

OPEN MEDIA FOUNDATION

**Financial Statements
(Audited)**

*For the Years Ended
December 31, 2010 and 2009*

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Ryan, Gunsauls & O'Donnell, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Open Media Foundation
Denver, Colorado

We have audited the accompanying statements of financial position of Open Media Foundation (a Colorado not-for-profit organization) as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Open Media Foundation'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 audits 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 Open Media Foundation as of December 31, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Ryan, Gunsauls & O'Donnell, P.C.

Denver, Colorado
March 2, 2011

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OPEN MEDIA FOUNDATION
Statements of Financial Position
December 31, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 307,811	\$ 334,674
Accounts receivable	119,975	21,892
Contribution receivable	15,935	20,485
Prepaid expenses	<u>-</u>	<u>953</u>
Total current assets	<u>443,721</u>	<u>378,004</u>
Property and equipment (Note 5):		
Computer equipment	51,061	51,061
Production studio equipment	<u>107,088</u>	<u>110,838</u>
	158,149	161,899
Less: accumulated depreciation	<u>(136,731)</u>	<u>(117,564)</u>
Net property and equipment	<u>21,418</u>	<u>44,335</u>
Investments (Note 2):		
Managed fund, long-term - Denver Foundation	65,542	79,022
Permanent endowment - Community First	<u>150,000</u>	<u>150,000</u>
Total other assets	<u>215,542</u>	<u>229,022</u>
Total assets	\$ <u>680,681</u>	\$ <u>651,361</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 6,932	\$ 2,333
Accrued expenses	1,820	4,805
Accrued payroll liabilities	<u>11,962</u>	<u>-</u>
Total liabilities	<u>20,714</u>	<u>7,138</u>
Net assets (Note 4):		
Unrestricted net assets	444,425	320,201
Temporarily restricted net assets	65,542	174,022
Permanently restricted net assets - Community First	<u>150,000</u>	<u>150,000</u>
Total net assets	<u>659,967</u>	<u>644,223</u>
Total liabilities and net assets	\$ <u>680,681</u>	\$ <u>651,361</u>

See accompanying independent auditors' report and notes to financial statements.

OPEN MEDIA FOUNDATION
Statements of Activities

For the Year Ended December 31, 2010 (with summarized information for the year ended December 31, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Total</u>	<u>2009 (Summarized)</u>
Government:					
Capitalized equipment maintenance fund	\$ 19,733	\$ -	\$ -	\$ 19,733	\$ 94,580
Contributed support:					
In-kind contributions (Note 7)	367,367	-	-	367,367	364,169
Individual contributions	30,946	-	-	30,946	28,308
Foundation grants	17,650	-	-	17,650	12,500
Board contributions	100	-	-	100	7,930
Fundraising contributions	2,176	-	-	2,176	2,943
Corporate contributions	<u>3,945</u>	<u>-</u>	<u>-</u>	<u>3,945</u>	<u>1,545</u>
Total contributions	<u>441,917</u>	<u>-</u>	<u>-</u>	<u>441,917</u>	<u>511,975</u>
Revenue:					
Web and design	317,447	-	-	317,447	128,680
Video and production	299,440	-	-	299,440	139,603
Education and training	42,696	-	-	42,696	22,240
Access	48,671	-	-	48,671	46,285
General and administrative	27,416	-	-	27,416	5,895
Interest income	<u>823</u>	<u>-</u>	<u>-</u>	<u>823</u>	<u>12,868</u>
Total earned revenue	<u>736,493</u>	<u>-</u>	<u>-</u>	<u>736,493</u>	<u>355,571</u>
Re-classed from restriction	<u>95,000</u>	<u>(95,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>1,273,410</u>	<u>(95,000)</u>	<u>-</u>	<u>1,178,410</u>	<u>867,546</u>
Expenses:					
Program services	1,039,836	-	-	1,039,836	868,747
General and administrative	72,706	-	-	72,706	62,267
Fundraising	<u>79,245</u>	<u>-</u>	<u>-</u>	<u>79,245</u>	<u>65,119</u>
Total expenses	<u>1,191,787</u>	<u>-</u>	<u>-</u>	<u>1,191,787</u>	<u>996,133</u>
Change in net assets	81,623	(95,000)	-	(13,377)	(128,587)
Net assets, beginning of year	320,201	174,022	150,000	644,223	740,453
Unrealized gain (loss)	<u>42,601</u>	<u>(13,480)</u>	<u>-</u>	<u>29,121</u>	<u>32,357</u>
Net assets, end of year	\$ <u>444,425</u>	\$ <u>65,542</u>	\$ <u>150,000</u>	\$ <u>659,967</u>	\$ <u>644,223</u>

See accompanying independent auditors' report and notes to financial statements.

OPEN MEDIA FOUNDATION
Statements of Functional Expenses
For the Year Ended December 31, 2010 (with summarized information for the year ended December 31, 2009)

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fund- raising</u>	<u>2010 Total</u>	<u>2009 (Summarized)</u>
Compensation expenses:					
Salaries and wages expense	\$ 270,231	\$ 26,728	\$ 30,524	\$ 327,483	\$ 239,388
Officer compensation	22,047	13,401	7,781	43,229	43,600
Payroll taxes and other payroll expenses	22,140	6,384	2,970	31,494	24,914
Employee benefits	15,961	802	1,401	18,164	2,720
Total compensation expense	<u>330,379</u>	<u>47,315</u>	<u>42,676</u>	<u>420,370</u>	<u>310,622</u>
Non-compensation expenses:					
In-kind expense (Note 7)	339,222	7,590	20,555	367,367	364,169
Discounts	168,930	-	-	168,930	76,070
Professional services	68,573	4,552	610	73,735	108,719
Bandwidth and internet	42,007	718	55	42,780	7,376
Occupancy	24,876	7,365	668	32,909	36,424
Depreciation	20,097	1,089	544	21,730	22,168
Travel	13,262	1,393	425	15,080	21,305
Fundraising expenses	508	3	10,258	10,769	9,211
Accounting fees	5,801	624	853	7,278	5,280
Supplies	6,134	440	565	7,139	4,735
Insurance	5,985	678	339	7,002	5,961
Telephone	4,245	322	554	5,121	3,890
Equipment rental and maintenance	3,742	-	-	3,742	4,009
Dues and subscriptions	2,064	105	119	2,288	2,019
Bank and credit card fees	1,364	163	163	1,690	3,784
Staff development	1,178	119	211	1,508	420
Printing and copying	509	39	546	1,094	706
Postage and delivery	830	142	104	1,076	688
Miscellaneous expense	130	49	-	179	6,957
Conferences, conventions, and meetings	-	-	-	-	1,620
Total non-compensation expenses	<u>709,457</u>	<u>25,391</u>	<u>36,569</u>	<u>771,417</u>	<u>685,511</u>
Total expenses	\$ <u>1,039,836</u>	\$ <u>72,706</u>	\$ <u>79,245</u>	\$ <u>1,191,787</u>	\$ <u>996,133</u>

See accompanying independent auditors' report and notes to financial statements.

OPEN MEDIA FOUNDATION
Statements of Cash Flows
For the years ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (13,377)	\$ (128,587)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	21,730	22,168
Loss on sale of property and equipment	395	-
Unrealized gain on investment	29,121	32,357
(Increase) decrease in operating assets:		
Accounts receivable	(98,083)	37,738
Contribution receivable	4,550	169,515
Prepaid expenses	953	972
Increase (decrease) in operating liabilities:		
Accounts payable	4,599	(2,878)
Accrued expenses	(2,985)	(515)
Accrued payroll liabilities	<u>11,962</u>	<u>(2,668)</u>
 Net cash (used in) provided by operating activities	 <u>(41,135)</u>	 <u>128,102</u>
 Cash flows from investing activities:		
Proceeds from sale of assets	792	-
Withdrawal from investments	(24,497)	(20,240)
Net change in investments	<u>37,977</u>	<u>28,202</u>
 Net cash provided by investing activities	 <u>14,272</u>	 <u>7,962</u>
 Net change in cash and cash equivalents	 (26,863)	 136,064
 Cash and cash equivalents, beginning of year	 <u>334,674</u>	 <u>198,610</u>
 Cash and cash equivalents, end of year	 \$ <u>307,811</u>	 \$ <u>334,674</u>

See accompanying independent auditors' report and notes to financial statements.

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Open Media Foundation (“the Foundation”) is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of the Foundation’s management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of financial statements.

Nature of Operations

The Foundation was incorporated on June 2, 2004 as a Colorado not-for-profit organization under the name Deproduction, Inc.: The [Denverevolution] Production Group. On December 16, 2009 the Foundation changed its name to Open Media Foundation. The Foundation exists to put the power of media and technology in the hands of the people in order to enable every person to actively engage in their community. The Foundation provides affordable media and technology equipment access, web and technology development and consulting with top-quality video, new media services, and affordable education in media and technology for all communities with a focus on non-profit organizations and low-income communities.

Basis of Accounting

The Foundation’s financial statements are prepared on the accrual basis and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50-2, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC 958-210-50-2, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Contributions

The Foundation accounts for contributions in accordance with the recommendations of the FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor restrictions. All other restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 1: Summary of Significant Accounting Policies, continued

Contributions, continued

When the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Foundation considers all unrestricted highly liquid investment amounts retained in the investment accounts that are classified as available-to-spend (as mentioned in Note 2) or with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists of receivables for services rendered by earned income programs, primarily web and video production clients. Based on the judgment of the Foundation and past collection histories, no allowances for bad debts were deemed necessary at December 31, 2010 and 2009. The Foundation wrote off bad debts of \$49 and \$6,077 during the years ended December 31, 2010 and 2009, respectively.

Income Taxes

No provision for income taxes is provided, as the Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code and the Colorado Income Tax Act of 1964 (as amended). As a charitable organization, only unrelated business income, as defined by Section 509(a)(2) of the Code, is subject to federal income tax. The Foundation had no unrelated business income tax liability at December 31, 2010 and 2009.

Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In preparing financial statements, management is required to make estimates and assumptions that affect the reported period. Actual results could differ from those estimates.

Revenue and Support

The primary sources of revenue for the Foundation are contributions (cash and in-kind) from the City & County of Denver, (the "Agency") and contributions from individuals and corporations. In addition, earned income is derived from membership dues, education and certification fees, production services, and equipment and studio rental. Revenue is recognized when it is earned.

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 1: Summary of Significant Accounting Policies, continued

Revenue and Support, continued

Contributions are recognized at the date of the donation as unrestricted, temporarily restricted or permanently restricted support depending on the nature and/or existence of any donor restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Indirect expenses are allocated to program and supporting services on the basis of the function and areas benefited and use of the assets. All other costs can be specifically identified with a particular function and are charged directly to that function.

Note 2: Investments

The Foundation entered into an agreement with the City & County of Denver (the “Agency”) to provide Public Access TV services, including internet, audio, and television media services to the local public. Subsequently, the Foundation was approached to exchange one of its three Comcast Cable TV channels (Ch. 59) for a digital-tier channel (Ch. 219). To compensate the Foundation and the Agency, Comcast contributed \$250,000 which was to be invested by the Agency to subsidize the Foundation’s Public Access operations. With approval from City Council, the Foundation made arrangements to invest \$225,000 with two fund foundations in the local area as described below, with the aim of providing long-term sustainability for Public Access TV operations. The remaining \$25,000 was used according to contract requirements in 2007 and 2008.

Managed Fund

The Foundation invested \$125,000 with the Denver Foundation at market rates for a 10-year period with disbursements scheduled from 2008 through 2016. The Foundation agreed upon a disbursement option where the Foundation is allowed to transfer a percentage of the quarterly balance as defined in the agreement for general operations. As of December 31, 2010, the Foundation chose to leave the funds in the investment account until needed. The amount of funds reclassified to available-to-spend at December 31, 2010 and 2009 were \$59,321 and \$32,709, respectively. These amounts are included in cash and cash equivalents.

The cumulative change in investment from 2009 to December 31, 2010 is as follows:

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 2: Investments, continued

Beginning investment balance	\$ 111,731
Realized gain on investment	1,717
Unrealized gain on investment	13,112
Administration and management fees	<u>(1,697)</u>
Ending investment balance	124,863
Less available to spend balance	<u>(59,321)</u>
Restricted investment balance	<u>\$ 65,542</u>

Permanent Endowment

The Foundation invested the remaining \$100,000 with Community First Foundation, which agreed to match \$.50 for every \$1.00 invested within the first two years of investing. The total invested in the permanent endowment is \$150,000. The Foundation is allowed to use the earnings on the invested amounts to subsidize operations, but the principle and matching contribution amounts are to remain invested in perpetuity with Community First. Community First guarantees a 5% interest rate on the investment for the first 24 months of investment. After 24 months, the amounts invested will accrue interest and earnings at prevailing market rates. As of December 31, 2010 and 2009, permanently restricted net assets totaled \$150,000.

The cumulative change in investment from 2009 to December 31, 2010 is as follows:

Beginning investment balance	\$ 162,747
Investment income	7,213
Realized gain on investment	946
Unrealized gain on investment	8,652
Earnings disbursements	(24,497)
Administration and management fees	<u>(1,655)</u>
Ending investment balance	153,406
Less available to spend balance	<u>(3,406)</u>
Restricted investment balance	<u>\$ 150,000</u>

Unrealized Gains and Losses

The unrealized gains and losses recognized on the above investments are presented as a non-operating line item on the Statement of Activities. The Foundation intends to track the fluctuations of these investments directly to net assets as they do not represent the core functions of the Foundation.

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 3: Fair Values of Financial Instruments

Effective July 1, 2008, the Foundation adopted FASB ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair values, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements.

Under ASC 820, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the Foundation's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Under ASC 820, the Foundation bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon the Foundation's estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

Fair value measurements for assets recorded at fair value on a recurring basis at December 31, 2010 and 2009 are \$215,542 and \$229,022, respectively. The Foundation did not have any Level 2 or Level 3 investments for the years ending December 31, 2010 or 2009.

Note 4: Donor-designated Endowments

The Foundation's permanent endowment consists of one individual fund and earnings and appreciations thereof. As required by generally accepted accounting principles, net

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 4: Donor-designated Endowments, continued

assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investment, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes fixed-income securities, equity securities and alternative investments, that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to grow the funds if possible. Therefore, the Foundation expects its endowment asset, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund as of December 31, 2010 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-designated endowment funds	\$ 62,727	\$ 65,542	\$ 150,000	\$ 278,269
Total funds	\$ 62,727	\$ 65,542	\$ 150,000	\$ 278,269

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 4: Donor-designated Endowments, continued

Endowment net asset composition by type of fund as of December 31, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-designated endowment funds	\$ 36,115	\$ 79,022	\$ 150,000	\$ 265,137
Total funds	\$ 36,115	\$ 79,022	\$ 150,000	\$ 265,137

Note 5: Property and Equipment

The Foundation is the exclusive public access provider for the City & County of Denver (the “Agency”) and receives equipment and maintenance support funds specifically designated for that equipment annually from the Agency to provide the contracted services. This purchased equipment remains the property of the Agency until it extends its useful life or becomes obsolete and the Agency decides to surplus the equipment. At this time, the Foundation has the option to take ownership of the purchased equipment. During the years ended December 31, 2010 and 2009, the Foundation did not take ownership of any equipment.

It is the Foundation’s policy to capitalize property and equipment received from the Agency over the Foundation’s expected useful lives of the assets. Property and equipment are stated at market value, and depreciation is calculated using the straight-line method. Audio video equipment is depreciated over 5 years and computer and software equipment is depreciated over 2 years.

Gains and losses on fixed assets are recognized in the year of disposal. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred. Depreciation expense for the years ending December 31, 2010 and 2009 was \$21,730 and \$22,168, respectively.

Note 6: Restrictions on Net Assets

At December 31, 2010 and 2009, certain net assets have been classified as permanently or temporarily restricted for the following purposes:

<u>Temporarily Restricted:</u>	<u>2010</u>	<u>2009</u>
Denver Foundation	\$ 65,542	\$ 79,022
Knight Foundation	95,000	190,000
Re-classed to unrestricted	<u>(95,000)</u>	<u>(95,000)</u>
Total	\$ <u>65,542</u>	\$ <u>174,022</u>

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 6: Restrictions on Net Assets, continued

<u>Permanently Restricted:</u>	<u>2010</u>	<u>2009</u>
Community First – Endowment	\$ 100,000	\$ 100,000
Community First Match – Endowment	<u>50,000</u>	<u>50,000</u>
Total	\$ <u>150,000</u>	\$ <u>150,000</u>

Note 7: In-Kind Contributions and Expense

Donated equipment is recorded at estimated fair value as revenue and expense or as capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-Kind Contributions

In-kind donations of equipment and services recognized for the years ending December 31, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Professional services	\$ 92,796	\$ 91,588
Equipment, leased	255,143	251,467
Equipment, consumable	11,121	21,114
Other	<u>8,307</u>	<u>-</u>
Total	\$ <u>367,367</u>	\$ <u>364,169</u>

Note 8: Concentrations and Risk

Concentration

The Foundation enjoys broad based support from individuals, businesses and various granting agencies in the community. In any year, it may receive large gifts and grants from donors who vary from year to year.

Off Balance Sheet Credit Risk

The Foundation places its cash receipts and investments with financial institutions and attempts to limit the amount of credit exposure to the Foundation. On occasion throughout the year, the Foundation's cash on deposit with its financial service providers may have exceeded the insurance limit established by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

OPEN MEDIA FOUNDATION
Notes to Financial Statements
December 31, 2010 and 2009

Note 9: Commitments – Operating Lease

The Foundation leased office space under a month to month lease agreement. Rental expense for the years ending December 31, 2010 and 2009 was \$32,909 and \$36,424, respectively.

Note 10: Related Party Transactions

As of December 31, 2010 and 2009, \$100 and \$7,930 of unconditional contributions were contributed from Board members of the Foundation. These amounts were included in contributions reported in the statements of activities during the years the pledges were received.

Note 11: Subsequent Events

The Foundation has evaluated subsequent events through March 2, 2011, the date at which the financial statements were available to be issued, and determined that no events have occurred subsequent to that date that required disclosure.

Note 12: Reclassifications

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format.