

DonorsChoose.org

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2011 AND 2010

DonorsChoose.org

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-13
Additional Information	
Independent Auditors' Report on Additional Information	15
Schedule of Functional Expenses	16



LUZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

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, 2011 and 2010, 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, 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.

Lutz + Carr, LLP

New York, New York
October 25, 2011

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STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash and cash equivalents (Notes 2c and 4)	\$ 3,571,413	\$ 4,845,502
Certificates of deposit and accrued interest (Notes 2e, 4 and 6)	11,894,748	9,545,093
Unconditional promises to give (Notes 2d and 5)		
Unrestricted	199,365	200,000
Temporarily restricted	710,676	2,503,319
Prepaid expenses and other current assets	168,669	154,892
Property and equipment, at cost (net of accumulated depreciation) (Notes 2f and 7)	1,172,216	916,635
Security deposits	<u>38,590</u>	<u>38,140</u>
Total Assets	<u>\$17,755,677</u>	<u>\$18,203,581</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 798,886	\$ 888,036
Salaries and payroll taxes payable	568,660	440,015
Accrued vacation payable	80,393	65,083
Total Liabilities	<u>1,447,939</u>	<u>1,393,134</u>
Commitments (Note 9)		
Net Assets		
Unrestricted (Note 3a)		
Operating	1,722,262	1,437,550
Designated for expansion activities	<u>6,925,793</u>	<u>6,925,793</u>
Total Unrestricted	8,648,055	8,363,343
Temporarily restricted (Note 3b)	<u>7,659,683</u>	<u>8,447,104</u>
Total Net Assets	<u>16,307,738</u>	<u>16,810,447</u>
Total Liabilities and Net Assets	<u>\$17,755,677</u>	<u>\$18,203,581</u>

See notes to financial statements.

DonorsChoose.org

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Changes in Net Assets						
Revenue						
Contributions for classroom projects	\$ -	\$24,689,888	\$24,689,888	\$ -	\$17,776,627	\$17,776,627
Contributions for operating expenses	7,061,076	-	7,061,076	-	3,708,410	3,708,410
Contributions for program services and supporting services	792,808	120,908	913,716	1,794,475	623,998	2,418,473
Donated services, facilities and equipment (Note 8)	160,394	-	160,394	524,388	-	524,388
Interest income (Note 6)	69,538	-	69,538	89,819	-	89,819
Net assets released from restrictions	25,598,217	(25,598,217)	-	21,131,794	(21,131,794)	-
Total Revenue	33,682,033	(787,421)	32,894,612	23,540,476	977,241	24,517,717
Expenses						
Program Services						
Classroom projects and processing	28,397,549	-	28,397,549	20,031,236	-	20,031,236
Classroom projects advocacy	3,373,225	-	3,373,225	2,960,326	-	2,960,326
Total Program Services	31,770,774	-	31,770,774	22,991,562	-	22,991,562
Supporting Services						
General and administrative	849,375	-	849,375	817,831	-	817,831
Fundraising	777,172	-	777,172	666,332	-	666,332
Total Supporting Services	1,626,547	-	1,626,547	1,484,163	-	1,484,163
Total Expenses	33,397,321	-	33,397,321	24,475,725	-	24,475,725
Increase (decrease) in net assets (Note 3a)	284,712	(787,421)	(502,709)	(935,249)	977,241	41,992
Net assets, beginning of year	8,363,343	8,447,104	16,810,447	9,298,592	7,469,863	16,768,455
Net Assets, End of Year	\$ 8,648,055	\$ 7,659,683	\$16,307,738	\$ 8,363,343	\$ 8,447,104	\$16,810,447

See notes to financial statements.

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STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (502,709)	\$ 41,992
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	697,776	830,348
Unrealized loss on certificates of deposit (Note 6)	8,657	771
Donated hardware and software	(11,301)	(146,556)
Change in provision for uncollectible unconditional promises to give	-	(500,000)
Bad debt expense	14,400	52,667
(Increase) decrease in:		
Accrued interest receivable (Note 6)	(10,559)	(3,464)
Unconditional promises to give	1,778,878	(431,600)
Prepaid expenses and other current assets	(13,777)	(56,687)
Security deposits	(450)	5,437
Increase (decrease) in:		
Accounts payable and accrued expenses	(89,150)	437,585
Salaries and payroll taxes payable	128,645	279,265
Accrued vacation payable	15,310	(11,547)
Net Cash Provided By Operating Activities	<u>2,015,720</u>	<u>498,211</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(942,056)	(536,679)
Proceeds from maturity of certificates of deposit	9,929,098	13,102,053
Payment for purchase of certificates of deposit	<u>(12,276,851)</u>	<u>(14,473,000)</u>
Net Cash Used By Investing Activities	<u>(3,289,809)</u>	<u>(1,907,626)</u>
Decrease in cash and cash equivalents	(1,274,089)	(1,409,415)
Cash and cash equivalents, beginning of year	<u>4,845,502</u>	<u>6,254,917</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 3,571,413</u></u>	<u><u>\$ 4,845,502</u></u>

See notes to financial statements.

DonorsChoose.org**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2011 AND 2010****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 website, 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 “Building Better Biologists” (\$776) to “Help Kinders Learn To Read” (\$365) to “Mathamagicians Strike Again” (\$496). 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 drive an expansion in citizen philanthropy, and as a result, to maximize the dollar value of classroom projects funded and delivered to public schools across America. In addition, the Organization works to become increasingly efficient in providing 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, on an ongoing basis, the sum of contributions for classroom projects and contributions for operating expenses is greater than total expenses.

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, and where applicable, as donated services.

Contributions for classroom projects pay for classroom project materials. Classroom project materials 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.

DonorsChoose.org**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2011 AND 2010****Note 2 - Significant Accounting Policies (continued)****a - Contribution Revenue (continued)**

Contributions for operating expenses pay for all expenses other than classroom project materials. Contributions for operating expense include three components: A \$35 per project fulfillment fee, a payment processing fee, and if included by the donor, an optional donation.

The per project fulfillment fee pays for the labor, materials and postage required to review and authenticate a project, post it on the website, the materials purchasing process, and for thank you package materials, preparation and delivery. The payment processing fee pays for third party credit card processing costs. The optional donation pays for all other expenses, including 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 projects and processing, classroom project advocacy, general and administrative or fundraising.

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. 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.

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.

DonorsChoose.org**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2011 AND 2010****Note 2 - Significant Accounting Policies (continued)****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.

Financial instruments are categorized into a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

The value of certificates of deposit are based on quoted market prices in active markets and are, therefore, classified within Level 1.

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 - Rent Expense

DonorsChoose.org records rent expense associated with an office lease (see Note 9) on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year representing deferred rent is recorded as a liability and an expense in the accompanying financial statements.

DonorsChoose.org**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2011 AND 2010****Note 2 - Significant Accounting Policies (continued)****h - 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.

i - 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.

j - 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. Management has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements.

k - Subsequent Events

DonorsChoose.org has evaluated subsequent events through October 25, 2011, the date that the financial statements are considered available to be issued.

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

During fiscal years 2007 and 2008, DonorsChoose.org raised \$14,000,000 in expansion revenue. This expansion revenue was raised from a small group of donors and the Organization's 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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

With this expansion, a significantly higher volume of classroom proposals were expected to be posted and funded. As a result of expanding our reach to 50 states, classroom projects funded have increased from approximately 11,000 in fiscal year 2007 to more than 65,000 in fiscal year 2011.

In fiscal year 2011, the shortfall between unrestricted revenue and total expenses was funded by a reduction in unrestricted operating net assets, without using the unrestricted funds designated for expansion. At June 30, 2011 and 2010, net assets related to expansion were \$6,925,793.

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, 2011 and 2010 is summarized as follows:

	<u>Unrestricted</u>			<u>Total</u>
	<u>Operating</u>	<u>Designated for Expansion</u>	<u>Designated for Classroom Projects and Processing</u>	
Balance, June 30, 2009	\$ 1,584,663	\$7,374,939	\$338,990	\$ 9,298,592
Revenue	23,540,476	-	-	23,540,476
Expenses	(24,136,735)	-	(338,990)	(24,475,725)
Transfer for property and equipment acquisitions	449,146	(449,146)	-	-
Decrease in Unrestricted Net Assets	<u>(147,113)</u>	<u>(449,146)</u>	<u>(338,990)</u>	<u>(935,249)</u>
Balance, June 30, 2010	<u>1,437,550</u>	<u>6,925,793</u>	<u>-</u>	<u>8,363,343</u>
Revenue	33,682,033	-	-	33,682,033
Expenses	<u>(33,397,321)</u>	<u>-</u>	<u>-</u>	<u>(33,397,321)</u>
Increase in Unrestricted Net Assets	<u>284,712</u>	<u>-</u>	<u>-</u>	<u>284,712</u>
Balance, June 30, 2011	<u>\$ 1,722,262</u>	<u>\$6,925,793</u>	<u>\$ -</u>	<u>\$ 8,648,055</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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

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

	<u>2011</u>	<u>2010</u>
Donations towards classroom projects	\$7,638,456	\$8,407,263
Donations to fund specific program and operating expenses	<u>21,227</u>	<u>39,841</u>
	<u>\$7,659,683</u>	<u>\$8,447,104</u>

Note 4 - Concentration

Significant concentrations of cash and certificates of deposit are on deposit at three financial institutions. Cash equivalents include money market deposits and U.S. Government money market mutual funds.

Note 5 - Unconditional Promises to Give

Unconditional promises to give at June 30, 2011 and 2010 are due within one year. Uncollectible amounts are expected to be insignificant.

Note 6 - Certificates of Deposit and Accrued Interest

At June 30, DonorsChoose.org held certificates of deposit with cost basis and maturity value of \$11,867,700 (2011) and \$9,519,947 (2010). At June 30, the fair value of the certificates of deposit of \$11,855,308 (2011) and \$9,516,212 (2010) plus accrued interest of \$39,440 (2011) and \$28,881 (2010) is reflected in the statement of financial position.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 6 - Certificates of Deposit and Accrued Interest (continued)

Certificates of deposit are FDIC insured instruments, with maturity dates of one year 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>2011</u>	<u>2010</u>
Interest and dividend income	\$78,195	\$90,590
Unrealized loss	<u>(8,657)</u>	<u>(771)</u>
	<u>\$69,538</u>	<u>\$89,819</u>

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2011</u>	<u>2010</u>
Website	3 years	\$1,425,520	\$2,327,637
Computers and software	2-5 years	475,662	416,926
Furniture and equipment	2-5 years	168,094	161,971
Leasehold improvements	Life of lease	<u>64,605</u>	<u>38,862</u>
		2,133,881	2,945,396
Less: Accumulated depreciation		<u>(961,665)</u>	<u>(2,028,761)</u>
		<u>\$1,172,216</u>	<u>\$ 916,635</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$697,776 and \$830,348, respectively.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 8 - Donated Services, Facilities and Equipment

During the years ended June 30, 2011 and 2010, DonorsChoose.org received donated services, facilities and equipment as follows:

	<u>2011</u>	<u>2010</u>
Legal services	\$115,061	\$223,422
Marketing	22,088	112,034
Equipment, hardware and software	11,301	146,556
Website and hosted services	3,000	1,825
Occupancy	3,525	15,385
Office supplies	<u>5,419</u>	<u>25,166</u>
	<u>\$160,394</u>	<u>\$524,388</u>

Donated legal services for both 2011 and 2010 related to organizational and administrative matters, including consultation regarding business registrations, contract review and other corporate and organizational policies.

Note 9 - Commitments

DonorsChoose.org occupies its primary office space in New York City under a lease which expires on April 30, 2016, and other offices in San Francisco and Washington, DC. These leases require minimum rental payments as follows:

<u>Year Ending June 30,</u>	
2012	\$180,151
2013	181,843
2014	185,530
2015	169,105
Thereafter through April 30, 2016	<u>144,426</u>
	<u>\$861,055</u>

DonorsChoose.org may terminate its New York office lease on January 1, 2014. If the termination clause is exercised, a termination fee will be due to the landlord. The fee will be based upon the unamortized portion of brokerage costs incurred by the landlord and construction costs incurred preparing the office space for occupancy. DonorsChoose.org has no plans to terminate its lease.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Note 9 - Commitments (continued)

Other office space is occupied on a month-to-month basis. Rent expense for the years ended June 30, 2011 and June 30, 2010 totaled \$185,270 and \$256,539, respectively.

Note 10 - Functional Allocation of Expenses

The cost of providing the various program 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, 2011 and 2010 can be summarized as follows:

	2011				
	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total Supporting Services	
Total Expenses	<u>\$31,770,774</u> 95.1%	<u>\$849,375</u> 2.6%	<u>\$777,172</u> 2.3%	<u>\$1,626,547</u> 4.9%	<u>\$33,397,321</u> 100.0%
Total Expenses, Excluding Donated Services and Facilities (\$149,093)	<u>\$31,741,818</u> 95.5%	<u>\$729,819</u> 2.2%	<u>\$776,591</u> 2.3%	<u>\$1,506,410</u> 4.5%	<u>\$33,248,228</u> 100.0%
	2010				
	Program Services	Supporting Services			Total Expenses
		General and Administrative	Fundraising	Total Supporting Services	
Total Expenses	<u>\$22,991,562</u> 93.9%	<u>\$817,831</u> 3.4%	<u>\$666,332</u> 2.7%	<u>\$1,484,163</u> 6.1%	<u>\$24,475,725</u> 100.0%
Total Expenses, Excluding Donated Services and Facilities (\$477,144)	<u>\$22,809,383</u> 95.0%	<u>\$527,100</u> 2.2%	<u>\$662,098</u> 2.8%	<u>\$1,189,198</u> 5.0%	<u>\$23,998,581</u> 100.0%

ADDITIONAL INFORMATION



LUZ AND CARR

CERTIFIED PUBLIC ACCOUNTANTS, LLP
300 EAST 42ND ST., NEW YORK, NY 10017
212-697-2299 Fax 212-949-1768

**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 2011 and 2010 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, 2011 with comparative totals for 2010 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 25, 2011

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SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR 2010

	Program Services			Supporting Services			2011	2010
	Classroom Projects and Processing	Classroom Project Advocacy	Total	General and Administrative	Fundraising	Total	Total Expenses	Total Expenses
Classroom Project Materials	\$25,838,851	\$ -	\$25,838,851	\$ -	\$ -	\$ -	\$25,838,851	\$17,585,207
Donor Thank You Package and Delivery	125,871	-	125,871	-	-	-	125,871	116,151
Credit card fees	285,879	-	285,879	-	-	-	285,879	198,521
Sub-total Classroom Project Expense	26,250,601	-	26,250,601	-	-	-	26,250,601	17,899,879
Salaries	1,222,970	1,516,576	2,739,546	403,366	540,186	943,552	3,683,098	3,364,384
Payroll taxes and benefits	218,169	267,629	485,798	68,954	107,381	176,335	662,133	615,498
Occupancy, including donated facilities of \$3,525 (2011) and \$15,385 (2010)	83,879	83,894	167,773	32,796	13,282	46,078	213,851	315,925
Travel and meetings	26,911	81,414	108,325	28,498	43,721	72,219	180,544	137,778
Accounting and audit	-	-	-	50,500	-	50,500	50,500	46,116
Legal, including donated services of \$115,061 (2011) and \$223,422 (2010)	-	-	-	115,601	-	115,601	115,601	230,289
Consultants and professional services	30,517	31,210	61,727	20,892	24,930	45,822	107,549	195,259
Office supplies, including donated services of \$5,419 (2011) and \$25,166 (2010)	87,140	30,975	118,115	22,883	3,711	26,594	144,709	131,178
Communications	22,294	20,083	42,377	6,626	7,267	13,893	56,270	62,447
Postage	-	12,832	12,832	3,172	1,733	4,905	17,737	14,678
Website and hosted services, including donated services of \$3,000 (2011) and \$1,825 (2010)	130,510	130,509	261,019	-	-	-	261,019	210,408
Marketing, including donated services of \$22,088 (2011) and \$112,034 (2010)	-	126,772	126,772	168	4,194	4,362	131,134	218,201
Gift card production	-	749,833	749,833	-	-	-	749,833	110,591
Bad debt expense	-	-	-	14,400	-	14,400	14,400	52,667
Insurance	1,699	1,699	3,398	6,597	-	6,597	9,995	6,063
Bank fees	-	-	-	42,614	-	42,614	42,614	26,710
Registration fees	1,277	1,277	2,554	4,956	-	4,956	7,510	5,777
Miscellaneous	-	353	353	-	94	94	447	1,529
Depreciation and amortization, including depreciation on donated assets of \$122,643 (2011) and \$99,311 (2010)	321,582	318,169	639,751	27,352	30,673	58,025	697,776	830,348
Total Expenses, 2011	28,397,549	3,373,225	31,770,774	849,375	777,172	1,626,547	33,397,321	
Less: Donated Services and Facilities	-	(28,956)	(28,956)	(119,556)	(581)	(120,137)	(149,093)	
Total Expenses, 2011, Excluding Donated Services and Facilities	\$28,397,549	\$3,344,269	\$31,741,818	\$ 729,819	\$ 776,591	\$1,506,410	\$33,248,228	
Total Expenses, 2010	\$20,031,236	\$2,960,326	\$22,991,562	\$ 817,831	\$ 666,332	\$1,484,163		\$24,475,725
Less: Donated Services and Facilities	(18,837)	(163,342)	(182,179)	(290,731)	(4,234)	(294,965)		(477,144)
Total Expenses, 2010, Excluding Donated Services and Facilities	\$20,012,399	\$2,796,984	\$22,809,383	\$ 527,100	\$ 662,098	\$1,189,198		\$23,998,581

See independent auditors' report on additional information.