

**OPEN MEDIA FOUNDATION**

**Financial Statements  
(Audited)**

*For the Years Ended  
December 31, 2011 and 2010*

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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 the Open Media Foundation (a Colorado not-for-profit corporation) as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Open Media Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from Open Media Foundation's 2010 financial statements and, in our report dated March 2, 2011, we expressed an unqualified opinion on those financial statements.

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 the Open Media Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its 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

April 19, 2012

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**OPEN MEDIA FOUNDATION**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

**ASSETS**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Current assets:		
Cash and cash equivalents	\$ 253,756	\$ 167,312
Restricted cash	220,685	140,499
Contribution receivable	<u>85,716</u>	<u>135,910</u>
<b>Total current assets</b>	<b><u>560,157</u></b>	<b><u>443,721</u></b>
<b>Property and equipment, net</b>	<b><u>-</u></b>	<b><u>21,418</u></b>
Investments:		
Managed fund, long-term - Denver Foundation	46,835	65,542
Permanent endowment - Community First	<u>150,000</u>	<u>150,000</u>
<b>Total other assets</b>	<b><u>196,835</u></b>	<b><u>215,542</u></b>
<b>Total assets</b>	<b>\$ <u>756,992</u></b>	<b>\$ <u>680,681</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 8,665	\$ 6,932
Accrued expenses	5,533	1,820
Accrued payroll liabilities	<u>11,345</u>	<u>11,962</u>
<b>Total liabilities</b>	<b><u>25,543</u></b>	<b><u>20,714</u></b>
Net assets related to operations:		
Unrestricted net assets	488,173	389,757
Temporarily restricted net assets	72,382	91,089
Permanently restricted net assets - Community First	<u>150,000</u>	<u>150,000</u>
<b>Total net assets related to operations</b>	<b><u>710,555</u></b>	<b><u>630,846</u></b>
Unrealized gain	<u>20,894</u>	<u>29,121</u>
<b>Total net assets</b>	<b><u>731,449</u></b>	<b><u>659,967</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>756,992</u></b>	<b>\$ <u>680,681</u></b>

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

**OPEN MEDIA FOUNDATION**  
**Statements of Activities**

**For the Year Ended December 31, 2011 (with summarized information for the year ended December 31, 2010)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 (Summarized)</u>
Government:					
Capitalized equipment maintenance fund	\$ 85,000	\$ -	\$ -	\$ 85,000	\$ 19,733
Contributed support:					
In-kind contributions	435,087	-	-	435,087	367,367
Individual contributions	9,946	-	-	9,946	30,946
Foundation grants	37,669	-	-	37,669	17,650
Board contributions	1,260	-	-	1,260	100
Fundraising contributions	2,516	-	-	2,516	2,176
Corporate contributions	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>3,945</u>
<b>Total contributions</b>	<b><u>572,578</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>572,578</u></b>	<b><u>441,917</u></b>
Revenue:					
Web and design	407,311	-	-	407,311	317,447
Video and production	303,515	-	-	303,515	299,440
Education and training	67,770	-	-	67,770	42,696
Access	65,455	-	-	65,455	48,671
General and administrative	31,568	-	-	31,568	27,416
Interest income	<u>6,969</u>	<u>-</u>	<u>-</u>	<u>6,969</u>	<u>823</u>
<b>Total earned revenue</b>	<b><u>882,588</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>882,588</u></b>	<b><u>736,493</u></b>
Re-classed from restriction	<u>18,707</u>	<u>(18,707)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue and support</b>	<b><u>1,473,873</u></b>	<b><u>(18,707)</u></b>	<b><u>-</u></b>	<b><u>1,455,166</u></b>	<b><u>1,178,410</u></b>
Expenses:					
Program services	1,248,515	-	-	1,248,515	1,039,836
General and administrative	53,903	-	-	53,903	72,706
Fundraising	<u>73,039</u>	<u>-</u>	<u>-</u>	<u>73,039</u>	<u>79,245</u>
<b>Total expenses</b>	<b><u>1,375,457</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,375,457</u></b>	<b><u>1,191,787</u></b>
<b>Change in net assets</b>	<b>98,416</b>	<b>(18,707)</b>	<b>-</b>	<b>79,709</b>	<b>(13,377)</b>
Net assets, beginning of year	<u>389,757</u>	<u>91,089</u>	<u>150,000</u>	<u>630,846</u>	<u>644,223</u>
<b>Net assets related to operations</b>	<b>488,173</b>	<b>72,382</b>	<b>150,000</b>	<b>710,555</b>	<b>630,846</b>
Unrealized gain (loss)	<u>46,441</u>	<u>(25,547)</u>	<u>-</u>	<u>20,894</u>	<u>29,121</u>
<b>Net assets, end of year</b>	<b>\$ <u>534,614</u></b>	<b>\$ <u>46,835</u></b>	<b>\$ <u>150,000</u></b>	<b>\$ <u>731,449</u></b>	<b>\$ <u>659,967</u></b>

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

**OPEN MEDIA FOUNDATION**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2011 (with summarized information for the year ended December 31, 2010)**

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fund- raising</u>	<u>2011 Total</u>	<u>2010 (Summarized)</u>
Compensation expenses:					
Salaries and wages	\$ 295,332	\$ 22,649	\$ 17,174	\$ 335,155	\$ 327,483
Officer compensation	30,373	7,437	9,493	47,303	43,229
Payroll taxes and other payroll expenses	23,502	3,288	1,101	27,891	31,494
Employee benefits	15,221	1,414	1,588	18,223	18,164
Total compensation expense	<u>364,428</u>	<u>34,788</u>	<u>29,356</u>	<u>428,572</u>	<u>420,370</u>
Non-compensation expenses:					
In-kind expense	408,518	7,342	19,227	435,087	367,367
Grants	278,234	-	-	278,234	168,930
Professional services	61,963	692	3,106	65,761	73,735
Bandwidth and internet	44,476	674	14	45,164	42,780
Occupancy	35,927	4,925	967	41,819	32,909
Depreciation	19,811	1,071	535	21,417	21,730
Miscellaneous expense	808	200	15,650	16,658	179
Travel	7,034	1,209	277	8,520	15,080
Accounting fees	5,882	500	865	7,247	7,278
Supplies	6,167	405	498	7,070	7,139
Telephone	4,343	570	633	5,546	5,121
Insurance	3,979	968	234	5,181	7,002
Equipment rental and maintenance	2,365	-	-	2,365	3,742
Staff development	1,644	130	230	2,004	1,508
Bank and credit card fees	1,468	28	70	1,566	1,690
Fundraising expenses	95	33	1,211	1,339	10,769
Printing and copying	822	44	115	981	1,094
Postage and delivery	286	174	6	466	1,076
Dues and subscriptions	265	150	45	460	2,288
Total non-compensation expenses	<u>884,087</u>	<u>19,115</u>	<u>43,683</u>	<u>946,885</u>	<u>771,417</u>
<b>Total expenses</b>	<b>\$ <u>1,248,515</u></b>	<b>\$ <u>53,903</u></b>	<b>\$ <u>73,039</u></b>	<b>\$ <u>1,375,457</u></b>	<b>\$ <u>1,191,787</u></b>

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

**OPEN MEDIA FOUNDATION**  
**Statements of Cash Flows**  
**For the years ended December 31, 2011 and 2010**

	<u><b>2011</b></u>	<u><b>2010</b></u>
Cash flows from operating activities:		
Change in net assets	\$ 79,709	\$ (13,377)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,417	21,730
Loss on sale of property and equipment	-	395
Change in unrealized gains (losses)	(8,227)	(3,236)
(Increase) decrease in operating assets:		
Contribution receivable	50,194	(93,533)
Prepaid expenses	-	953
Increase (decrease) in operating liabilities:		
Accounts payable	1,734	4,599
Accrued expenses	3,713	(2,985)
Accrued payroll liabilities	<u>(617)</u>	<u>11,962</u>
 <b>Net cash provided by (used in) operating activities</b>	 <b><u>147,923</u></b>	 <b><u>(73,492)</u></b>
 Cash flows from investing activities:		
Proceeds from sale of assets	-	792
Withdrawal from investments	-	(24,497)
Net change in investments	<u>18,707</u>	<u>70,334</u>
 <b>Net cash provided by investing activities</b>	 <b><u>18,707</u></b>	 <b><u>46,629</u></b>
 <b>Net change in cash and cash equivalents</b>	 <b>166,630</b>	 <b>(26,863)</b>
Cash and cash equivalents, beginning of year	<u>307,811</u>	<u>334,674</u>
Restricted cash	<u>(220,685)</u>	<u>(140,499)</u>
 <b>Cash and cash equivalents, end of year</b>	 <b>\$ <u>253,756</u></b>	 <b>\$ <u>167,312</u></b>

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

**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 1: Summary of Significant Accounting Policies**

This summary of significant accounting policies of the 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 corporation under the name Deproduction, Inc.: The [denverrevolution] Production Group. In 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, *Financial Statements of Not-For-Profit Organizations*. Under FASB ASC 958-210, 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.

Cash and Cash Equivalents

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



**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 1: Summary of Significant Accounting Policies, continued**

Restricted Cash

Restricted cash includes unearned equipment fund amounts and a board restricted account held by financial institutions. The carrying value of the restricted cash accounts approximates fair value and total \$220,685 and \$140,499 at December 31, 2011 and 2010, respectively.

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, 2011 and 2010. The Foundation wrote off bad debts of \$16,160 and \$49 during the years ended December 31, 2011 and 2010, respectively.

Property and Equipment

The Foundation is the exclusive public access provider for the City and 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, 2011 and 2010, 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.

Revenue and Support

The primary sources of revenue for the Foundation are contributions (cash and in-kind) from 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.

The Foundation accounts for contributions in accordance with the recommendations of FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*.

**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 1: Summary of Significant Accounting Policies, continued**

Revenue and Support, continued

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. 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.

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 a charitable organization, only unrelated business income, as defined by Section 509(a)(2) of the Internal Revenue Code, is subject to federal income tax. The Foundation had no unrelated business income tax liability at December 31, 2011 and 2010.

The Foundation has evaluated its tax positions for all open tax years. Currently, the years open for tax authority examination are 2009 through 2011 by the Internal Revenue Service. However, the Foundation is not currently under audit nor has it been contacted by this taxing authority. Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2011 and 2010.

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.

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, 2011 and 2010**

**Note 1: Summary of Significant Accounting Policies, continued**

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.

Summarized Financial Information for 2010

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited financial statements for the year ended December 31, 2010, from which the summarized information was derived.

**Note 2: Investments**

The Foundation entered into an agreement with 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 for a digital-tier channel. 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, 2011, the Foundation chose to leave the funds in the investment account until needed. The amount of Denver Foundation funds considered available-to-spend at December 31, 2011 and 2010 were \$76,128 and \$59,321, respectively. These amounts are included in cash and cash equivalents.

The cumulative change in investment from December 31, 2010 to December 31, 2011 is as follows:

**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 2: Investments, continued**

Beginning investment balance	\$ 124,863
Realized gain on investment	3,247
Unrealized loss on investment	(3,237)
Administration and management fees	<u>(1,910)</u>
Ending investment balance	122,963
Less available to spend balance	<u>(76,128)</u>
Restricted investment balance	<u>\$ 46,835</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, 2011 and 2010, permanently restricted net assets totaled \$150,000.

The cumulative change in investment from December 31, 2010 to December 31, 2011 is as follows:

Beginning investment balance	\$ 153,406
Investment income	4,531
Realized gain on investment	49
Unrealized loss on investment	(4,990)
Administration and management fees	<u>(1,554)</u>
Ending investment balance	151,442
Less available to spend balance	<u>(1,442)</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, 2011 and 2010**

**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.

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, 2011 and 2010 are \$196,835 and \$215,542, respectively. The Foundation does not have any Level 2 or Level 3 investments.

**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 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.

**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 4: Donor-designated Endowments, continued**

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, including fixed-income securities, equity securities, and alternative investments. The asset mix is 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 for donor-designated endowment funds as of December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted	\$ 77,570	\$ 62,727
Temporarily restricted	46,835	65,542
Permanently restricted	<u>150,000</u>	<u>150,000</u>
Total net endowment assets	\$ <u>274,405</u>	\$ <u>278,269</u>

**OPEN MEDIA FOUNDATION**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 5: Property and Equipment**

Property and equipment are comprised of the following as of December 31:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 51,061	\$ 51,061
Production studio equipment	<u>107,088</u>	<u>107,088</u>
	158,149	158,149
Less accumulated depreciation	<u>(158,149)</u>	<u>(136,731)</u>
Total	\$ <u>          -</u>	\$ <u>  21,418</u>

Depreciation expense for the years ending December 31, 2011 and 2010 was \$21,417 and \$21,730, respectively.

**Note 6: Restrictions on Net Assets**

At December 31, 2011 and 2010, certain net assets have been classified as permanently or temporarily restricted for the following purposes:

<u>Temporarily Restricted:</u>	<u>2011</u>	<u>2010</u>
Denver Foundation	\$ 65,542	\$ 65,542
Knight Foundation	-	95,000
Re-classed to unrestricted	<u>(18,707)</u>	<u>(95,000)</u>
Total	\$ <u>  46,835</u>	\$ <u>  65,542</u>
 <u>Permanently Restricted:</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.

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**Note 7: In-Kind Contributions and Expense, continued**

In-kind donations of equipment and services recognized for the years ending December 31, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Professional services	\$ 86,715	\$ 92,796
Equipment, leased	329,325	255,143
Equipment, consumable	11,073	11,121
Other	<u>7,974</u>	<u>8,307</u>
Total	<u>\$ 435,087</u>	<u>\$ 367,367</u>

**Note 8: 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. For the years ended December 31, 2011 and 2010, the Foundation received approximately 30% and 31% of its revenue from in-kind donations, of which 76% and 69% was for equipment, respectively. For the years ended December 31, 2011 and 2010, the Foundation received approximately 28% and 27% of its revenue from web and design, of which 43% and 64% was from development, respectively. For the years ended December 31, 2011 and 2010, the Foundation received approximately 21% and 25% from video and production, of which 70% and 80% was from government, respectively.

**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, 2011 and 2010 was \$41,819 and \$32,909, respectively

**Note 10: Related Party Transactions**

As of December 31, 2011 and 2010, \$1,260 and \$100 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: Reclassification**

Certain reclassifications have been made to the 2010 financial statement presentation to correspond to the current year's format. Total net assets are unchanged due to these reclassifications.



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**Note 12: Evaluation of Subsequent Events**

The Foundation has evaluated subsequent events through April 19, 2012, 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.