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August 22, 2008

Board of Directors
GNOME Foundation, Inc.
8 Cambridge St., Suite 500
Cambridge, MA 02142

Accountant's Review Report

I have reviewed the accompanying statement of assets, liabilities and fund balance of GNOME Foundation, Inc. (a not-for-profit organization) as of September 30, 2007, and the related statements of support, revenue and operating expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of GNOME Foundation, Inc.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



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GNOME FOUNDATION, INC.

(A Not-For-Profit Organization)
Statement of Assets, Liabilities and Fund Balance
as of September 30, 2007

ASSETS

CASH	Unrestricted	152,227.10	
	Restricted	10,362.42	
	Paypal	11,439.53	
	Total Cash		<u>174,029.05</u>
ACCOUNTS RECEIVABLE			20,000.00
FIXED ASSETS (NET)			7,326.00
TOTAL ASSETS			<u><u>201,355.05</u></u>

LIABILITIES AND FUND BALANCE

ACCOUNTS PAYABLE			0.00
	Total Liabilities		0.00
FUND BALANCE	Unrestricted	190,992.63	
	Restricted	10,362.42	
	Total Fund Balance		<u>201,355.05</u>
TOTAL LIABILITIES AND FUND BALANCE			<u><u>201,355.05</u></u>

See Accountant's Report.

GNOME FOUNDATION, INC.

(A Not-For-Profit Organization)

Statement of Support, Revenue and Operating Expenses
For the Year Ended September 30, 2007

Support and Revenue

GNOME		
Contributions	7,650.78	
Advisory Board Fees	115,000.00	
OSGeo	15,000.00	
Hackertreads Royalty	532.00	
Summer of Code	22,000.00	
Total GNOME	<u>160,182.78</u>	
GIMP	20,987.06	
Interest Income	<u>4,091.82</u>	
Total Support and Revenue		185,261.66

Expenses

GIMP Expense	298.11	
GIMP Travel	11,517.13	
Bank Service Charge	1,566.12	
Conference Expense	31,145.74	
Insurance Expense	1,267.32	
Office Supplies	3,982.72	
Salaries	23,437.50	
Payroll Tax Expense	3,561.00	
Contract Labor	18,000.00	
Professional Fees	2,786.48	
Depreciation Expense	<u>2,278.00</u>	
Total Expenses		99,840.12
Net Change in Fund Balance		<u>85,421.54</u>
Beginning Fund Balance		115,933.51
Ending Fund Balance		<u>201,355.05</u>

See Accountant's Report.

GNOME FOUNDATION, INC.

(A Not-For-Profit Organization)

Statement of Cash Flows
Year Ended September 30, 2007

Cash Flows from Operating Activities:

Change in Net Assets	\$85,421.54
Adjustment to Reconcile Net Income to Net Cash Used by Operating Activities	
Depreciation	2,278.00
Net Cash Generated (Used) by Operating Activities	<u>87,699.54</u>
Change in Accounts Receivable	23,275.00
Change in Accounts Payable	-12,929.42
Net Increase (Decrease) in Cash	<u>98,045.12</u>
Cash, Beginning of Period	75,983.93
Cash, End of Period	<u><u>174,029.05</u></u>

See Accountant's Report.

GNOME FOUNDATION, INC.

(A Not-For-Profit Organization)

Notes to the Financial Statements September 30, 2007

Note 1 – Summary of Significant Accounting Policies:

A. Description of Operations:

GNOME Foundation, Inc. is a not-for-profit organization engaged in providing education and development of software for free public use over the internet.

B. Basis of Accounting:

The accompanying financial statements have been prepared using generally accepted accounting principles. Under the basis, revenues are generally recognized as earned, and expenses are generally recognized as incurred.

In 1997, the organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-For-Profit Organizations." Under SFAS No. 117, the organization 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.

The organization also adopted SFAS No. 116, "Accounting for Contributions Made" in 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Unrestricted Funds	\$190,992.63
Restricted Funds	
GIMP	\$10,270.73
GNOME Event Box	\$91.69

C. Income Taxes:

The organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

D. Property and Equipment:

Property and Equipment is stated at cost and is fully depreciated. Depreciation of property and equipment is provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

Computer Equipment	5 years
Other Equipment	7 years
Original Cost	\$16,718
Accumulated Depreciation	<u>9,392</u>
Net Equipment	\$ 7,326