.51
6230 · Licenses and Permits	42.00
6240 · Miscellaneous	132.63
6250 · Postage and Delivery	186.14
6260 · Printing and Reproduction	72.45
6270 · Professional Fees	
6655 · Consulting	260.50
Total 6270 · Professional Fees	260.50
6290 · Rent	30.00
6340 · Telephone	
Mobile Phone	456.34
Total 6340 · Telephone	456.34
6350 · Travel & Ent	
6370 · Meals	358.10
6380 · Travel	483.80
Total 6350 · Travel & Ent	841.90
6390 · Utilities	12.56
6550 · Office Supplies	221.34
6560 · Payroll Expenses	8,165.28
6670 · Program Expense	
Access Point Installation Subs	30,285.28
Computer Donations	600.00
Internet Service	15,781.99
Network Infrastructure	480.88
Warranty	268.75
Total 6670 · Program Expense	47,416.90

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03/29/07
Accrual Basis

Lawrence Freenet Inc
Profit & Loss
January through December 2006

	Jan - Dec 06
6770 · Supplies	
6780 · Marketing	333.90
6790 · Office	25.00
Total 6770 · Supplies	358.90
Total Expense	61,384.89
Net Ordinary Income	-9,721.73
Other Income/Expense	
Other Income	
7030 · Other Income	389.44
Total Other Income	389.44
Other Expense	
8010 · Other Expenses	487.23
Total Other Expense	487.23
Net Other Income	-97.79
Net Income	-9,819.52

LAWRENCE FREENET INC.
YEAR ENDING DECEMBER 31, 2006

Notes to Financial Statements

Lawrence Freenet Inc. is a non**profit** service organization. Its mission is to make internet access available to everyone in Lawrence, KS.

Note 1 - Accounts Receivable:

Accounts receivable transactions are downloaded from two sources and checks are entered as received. Some customers sign up and pay their account on-line.

Note 2 - Assets:

During 2006, the only fixed assets owned by the company were donated computers as reflected on the Balance Sheet. All other assets were borrowed or personal property of the employee.

Note 3 – Modified Cash Basis of Accounting:

The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting differs from generally accepted accounting principles by not tracing accounts receivable and its subsidiary ledger and not accruing accounts receivable and accounts payable.

Note 4 – Related Party Transactions:

Employees and Board Members have loaned or advanced funds to the organization and the funds have been tracked.

Note 5 – Separation of Duties:

The organization is a small nonprofit organization and had one employee in 2006. Due to the limitations of staff, the one employee was responsible for all financial transactions. As the company grows, the financial duties need to be shared so that one person does not have sole responsibility of the receipt process or the payable process.

Note 5 – Income Taxes

The organization is an nonprofit organization and is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3).

March 30, 2007

Part 5,35 Statement

Lawrence Freenet was not required to file a 990-T because none of the following applied:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gain.
- Request a credit for certain federal excise taxes paid.

See attached schedules for loans made to Lawrence Freenet from Board Members per Part 5, Line 38B.

Lawrence Freenet
4105 W. 6th St.
Lawrence, KS 66049
EIN 20-2656113

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03/30/07

Accrual Basis

Lawrence Freenet Inc

Account QuickReport

As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							
Loan From Kris Adair							
General Journal	1/10/2006		Office Depot	UPS			47.86
General Journal	1/11/2006		Cingular		6550 · Office ...	98.24	47.86
Check	1/11/2006	1031	Kris Adair		Mobile Phone	456.34	146.10
General Journal	1/13/2006		Little Caesar's	Kasold	Checking Acc...	-25.00	602.44
General Journal	1/14/2006		Little Caesar's	Kasold	6370 · Meals	5.37	577.44
General Journal	1/15/2006		Home Depot	Kasold	6370 · Meals	12.95	582.81
General Journal	1/19/2006		Kinko's	Box for return	Network Infras...	38.95	595.76
General Journal	1/19/2006		Kinko's	Casacde return	6250 · Postag...	2.15	634.71
Check	2/13/2006		Joshua Montgomery		6250 · Postag...	46.34	636.86
					Checking Acc...	-683.80	683.20
Total Loan From Kris Adair						-48.46	-0.60
Total Refundable Advances						-48.46	-0.60
TOTAL						-48.46	-0.60

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03/30/07

Accrual Basis

Lawrence Freenet Inc
Account QuickReport
As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							150.00
Loan From Andrew Brown							150.00
Total Loan From Andrew Brown							150.00
Total Refundable Advances							150.00
TOTAL							150.00

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Form **990-EZ**Department of the Treasury
Internal Revenue Service**Short Form**
Return of Organization Exempt From Income TaxUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code
(except black lung benefit trust or private foundation)
▶ Sponsoring organizations, and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at the end of the year may use this form.
▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-1150

2006**Open to Public
Inspection****A For the 2006 calendar year, or tax year beginning** , 2006, and ending , 20**B** Check if applicable:

- ☒ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

Please
use IRS
label or
print or
type.
See
Specific
Instruc-
tions.**C** Name of organization**Lawrence Freenet, Inc.**

Number and street (or P.O. box, if mail is not delivered to street address) Room/suite

4105 W. 6th

City or town, state or country, and ZIP + 4

Lawrence, KS 66049**D** Employer identification number**20 2656113****E** Telephone number**(785) 371-4214****F** Group Exemption
Number . . . ▶• **Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).****G** Accounting method: ☒ Cash ☐ Accrual
Other (specify) ▶**I** Website: ▶ **www.lawrencefreenet.org****H** Check ☒ if the organization
is **not** required to attach
Schedule B (Form 990, 990-EZ, or 990-PF).**J** Organization type (check only one)—☒ 501(c) (4) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527**K** Check ☐ if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally **not** more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.**L** Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$100,000 or more, file Form 990 instead of Form 990-EZ. ▶ \$**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See page 47 of the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received	1	2185.00
	2	Program service revenue including government fees and contracts	2	49578.00
	3	Membership dues and assessments	3	
	4	Investment income	4	
	5a	Gross amount from sale of assets other than inventory	5a	
	5b	Less: cost or other basis and sales expenses	5b	
	5c	Gain or (loss) from sale of assets other than inventory (line 5a less line 5b) (attach schedule).	5c	
	6	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>	6	
	6a	Gross revenue (not including \$ _____ of contributions reported on line 1)	6a	
	6b	Less: direct expenses other than fundraising expenses	6b	
6c	Net income or (loss) from special events and activities (line 6a less line 6b)	6c		
7a	Gross sales of inventory, less returns and allowances	7a	8769	
7b	Less: cost of goods sold	7b	8868	
7c	Gross profit or (loss) from sales of inventory (line 7a less line 7b)	7c	-99.00	
8	Other revenue (describe ▶ sales tax)	8	-98	
9	Total revenue (add lines 1, 2, 3, 4, 5c, 6c, 7c, and 8). ▶	9	51566.00	
Expenses	10	Grants and similar amounts paid (attach schedule)	10	
	11	Benefits paid to or for members	11	
	12	Salaries, other compensation, and employee benefits	12	8850.00
	13	Professional fees and other payments to independent contractors	13	47677.00
	14	Occupancy, rent, utilities, and maintenance	14	499.00
	15	Printing, publications, postage, and shipping	15	1023.00
	16	Other expenses (describe ▶ insurance, banking fees, permits, travel, interest)	16	3336.00
	17	Total expenses (add lines 10 through 16) ▶	17	61385.00
Net Assets	18	Excess or (deficit) for the year (line 9 less line 17)	18	-9919.00
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)	19	3124.00
	20	Other changes in net assets or fund balances (attach explanation)	20	
	21	Net assets or fund balances at end of year (combine lines 18 through 20) ▶	21	-6795.00

Part II Balance Sheets—If Total assets on line 25, column (B) are \$250,000 or more, file Form 990 instead of Form 990-EZ.

(See page 51 of the instructions.)

	(A) Beginning of year	(B) End of year
22 Cash, savings, and investments	22	2058.00
23 Land and buildings	23	0.00
24 Other assets (describe ▶ A/R and donated computers)	24	5076.00
25 Total assets	25	7134.00
26 Total liabilities (describe ▶ A/P, Loans, Payroll liabilities)	26	13929.00
27 Net assets or fund balances (line 27 of column (B) must agree with line 21)	27	-6795.00

Part III Statement of Program Service Accomplishments (See page 51 of the instructions.)What is the organization's primary exempt purpose? **To Provide Internet Service to Families 140% Poverty Level**

Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, or other relevant information for each program title.

Expenses

(Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; optional for others.)

28	Advertised, selected, and contracted with a provider to build the network in Lawrence, KS and started providing Exempt Service as the network started to take shape. See P & I for expenses associated with program.		
	(Grants \$ 0.00) If this amount includes foreign grants, check here <input type="checkbox"/>	28a	47416.90
29			
	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	29a	
30			
	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	30a	
31	Other program services (attach schedule)		
	(Grants \$) If this amount includes foreign grants, check here <input type="checkbox"/>	31a	
32	Total program service expenses (add lines 28a through 31a)	32	

Part IV List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated. See page 52 of the instructions.)

(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Adam Mansfield 1120 Tennessee, Lawrence KS 66044	President of the Board, 5 hours	0	0	0
Kris Adair 4922 Stoneback Place, Lawrence, KS 66049	Secretary Treasurer, 20 hours pd, 10 volunteer	8868/year	0	0
Andy Brown 2401 W. 25th St., Lawrence, KS 66047	Vice President, 5 hours	0	0	0

Part V Other Information (Note the statement requirement in General Instruction V.)

	Yes	No
33 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity		✓
34 Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes		✓
35 If the organization had income from business activities, such as those reported on lines 2, 6, and 7 (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
a Did the organization have unrelated business gross income of \$1,000 or more or 6033(e) notice, reporting, and proxy tax requirements?		✓
b If "Yes," has it filed a tax return on Form 990-T for this year?		
36 Was there a liquidation, dissolution, termination, or substantial contraction during the year? (If "Yes," attach a statement.)		✓
37a Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶ 37a	0	
b Did the organization file Form 1120-POL for this year?		✓
38a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	✓	
b If "Yes," attach the schedule specified in the line 38 instructions and enter the amount involved	38b	149.40
39 501(c)(7) organizations. Enter:		
a Initiation fees and capital contributions included on line 9	39a	0
b Gross receipts, included on line 9, for public use of club facilities	39b	0

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Part V Other Information (Note the statement requirement in General Instruction V.) (Continued)

40a 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under:
 section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶

b 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach an explanation . . .

c Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 **0**

d Enter amount of tax on line 40c reimbursed by the organization **0**

e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction?

	Yes	No
40b		✓
40e		✓

41 List the states with which a copy of this return is filed. ▶ **Kansas**

42a The books are in care of ▶ **Davina Gans** Telephone no. ▶ **(785) 979-1618**
 Located at ▶ **4105 W. 6th St, Lawrence, KS** ZIP + 4 ▶ **66049**

b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

If "Yes," enter the name of the foreign country: ▶

See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**.

c At any time during the calendar year, did the organization maintain an office outside of the U.S.?

If "Yes," enter the name of the foreign country: ▶

	Yes	No
42b		✓
42c		✓

43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here ▶ ☐
 and enter the amount of tax-exempt interest received or accrued during the tax year ▶ **43**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Please Sign Here

Signature of officer ▶ **Kris Adair**

Date ▶ **3/30/07**

Type or print name and title. ▶ **Kris Adair Treasurer**

Paid Preparer's Use Only

Preparer's signature ▶

Date

Check if self-employed ▶ ☐

Preparer's SSN or PTIN (See Gen. Inst. X)

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶

EIN ▶

Phone no. ▶ ()

Form **990-EZ** (2006)

March 30, 2007

Part 5,35 Statement

Lawrence Freenet was not required to file a 990-T because none of the following applied:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gain.
- Request a credit for certain federal excise taxes paid.

See attached schedules for loans made to Lawrence Freenet from Board Members per Part 5, Line 38B.

Lawrence Freenet
4105 W. 6th St.
Lawrence, KS 66049
EIN 20-2656113

4:19 PM

03/30/07

Accrual Basis

Lawrence Freenet Inc

Account QuickReport

As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							
Loan From Kris Adair							
General Journal	1/10/2006		Office Depot	UPS	6550 · Office ...	98.24	47.86
General Journal	1/11/2006		Cingular		Mobile Phone	456.34	47.86
Check	1/11/2006	1031	Kris Adair		Checking Acc...	-25.00	146.10
General Journal	1/13/2006		Little Caesars	Kasold	6370 · Meals	5.37	602.44
General Journal	1/14/2006		Little Caesars	Kasold	6370 · Meals	12.95	577.44
General Journal	1/15/2006		Home Depot	Kasold	Network Infrag...	38.95	582.81
General Journal	1/19/2006		Kinko's	Box for return	6250 · Postag...	2.15	595.76
General Journal	1/19/2006		Kinko's	Casacde return	6250 · Postag...	46.34	636.86
Check	2/13/2006		Joshua Montgomery	"	Checking Acc...	-683.80	683.20
Total Loan From Kris Adair						-48.46	-0.60
Total Refundable Advances							-0.60
TOTAL							-0.60

4:19 PM

03/30/07

Accrual Basis

Lawrence Freenet Inc
Account QuickReport
As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							150.00
Loan From Andrew Brown							150.00
Total Loan From Andrew Brown							150.00
Total Refundable Advances							150.00
TOTAL							150.00