

**DonorsChoose.org**

**FINANCIAL STATEMENTS  
AND  
ADDITIONAL INFORMATION**

**JUNE 30, 2009 AND 2008**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
DonorsChoose.org

We have audited the accompanying statements of financial position of DonorsChoose.org (a not-for-profit corporation) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 audit 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 DonorsChoose.org as of June 30, 2009 and 2008, 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.

*Lutz + Carr, LLP*

New York, New York  
October 15, 2009

## DonorsChoose.org

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 2c and 4)	\$ 6,254,917	\$ 7,163,959
Certificates of deposit and accrued interest (Notes 2e and 7)	8,171,453	5,292,614
Unconditional promises to give (Notes 2d and 5)		
Unrestricted	22,000	10,400
Board designated to expansion activities	12,500	2,387,500
Temporarily restricted, net of allowance for uncollectible amounts of \$500,000	1,789,886	798,455
Prepaid expenses and other current assets	98,205	35,504
Property and equipment, at cost, net of accumulated depreciation (Notes 2f and 8)	1,063,748	1,318,193
Security deposits	43,577	44,782
	<u>                    </u>	<u>                    </u>
<b>Total Assets</b>	<u><u>\$17,456,286</u></u>	<u><u>\$17,051,407</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 450,451	\$ 307,974
Salaries and payroll taxes payable	160,750	200,552
Accrued vacation payable	76,630	84,539
Total Liabilities	<u>687,831</u>	<u>593,065</u>
Commitments (Note 10)		
Net Assets		
Unrestricted (Note 3a)		
Operating	1,584,663	1,839,105
Designated for expansion activities	7,374,939	8,568,086
Designated for classroom projects	338,990	338,990
Total Unrestricted	<u>9,298,592</u>	<u>10,746,181</u>
Temporarily restricted (Note 3b)	7,469,863	5,712,161
Total Net Assets	<u>16,768,455</u>	<u>16,458,342</u>
	<u>                    </u>	<u>                    </u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$17,456,286</u></u>	<u><u>\$17,051,407</u></u>

See notes to financial statements.

DonorsChoose.org

## STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008 *		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Changes in Net Assets</b>						
Revenue						
Contributions for classroom projects	\$ -	\$ 13,274,332	\$13,274,332	\$ -	\$ 8,557,127	\$ 8,557,127
Contributions for operating expenses	-	2,360,924	2,360,924	-	1,439,517	1,439,517
Contributions for program services and supporting services	809,853	233,940	1,043,793	1,343,824	1,307,716	2,651,540
Contributions for expansion (Note 3a)	-	-	-	5,800,000	-	5,800,000
Provision for uncollectible unconditional promises to give	-	-	-	-	(500,000)	(500,000)
Donated services and facilities (Note 9)	353,623	-	353,623	262,842	-	262,842
Interest income (Note 7)	262,355	-	262,355	351,263	-	351,263
Net assets released from restriction	14,111,494	(14,111,494)	-	9,762,092	(9,762,092)	-
<b>Total Revenue</b>	<b>15,537,325</b>	<b>1,757,702</b>	<b>17,295,027</b>	<b>17,520,021</b>	<b>1,042,268</b>	<b>18,562,289</b>
Expenses						
Program Services						
Classroom projects and processing	12,532,044	-	12,532,044	10,731,667	-	10,731,667
Classroom projects advocacy	2,980,298	-	2,980,298	3,166,531	-	3,166,531
<b>Total Program Services</b>	<b>15,512,342</b>	<b>-</b>	<b>15,512,342</b>	<b>13,898,198</b>	<b>-</b>	<b>13,898,198</b>
Supporting Services						
General and administrative	697,733	-	697,733	963,516	-	963,516
Fundraising	774,839	-	774,839	712,923	-	712,923
<b>Total Supporting Services</b>	<b>1,472,572</b>	<b>-</b>	<b>1,472,572</b>	<b>1,676,439</b>	<b>-</b>	<b>1,676,439</b>
<b>Total Expenses</b>	<b>16,984,914</b>	<b>-</b>	<b>16,984,914</b>	<b>15,574,637</b>	<b>-</b>	<b>15,574,637</b>
Increase (decrease) in net assets	(1,447,589)	1,757,702	310,113	1,945,384	1,042,268	2,987,652
Net assets, beginning of year	10,746,181	5,712,161	16,458,342	8,800,797	4,669,893	13,470,690
<b>Net Assets, End of Year</b>	<b>\$ 9,298,592</b>	<b>\$ 7,469,863</b>	<b>\$16,768,455</b>	<b>\$10,746,181</b>	<b>\$ 5,712,161</b>	<b>\$16,458,342</b>

\* Certain amounts have been reclassified for comparative purposes.

See notes to financial statements.

## DonorsChoose.org

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 310,113	\$ 2,987,652
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	783,780	584,226
Unrealized loss on certificates of deposit (Note 7)	2,964	15,736
Donated hardware and software	(162,891)	(12,872)
Provision for uncollectible unconditional promises to give	-	500,000
(Increase) decrease in:		
Accrued interest receivable (Note 7)	(4,215)	(21,202)
Unconditional promises to give	1,371,969	1,485,850
Prepaid expenses and other current assets	(62,701)	(33,196)
Security deposits	1,205	(15,129)
Increase (decrease) in:		
Accounts payable and accrued expenses	142,477	129,524
Salaries and payroll taxes payable	(39,802)	81,421
Accrued vacation payable	(7,909)	49,409
Net Cash Provided By Operating Activities	<u>2,334,990</u>	<u>5,751,419</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(366,447)	(688,231)
Proceeds from maturity of certificates of deposit	6,496,931	7,070,916
Payment for purchase of certificates of deposit	<u>(9,374,516)</u>	<u>(12,358,064)</u>
Net Cash Used By Investing Activities	<u>(3,244,032)</u>	<u>(5,975,379)</u>
Decrease in cash and cash equivalents	(909,042)	(223,960)
Cash and cash equivalents, beginning of year	<u>7,163,959</u>	<u>7,387,919</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 6,254,917</u></u>	<u><u>\$ 7,163,959</u></u>

See notes to financial statements.

**DonorsChoose.org****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 1 - Organization**

DonorsChoose.org provides a simple way to supply students in need with resources that public schools often lack. At its not-for-profit web site, [www.DonorsChoose.org](http://www.DonorsChoose.org), teachers submit classroom proposals for materials or activities to enhance the learning of their students. These ideas become reality when concerned individuals, referred to as Citizen Philanthropists, fund a proposal.

Proposals range from "Help! Our Weaving Looms are Starving for Yarn!" (\$229) to "Building Stronger Writers" (\$194) to "Manic for Math Manipulatives!" (\$498). Any individual can search such proposals by areas of interest, learn about classroom needs, and choose to fund the proposal(s) they find most compelling. After a proposal has been funded, DonorsChoose.org purchases the materials or experiences and arranges for delivery to the teacher. A funded proposal is considered a project. In completing a project, donors receive a "thank you" package of student photos and thank-you notes, a teacher impact letter, and an expenditure report showing that their tax-deductible gift was spent as directed.

DonorsChoose.org's goal is to maximize the dollar value of classroom projects funded and delivered to public schools across America, and to become increasingly efficient in the processes used to deliver these services to students, teachers and donors.

In the long-term, continued growth in contributions is expected to allow DonorsChoose.org to become self-sufficient. This self-sufficiency will be achieved at the time when the sum of contributions for classroom projects and contributions for operating expenses is equal to total expenses. Until then, as discussed in Note 2a, a portion of operating expenses is being funded through the use of the expansion fund.

**Note 2 - Significant Accounting Policies****a - Contribution Revenue**

Contributions are recorded as revenue. Contribution revenue is classified as contributions for classroom projects, contributions for operating expenses, contributions for program services and supporting services, contributions for expansion, and where applicable, as donated services.

Contributions for classroom projects pay for classroom project materials. Classroom project materials include student resources, donor thank you package and delivery, and third party credit card fees related to the processing of donations. Student resources include the cost of materials sent to the classroom or the cost of classroom activities. Classroom activities may be a field trip to a museum or a specialized program held in the classroom. Donor thank you package costs include the cost of the envelope, stationary, postage and where applicable, film and film developing of classroom pictures.

**DonorsChoose.org****NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2009 AND 2008****Note 2 - Significant Accounting Policies (continued)****a - Contribution Revenue (continued)**

As part of the contribution process, donors are asked to include an additional and optional contribution for operating expenses. The optional contribution ranges from 15% to 25% of the cost of the classroom project. Projects from schools serving students at the highest poverty level invite donors to include an optional contribution of 15%. Projects from schools serving students at the lowest poverty level invite donors to include an optional contribution of 25%. Most donors include the optional contribution for operating expenses when helping to fund a classroom proposal.

The optional contribution is intended to help pay for operating expenses other than classroom project expenses. These other operating expenses include classroom project processing, classroom project advocacy, general and administrative and fundraising.

Contributions to pay for program services and supporting services are unrestricted or temporarily restricted. If unrestricted, DonorsChoose.org will decide where the funds will be used. If temporarily restricted, the funds will be used in accordance with the donor's restriction. The donor's restriction may require the funds to be used for one or more of the following types of expenses: classroom project processing, classroom project advocacy, general and administrative or fundraising.

Contributions for expansion are unrestricted funds. These funds support operating expenses related to expansion, as further discussed in Note 3a.

**b - Expenses**

Program Services expense includes classroom projects and processing expense and classroom project advocacy expense. Classroom projects and processing expense are amounts paid to review and authenticate classroom proposals, process donations, acquire and deliver project materials to the classroom, and to provide a thank you package to the donor. Classroom project advocacy consists of outreach to teachers, citizen philanthropists, public schools and other organizations. The goals of classroom project advocacy are twofold. First, to increase the number of teachers who post classroom proposals at [www.DonorsChoose.org](http://www.DonorsChoose.org). Second, to increase awareness amongst citizen philanthropists, corporations and foundations of the significant need for learning materials in public school classrooms.

Supporting services expense includes general and administrative expenses and fundraising expenses.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 2 - Significant Accounting Policies (continued)**c - Cash and Cash Equivalents

For purposes of the statement of cash flows, all unrestricted highly liquid instruments purchased with a maturity of three months or less are considered to be cash equivalents.

d - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

DonorsChoose.org uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

e - Certificates of Deposit

Certificates of deposit are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Interest income, unrealized gains and unrealized losses are reported as increases or decreases in unrestricted net assets in the reporting period in which they are recognized.

f - Property and Equipment

Property and equipment are recorded at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets.

g - Financial Statement Presentation

DonorsChoose.org 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.

h - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

i - Tax Status

DonorsChoose.org is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 3 - Net Assets**a - Unrestricted-Designated for Expansion

Expansion revenue of \$14,000,000 has been recorded in fiscal years 2007 and 2008. No expansion revenue was recorded in fiscal year 2009 and no expansion revenue is expected to be recorded in the future.

DonorsChoose.org raised this expansion revenue from a small group of donors and its board of directors in anticipation of expanding its reach to public schools from 7 states to 50 states. To prepare for this expansion and to efficiently deal with the increased project volume, additional investments were made to the website, in technology to support operations and in additional staff. These investments resulted in an increase in total expenses. The purpose of raising expansion revenue was to have funds available to cover the shortfall between unrestricted revenue and total expenses until DonorsChoose.org is self-sufficient.

With this expansion, a significantly higher volume of classroom proposals were expected to be posted and funded. As a result of expansion, classroom projects funded have increased from approximately 12,000 in fiscal year 2007 to over 27,000 in fiscal year 2008 to more than 34,000 in fiscal year 2009.

During fiscal year 2009, \$826,700 was used to fund operating expenses and \$366,447 was used to fund the acquisition of property and equipment. Property and equipment additions were primarily related to continued development of the www.DonorsChoose.org website.

At June 30, 2009, remaining net assets related to expansion were \$7,374,939.

In the years ahead, as DonorsChoose.org grows and contributions are expected to increase, the need to fund a portion of operating expenses using net assets related to expansion will decline.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

Note 3 - Net Assets (continued)a - Unrestricted-Designated for Expansion (continued)

Certain unrestricted contribution revenue has been designated to cover the costs of classroom projects. Activities related to unrestricted operations, designated funds for expansion activities and classroom projects and processing for the years ended June 30, 2009 and 2008 is summarized as follows:

	<u>Operating</u>	<u>Designated for Expansion</u>	<u>Designated for Classroom Projects and Processing</u>	<u>Total Unrestricted</u>
Balance, June 30, 2007	\$ 1,722,228	\$ 6,664,803	\$413,766	\$ 8,800,797
Revenue	11,720,021	-	-	11,720,021
Contributions for expansion	-	5,800,000	-	5,800,000
Expenses	(15,499,861)	-	(74,776)	(15,574,637)
Transfer to fund operating expenses, excluding depreciation	1,974,667	(1,974,667)	-	-
Transfer to fund classroom projects and processing	1,233,819	(1,233,819)	-	-
Transfer for property and equipment acquisitions	688,231	(688,231)	-	-
Increase (decrease) in unrestricted net assets	<u>116,877</u>	<u>1,903,283</u>	<u>(74,776)</u>	<u>1,945,384</u>
Balance, June 30, 2008	<u>1,839,105</u>	<u>8,568,086</u>	<u>338,990</u>	<u>10,746,181</u>
Revenue	15,537,325	-	-	15,537,325
Expenses	(16,984,914)	-	-	(16,984,914)
Transfer to fund operating expenses, excluding depreciation	826,700	(826,700)	-	-
Transfer for property and equipment acquisitions	<u>366,447</u>	<u>(366,447)</u>	<u>-</u>	<u>-</u>
Decrease in unrestricted net assets	<u>(254,442)</u>	<u>(1,193,147)</u>	<u>-</u>	<u>(1,447,589)</u>
Balance, June 30, 2009	<u>\$ 1,584,663</u>	<u>\$ 7,374,939</u>	<u>\$338,990</u>	<u>\$ 9,298,592</u>

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 3 - Net Assets (continued)**b - Temporarily Restricted

Temporarily restricted net assets as of June 30 are restricted for future programs as follows:

	<u>2009</u>	<u>2008</u>
Donations to fund classroom projects and processing	\$7,393,976	\$4,950,086
Donations to fund certain program services and supporting services	<u>75,887</u>	<u>762,075</u>
	<u>\$7,469,863</u>	<u>\$5,712,161</u>

**Note 4 - Concentration**

Significant concentrations of cash are on deposit at three financial institutions. Cash equivalents include money market deposits and U.S. Government money market mutual funds with maturities not exceeding one year.

**Note 5 - Unconditional Promises to Give**

Unconditional promises to give at June 30, 2009 are due within one year.

**Note 6 - Grant from the Bill & Melinda Gates Foundation**

In November 2008, the Bill & Melinda Gates Foundation awarded DonorsChoose.org a restricted grant of \$4,114,700. This grant covers the two school years ending June 30, 2010. \$4,000,000 of this grant is to support classroom projects that focus on college readiness in high-need or rural public high schools. The remaining grant funds are to be used to fund a survey designed to understand the impact of this initiative. During fiscal year 2009, revenue of \$2,101,050 was recorded in connection with this grant. The remaining portion of this grant is expected to be recognized in fiscal year 2010, following our demonstration to the grantor that meaningful progress toward grant milestones has been made.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 7 - Certificates of Deposit and Accrued Interest**

At June 30, DonorsChoose.org held certificates of deposit with cost basis and maturity value of \$8,149,000 (2009) and \$5,287,148 (2008). At June 30, the fair value of the certificates of deposit of \$8,146,036 (2009) and \$5,271,412 (2008) plus accrued interest of \$25,417 (2009) and \$21,202 (2008) is reflected in the statement of financial position.

Certificates of deposit are FDIC insured instruments, with maturity dates of 12 months or less, which are intended to be held to maturity. Upon maturity, the certificates of deposit are expected to be redeemed at cost plus accrued interest. No realized losses are expected.

Interest income consists of the following:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$249,583	\$366,999
Unrealized gain (loss)	<u>12,772</u>	<u>(15,736)</u>
	<u>\$262,355</u>	<u>\$351,263</u>

**Note 8 - Property and Equipment**

Property and equipment consist of the following:

	<u>Life</u>	<u>2009</u>	<u>2008</u>
Website	3 years	\$2,313,793	\$1,967,885
Computers and software	2-5 years	565,096	340,477
Furniture and equipment	2-5 years	141,963	32,930
Work in progress	-	-	250,000
Leasehold improvements	Life of lease	<u>32,198</u>	<u>24,324</u>
		3,053,050	2,615,616
Less: Accumulated depreciation		<u>(1,989,302)</u>	<u>(1,297,423)</u>
		<u>\$1,063,748</u>	<u>\$1,318,193</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$783,780 and \$584,226, respectively.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 9 - Donated Services and Facilities and Equipment**

During the years ended June 30, 2009 and 2008, DonorsChoose.org received donated services and facilities as follows:

	<u>2009</u>	<u>2008</u>
Legal services	\$136,428	\$187,241
VoIP Telephone System	117,991	-
Marketing and public relations	47,346	53,929
Computer hardware and software	46,725	12,872
Occupancy	<u>5,133</u>	<u>8,800</u>
	<u>\$353,623</u>	<u>\$262,842</u>

Donated legal services for both 2009 and 2008 related to organizational and administrative matters, including consultation regarding business registrations, contract review, and other corporate and organizational policies.

**Note 10 - Commitments**

DonorsChoose.org occupies office space at various locations under leases which provide for future minimum rental payments of \$120,680 for the year ending June 30, 2010.

Other office space is occupied on a month-to-month basis.

Rent expense for the years ended June 30, 2009 and 2008 totaled \$235,165 and \$161,700 respectively.

**Note 11 - Subsequent Event**

In fiscal year 2008, a provision of \$500,000 was recorded for an uncollectible unconditional promise to give. The reason for this provision was that the grantor had filed for bankruptcy protection. In early fiscal year 2010, DonorsChoose.org was notified by the grantor's successor organization that the promise to give would be paid in its entirety. The \$500,000 was received in August 2009. The allowance for doubtful accounts will be adjusted in fiscal year 2010 to reflect the receipt of these funds.

## DonorsChoose.org

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

**Note 12 - Functional Allocation of Expenses**

The cost of providing the program services and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited.

Expenses by function for the years ended June 30, 2009 and 2008 can be summarized as follows:

	<b>2009</b>				
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Supporting Services</b>	<b>Total Expenses</b>
		<b>General and Administrative</b>	<b>Fundraising</b>		
Total Expenses	<u>\$15,512,342</u> 91.3%	<u>\$697,733</u> 4.1%	<u>\$774,839</u> 4.6%	<u>\$1,472,572</u> 8.7%	<u>\$16,984,914</u> 100.0%
Total Expenses, Excluding Donated Services and Facilities (\$221,039)	<u>\$15,440,930</u> 92.1%	<u>\$557,899</u> 3.3%	<u>\$765,046</u> 4.6%	<u>\$1,322,945</u> 7.9%	<u>\$16,763,875</u> 100.0%
	<b>2008</b>				
	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Supporting Services</b>	<b>Total Expenses</b>
		<b>General and Administrative</b>	<b>Fundraising</b>		
Total Expenses	<u>\$13,898,198</u> 89.2%	<u>\$963,516</u> 6.2%	<u>\$712,923</u> 4.6%	<u>\$1,676,439</u> 10.8%	<u>\$15,574,637</u> 100.0%
Total Expenses, Excluding Donated Services and Facilities (\$256,406)	<u>\$13,842,795</u> 90.4%	<u>\$772,893</u> 5.0%	<u>\$702,543</u> 4.6%	<u>\$1,475,436</u> 9.6%	<u>\$15,318,231</u> 100.0%

**ADDITIONAL INFORMATION**



**INDEPENDENT AUDITORS' REPORT ON  
ADDITIONAL INFORMATION**

To the Board of Directors of  
DonorsChoose.org

Our report on our audits of the basic financial statements of DonorsChoose.org for 2009 and 2008 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended June 30, 2009 with comparative totals for 2008 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Lutz + Carr, LLP*

New York, New York  
October 15, 2009

DonorsChoose.org

## SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009 WITH COMPARATIVE TOTALS FOR 2008

	Program Services			Supporting Services			2009	2008 *
	Classroom Projects and Processing	Classroom Projects Advocacy	Total	General and Administrative	Fundraising	Total	Total Expenses	Total Expenses
Classroom project materials	\$10,117,408	\$ -	\$10,117,408	\$ -	\$ -	\$ -	\$10,117,408	\$ 8,601,092
Donor Thank You Package and Delivery	487,562	-	487,562	-	-	-	487,562	386,410
Credit card fees	134,476	-	134,476	-	-	-	134,476	157,831
Sub-total classroom project expense	10,739,446	-	10,739,446	-	-	-	10,739,446	9,145,333
Salaries	963,089	1,730,564	2,693,653	323,281	514,465	837,746	3,531,399	3,533,026
Payroll taxes and benefits	192,120	293,254	485,374	59,092	90,845	149,937	635,311	583,817
Occupancy, including donated facilities of \$5,133 (2009) and \$8,800 (2008)	96,012	107,362	203,374	23,084	24,610	47,694	251,068	190,110
Travel and meetings	20,417	80,913	101,330	18,598	34,124	52,722	154,052	209,375
Accounting and audit	-	-	-	31,097	-	31,097	31,097	52,127
Legal, including donated services of \$136,428 (2009) and \$187,241 (2008)	1,325	-	1,325	138,035	-	138,035	139,360	191,789
Consultants and professional services	47,077	77,537	124,614	14,201	56,457	70,658	195,272	356,910
Office supplies	-	13,858	13,858	15,745	3,456	19,201	33,059	207,764
Communications	21,523	48,914	70,437	5,051	15,165	20,216	90,653	92,160
Postage	174	6,574	6,748	166	2,077	2,243	8,991	8,057
Website, including donated services of \$1,825 (2009)	66,957	66,957	133,914	-	-	-	133,914	89,737
Marketing, including donated services of \$47,346 (2009) and \$52,729 (2008)	1,732	183,753	185,485	1,035	22,125	23,160	208,645	282,735
Insurance	910	883	1,793	4,550	-	4,550	6,343	7,535
Bank fees	-	-	-	18,773	-	18,773	18,773	4,105
Registration fees	1,793	4,149	5,942	4,544	1,015	5,559	11,501	21,422
Miscellaneous, including donated services of \$1,200 (2008)	1,449	4,725	6,174	327	5,749	6,076	12,250	14,409
Depreciation and amortization, including depreciation on donated assets of \$30,307 (2009) and \$6,436 (2008)	378,020	360,855	738,875	40,154	4,751	44,905	783,780	584,226
Total Expenses, 2009	12,532,044	2,980,298	15,512,342	697,733	774,839	1,472,572	16,984,914	
Less: Donated services	(14,065)	(57,347)	(71,412)	(139,834)	(9,793)	(149,627)	(221,039)	
	<u>\$12,517,979</u>	<u>\$2,922,951</u>	<u>\$15,440,930</u>	<u>\$ 557,899</u>	<u>\$ 765,046</u>	<u>\$1,322,945</u>	<u>\$16,763,875</u>	
Total Expenses, 2008	\$10,731,667	\$3,166,531	\$13,898,198	\$ 963,516	\$ 712,923	\$1,676,439		\$15,574,637
Less: Donated services	(3,544)	(51,859)	(55,403)	(190,623)	(10,380)	(201,003)		(256,406)
	<u>\$10,728,123</u>	<u>\$3,114,672</u>	<u>\$13,842,795</u>	<u>\$ 772,893</u>	<u>\$ 702,543</u>	<u>\$1,475,436</u>		<u>\$15,318,231</u>

\* Certain amounts have been reclassified for comparative purposes.

See independent auditors' report in additional information.