

# Current Project Status

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January 9, 2006

# Infrastructure Rollout

- Core Network Sites

- 3 of 4 Water Towers Complete
- Ecumenical Christian Ministries
- City Hall
- First Free Methodist Church
- 88 WiFi Mesh Nodes -----  
(of 450 Planned)

- Apartment Complexes

- Village Square
- Hanover Place
- Stonecrest
- Fox Run
- The Oaks
- Park 25

- Apartment Complexes (Cont)

- Holiday
- Sunrise Village
- Sunrise Place
- Boardwalk
- 501 Colorado
- 901 Kentucky
- Pinetree Townhomes
- Peppertree

- Mass. St. Project

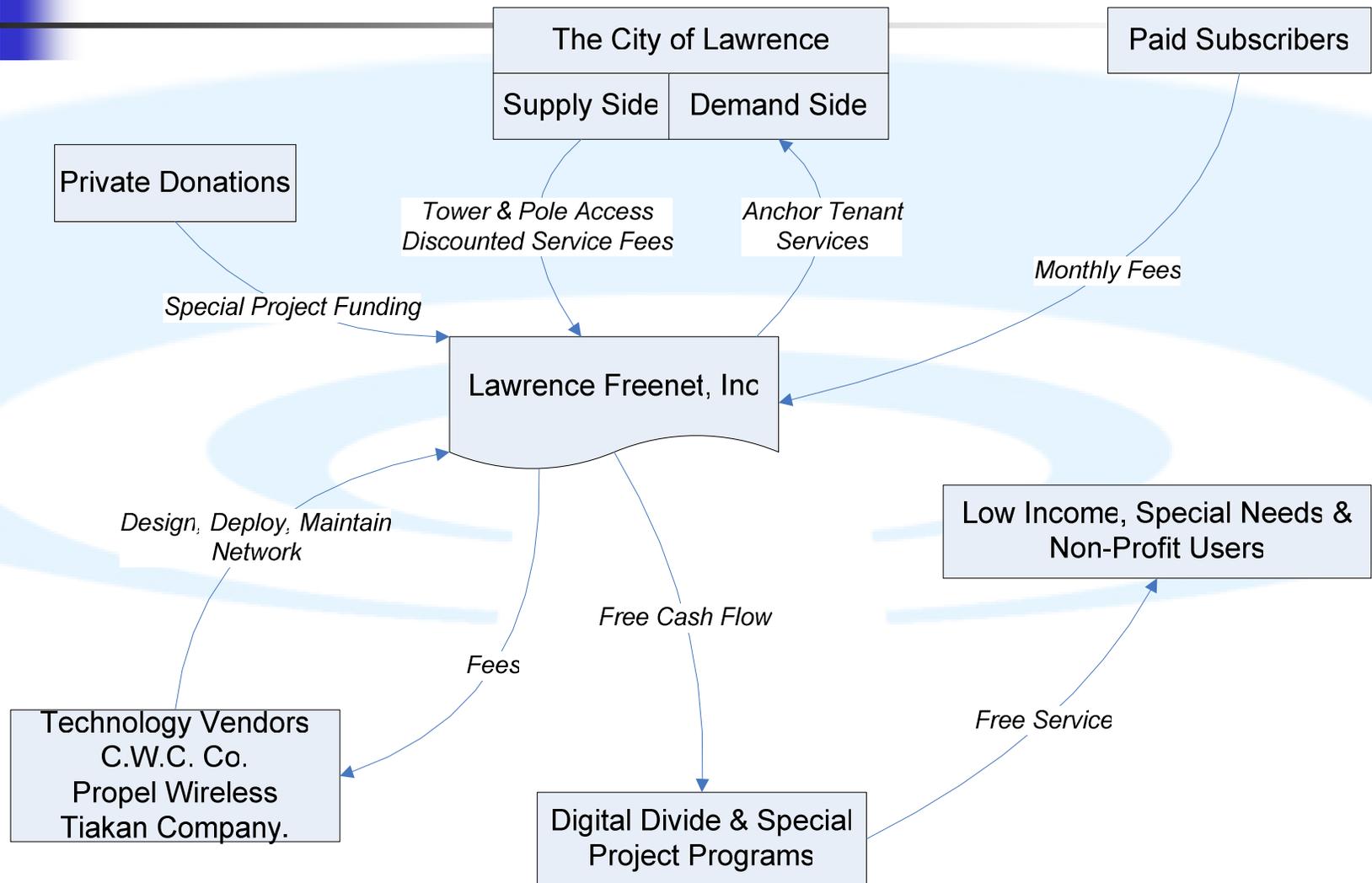
- 8 of 16 Planned Sites Installed

# Project Partnerships



- New Partnerships
  - Habitat for Humanity
  - Westar Energy
  - Lawrence Housing Authority
  - Americana Music Academy
  - Independence Inc.
  - Community Living Opportunities

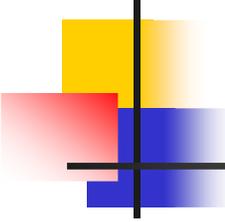
# Key Relationships



## Job Creation

- Current Staff
  - 8 Full Time Employees
  - 7 Part Time Employees
- Quality Jobs
  - Health Benefits
    - Full Benefits For Full Time Staff
    - Benefit Reimbursement for Part Time Staff
  - Competitive Pay





## Network Services

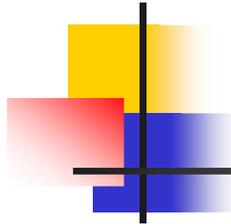
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- Current Residential User Base
  - 50 Charity Subscribers
  - 182 Paid Subscribers
  - 8 Business Subscribers
  - 6 Free Public Hotspots
- Exceeding Target Charity/Paid Ratio
  - Current Ratio 26%
  - Target Ratio 10%

## Non-profit Projects

- Current Projects
  - Computer Give Away Program
  - Charity Subscriber Services
  - Americana Music Academy
  - Assisted Residential Options
  - O'Connel Youth Ranch
  - Pelathe Community Resource Center
  - Lawrence Housing Authority
  - Community Living Opportunities
- Planned Projects
  - Habitat for Humanity Neighborhood
  - Lawrence Humane Society

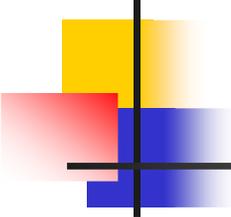




## City Services

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- Current Projects
  - Point-to-Point Beta Site – City Pool
    - Successful!
  - Water Tower Security Monitoring
    - 6<sup>th</sup> St. Tower Complete
    - Stratford Tower Complete
    - Oread & Kasold Under Contract



## Challenges Ahead

---

- Working with the City of Lawrence
  - Harper Tower Site
  - Rollout Schedule
- Computer Refurbishing
  - Currently over 20 families on waiting list
  - Quality surplus computers have dried up
- Promoting service to charities and low income users
  - Communicating with charities to let them know that service is available
  - Communication with low income users to coordinate computer placement with free broadband service.

7/10/2006

TO: City of Lawrence  
**ATT: Toni Wheeler**

REF: Customer Update

\*\*\*\*\*

Toni,

In compliance with our mandate, we signed up 9 new customers in March and our total right now is 14 low paying customers and 1 low income free service.

We are just getting started with our sign-ups and we expect to have 1 low income person for every 10 low paying customers.

If you have any question regarding this information please feel free to contact me at (913) 708-3309, or [david.stringer@lawrencefreenet.org](mailto:david.stringer@lawrencefreenet.org) .

Thanks Toni,

Sincerely,

David Stringer  
General Manager  
Lawrence Freenet

cc: Joshua Montgomery

7/24/2006

TO: Interim City Manager  
Dave Corliss  
P.O. Box 708  
Lawrence, KS 66044

SUB: **QUARTERLY PROGRESS REPORT:**

\*\*\*\*\*

Mr. Corliss,

This is the second quarterly progress report for Lawrence Freenet and the status of our program.

As of the above date, we have 56 customers. 9 of those customers are low income subscribers that do not pay for their service. Among those 9 are O'Connell youth Ranch and the Independent Resource Living Center(ARO).

If you would like any further information please feel free to contact me at 371-4214 ext 8004.

I am attaching the first quarterly report I sent in. By mistake I labeled it a monthly report and sent it to Toni Wheeler, City Attorney. My apologies for that error. From this point forward I will address it as the Quarterly Progress Report and send it directly to your office.

Thank you,

Sincerely and Respectfully,

---

David G. Stringer  
General Manager  
Lawrence Freenet

cc: Joshua Montgomery  
Toni Wheeler



September 18, 2006

Mr. David Corliss  
Interim City Manager  
The City of Lawrence  
6 E 6<sup>th</sup> St.  
Lawrence, KS 66044

Dear Mr. Corliss,

In keeping with both the spirit and the letter of our agreement with the City, I have attached a presentation detailing the current status of the Freenet project. In keeping with our agreement we will be submitting these once a quarter. We would like to have these reports coincide with standard corporate fiscal quarters to facilitate keeping track of them.

I'd like to thank you for taking the time to get back with us about the down town project recently. We are busy putting together an appropriate reply and look forward to working with you to make this project a reality.

Sincerely,

Adam Mansfield  
President  
Lawrence Freenet, Inc.

CC: Mike Amyx, Boog Highberger, Sue Hack, Mike Rundle, David Schauner

## Current Project Status

Sept 13, 2006

## Infrastructure Rollout

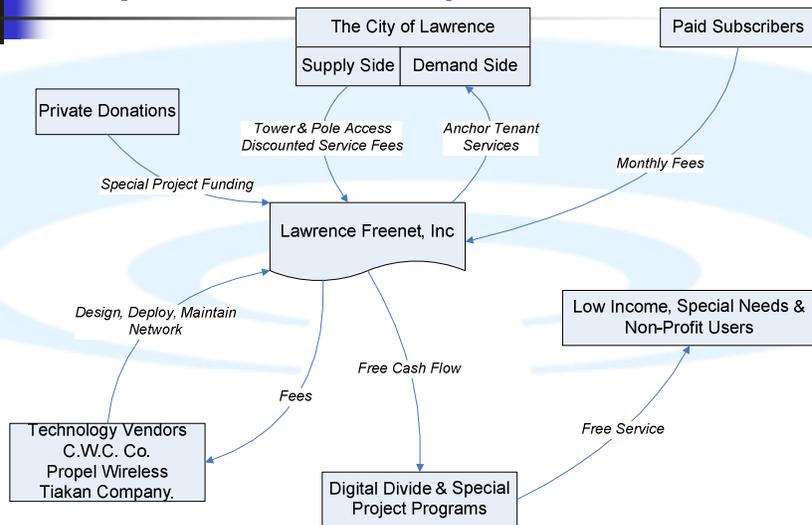
- Core Network Sites
  - 3 of 4 Water Towers Complete
  - Ecumenical Christian Ministries
  - City Hall
  - First Free Methodist Church
- Apartment Complexes
  - Village Square
  - Hanover Place
  - Stonecrest
  - Fox Run
  - The Oaks
  - Park 25
  - Boardwalk

## Project Organization



- IRS 501c Non-Profit Status Issued
- Key Partnerships
  - The City of Lawrence
  - Community Wireless Communications Co.
  - The Lawrencian
  - Propel Wireless

## Key Relationships



## Job Creation

- Current Staff
  - 9 Full Time Employees
  - 5 Part Time Employees
- Special Needs Staff
  - Mark Cline – Full Citizenship
- Quality Jobs
  - Health Benefits
    - Full Benefits For Full Time Staff
    - Student Benefit Reimbursement for Part Time Staff
  - Competitive Pay



## Network Services

- Current Residential User Base
  - 24 Charity Subscribers
  - 84 Paid Single Family Home Subscribers
  - 13 Paid Apartment Subscribers
- Exceeding Target Charity/Paid Ratio
  - Current Ratio 19%
  - Target Ratio 10%

## Charity Projects

- Current Projects
  - Computer Give Away Program
  - Assisted Residential Options
  - O'Connel Youth Ranch
  - Pelathe Community Resource Center
- Planned Projects
  - Habitat for Humanity Neighborhood
  - Lawrence Humane Society



## City Services

- Current Projects
  - Point-to-Point Beta Site – City Pool
  - Water Tower Security Monitoring
- Expansion Projects?
  - City of Philadelphia anticipates \$2 Million annually by enabling mobile workforce.\*
  - Broadband for Police/Fire/Medical
  - Planning Office Access
  - Munciple Worker Access
  - Remote Telemetry/Monitoring
  - Public Hotspots

■ \* Settles, Craig – "Fighting the Goodfight for Municipal Wireless" 2006 – P.22.

## Challenges Ahead

- Working with the City of Lawrence
  - Harper Tower Site
    - Need to approve installation of equipment.
  - Providing City Services – Interest?
    - Other cities are saving large sums of money by working with community WiFi. Is Lawrence interested in leveraging this valuable community asset?
  - Promoting Charity Services
    - The city sends out tens of thousands of water bills every month. A simple insert would let potential low income users know that service is available – free of charge.
  - Downtown Project?
    - This has been brought to a halt by staff. Does the city want to promote downtown as a technical hotspot that is a great location for high paying technology jobs? A great place for students to study and for young professionals to pull up a chair and work?

**RECEIVED**

APR 02 2007

CITY MANAGERS OFFICE  
LAWRENCE, KS

Annual Report  
FY2006 (January 1, 2006 - December 31, 2006)

March 29, 2007

Submitted By:  
Davina Gans  
Executive Director



FY07 Annual Report

**Table of Contents**

Executive Summary.....	2
Organization.....	3
Mission.....	3
State of the Organization.....	3
Those We Serve.....	3
Free Internet Service	
Free Computers	
Fiscal and Physical Resources.....	4

## FY06 Annual Report

**Contact:**

Name: Davina Gans  
Phone: 785-979-1618  
Email: Davina.gans@lawrencefreenet.org

**Executive Summary**

Lawrence Freenet, Inc. has continued its efforts as the only non-profit internet and technology based organization in Kansas. Our FY06 goal was to improve and refine the transmission of free internet service to citizens of the City of Lawrence who meet our three exempt criteria;

1. Income level below 140% of poverty as publish by the State of Kansas SRS.
2. Disabled people receiving VA benefits or SSI benefits.
3. Youth between the ages of 18-23 working with the SRS Independent Living program benefiting youth aging out of State Custody.

Progress for FY06 is evidenced by the following:

- The development of two new exempt criteria (2. and 3. above) which will allow a greater number of people to be served.
- The partnering of Lawrence Freenet, Inc with other Kansas non-profit agencies for the donation of computers and technology to anyone who needs.
- The steady expansion of coverage area towards our goal of city wide coverage by May 15, 2007.
- Improvement of deployment readiness, service quality, and download speeds for online classes.
- A formal external audit was done to ensure accountability of funds and donations to Lawrence Freenet.
- Development of a co-produced educational model was initiated with RAHN, The Lawrence High School Diploma Completion Program, and the Boys & Girls Club of Lawrence.

-Development of joint grant writing projects to bring exempt services to families at 160% of Federal Poverty guidelines to adapt to the higher cost of living in Lawrence, Kansas.

For FY06, Lawrence Freenet, Inc. was a mostly volunteer organization with one part time employee. Given growth concerns board approval was given for the hiring of an Executive Director and an Administrative Intern. The FY07 will provide opportunity for continuing improvements to the services and support provided by Lawrence Freenet, Inc. as well as the possibility of strong and rapid growth. We are excited about the possibilities for more efficient operations and more powerful tools to manage data and resources. Lawrence Freenet, Inc. and the FY07 cit-wide launch, however, is also a handicap in terms of current demands on staff time. With the implementation of the city-wide network looming, basic operational capability will quickly become the focus. Beyond initial implementation, building on the new operating model being developed for FY07 will follow. This means the continuation of progress on strategic priorities by improving and refining the ability to link planning, fundraising, and budget.”

### **Organization**

The Lawrence Freenet, Inc. reports to the Board of Directors and consists of three part time positions at the present time.

### **Mission Statement**

Our mission is to surmount the Digital Divide and create equal and unrestricted access to the internet for disabled and disadvantaged people with the goal of improving their quality of life, educational, and employment opportunities, and access to assistive computer technology.

### **State of the Organization**

Lawrence Freenet, Inc. has had a fiscal year reflecting our growth as a growing non-profit trying to serve the community. In addition to completing the tasks associated with providing services to the community, staff has started to have significant involvement with Lawrence committees working with the populations we are trying to serve. Ongoing efforts to improve communication and direct involvement in the Community will continue into FY07.

Less time has been invested in refining existing processes and developing new models than originally planned. Slower response time and a larger work backlog for the office as a whole continues to be a problem.

**Those We Serve - Financially Disadvantage, VA and SSI recipients,  
Independent Living Youth.**

Free Service:

Lawrence Freenet, Inc. has refined and streamlined the process for signing up, and being approved for Exempt Service. Enrollment can be done both on-line and via mail for those who currently have no access to a computer and printer. Customers are re-evaluated for their eligibility every 6 months.

Free Computers:

Lawrence Freenet, Inc. continues to receive donations of working and non-working computers from the community and surrounding areas. We have a staff of volunteers who assist with rebuilding and reloading machines for families in need. When possible, printers and other equipment are donated to the customer as well

**Fiscal and Physical Resources**

Lawrence Freenet, Inc. completed FY06 with total expenditures of \$61,384.89 as compared to \$13,863.15 for FY05. The total for FY06 includes the part time administrator positions and equipment for Exempt Service Customers. Revenue grew from \$16,888.05 in FY05 to \$51,663.16 in FY06. While we still operating at a loss, the completion of the city wide expansion project in FY07 should reverse this trend and allow us to start more educational programs.

# Not For Profit Corporation Annual Report

Please print this copy for your records. Do not mail a copy to the Secretary of State's office.

Electronically Filed  
09/14/2006

- 1. Corporation Name: LAWRENCE FREENET INC
- 2. Business Entity ID No.: 6039648
- 3. Tax Closing Date: December 2005
- 4. State of Incorporation: KS
- 5. Official Mailing Address:  
Kris Adair, 4922 Stoneback Pl , LAWRENCE KS 66047
- 6. Location of Principal Office:  
2311 Wakarusa Ste. H , Lawrence KS 66047

## 7. Officers

Adam Mansfield - President or equivalent  
PO Box 3532 Lawrence, KS 66046

Andrew Brown - Secretary or equivalent  
PO Box 3532 Lawrence, KS 66047

Kris Adair - Treasurer or equivalent (This officer is also a member of the governing body)  
4922 Stoneback Pl Lawrence, KS 66047

## 8. Governing Body

9. Does this corporation/organization have the authority to issue stock? No

10. Total number of members: 3

11. Does this corporation hold more than 50% equity ownership in any other business entity that is on file with the Kansas Secretary of State? No

12. Does this corporation own or lease land in Kansas suitable for use in agriculture? No

Federal Employer Identification Number (FEIN): 202656113

I declare under penalty of perjury pursuant to the laws of the state of Kansas that the foregoing is true and correct.

Executed on the 14 of September, 2006

Signature of authorized Officer: Kris Adair

Title/Position of the signer: Treasurer  
Contact phone number: 785-840-7989  
E-mail: kris.adair@lawrencefreenet.org

LAWRENCE FREENET INC.

FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
DECEMBER 31, 2006

AND

INDEPENDENT AUDITOR'S  
REPORT



KRISTY TESKA  
ENROLLED AGENT

K TAX & FINANCIAL SERVICES  
2708 FREEDOM HILL CT.  
LAWRENCE, KS 66047

(785) 843-8687

LAWRENCE FREENET INC.

YEAR ENDING DECEMBER 31, 2006

Table of Contents

Independent Audit Report.....	1
Statement of Assets, Liabilities, and Equity (Balance Sheet).....	2
Statement of Support, Revenue, Expenses, and Changes in Net Assets – Modified Cash Basis (Profit and Loss) .....	3-4
Notes to Financial Statements.....	5-6



## AUDIT REPORT

To the Board of Directors of Lawrence Freenet Inc.;

I have audited the enclosed statement of assets, liabilities, and equity of Lawrence Freenet Inc. a nonprofit organization as of December 31, 2006 and the related statement of revenues and expenses for the year then ended.

The audit consisted of examining documents and files, asking questions and compiling Quick Books reports. The bank account balances were verified with the Quick Books balance. Accounts receivable was reviewed. Accounts payable balances were verified with the paper file provided by the company. The only fixed assets owned by the company were donated computers.

The nonprofit organization prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements included in this report present fairly in all material respects the assets, liabilities and equity of Lawrence Freenet Inc. as of December 31, 2006.

Kristy Teska  
Enrolled Agent

2708 Freedom Hill Ct., Lawrence, KS 66047  
(785) 843-8687  
[ktax@sunflower.com](mailto:ktax@sunflower.com)

Page 1

Lawrence Freenet Inc  
**Balance Sheet**  
 As of December 31, 2006

	<u>Dec 31, 06</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Checking Account - Central	2,057.86
Douglas County	732.19
Total Checking/Savings	<u>2,790.05</u>
Accounts Receivable	
1200 · Accounts Receivable	2,360.49
Total Accounts Receivable	<u>2,360.49</u>
Other Current Assets	
1499 · Undeposited Funds	1,083.78
Total Other Current Assets	<u>1,083.78</u>
Total Current Assets	6,234.32
Other Assets	
Computers, Donated	900.00
Total Other Assets	<u>900.00</u>
<b>TOTAL ASSETS</b>	<b><u>7,134.32</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	13,480.44
Total Accounts Payable	<u>13,480.44</u>
Other Current Liabilities	
Refundable Advances	
Loan From Andrew Brown	150.00
Loan From Joshua Montgomery	-396.35
Loan From Kris Adair	-0.60
Total Refundable Advances	<u>-246.95</u>
2100 · Payroll Liabilities	695.45
Total Other Current Liabilities	<u>448.50</u>
Total Current Liabilities	<u>13,928.94</u>
Total Liabilities	13,928.94
Equity	
1110 · Net Assets	3,024.90
Net Income	-9,819.52
Total Equity	<u>-6,794.62</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>7,134.32</u></b>

**Lawrence Freenet Inc**  
**Profit & Loss**  
January through December 2006

	Jan - Dec 06
Ordinary Income/Expense	
Income	
4030 · Contributions Income	
4070 · Unrestricted	2,185.00
Total 4030 · Contributions Income	2,185.00
4150 · Miscellaneous Income	81.89
4170 · Program Fees	
Equipment Sales	8,768.51
Installation	29,008.39
Internet Service	20,170.35
Labor	381.25
4170 · Program Fees - Other	25.00
Total 4170 · Program Fees	58,353.50
4190 · Reimbursed Expenses	-89.11
Total Income	60,531.28
Cost of Goods Sold	
5000 · Cost of Goods Sold	8,868.12
Total COGS	8,868.12
Gross Profit	51,663.16
Expense	
Seminars	200.00
4000 · Reconciliation Discrepancies	-0.01
6110 · Automobile Expense	40.34
6120 · Bank Service Charges	1,553.11
6180 · Insurance	
6185 · Liability Insurance	900.00
6180 · Insurance - Other	485.00
Total 6180 · Insurance	1,385.00
6200 · Interest Expense	9.51
6230 · Licenses and Permits	42.00
6240 · Miscellaneous	132.63
6250 · Postage and Delivery	186.14
6260 · Printing and Reproduction	72.45
6270 · Professional Fees	
6655 · Consulting	260.50
Total 6270 · Professional Fees	260.50
6290 · Rent	30.00
6340 · Telephone	
Mobile Phone	456.34
Total 6340 · Telephone	456.34
6350 · Travel & Ent	
6370 · Meals	358.10
6380 · Travel	483.80
Total 6350 · Travel & Ent	841.90
6390 · Utilities	12.56
6550 · Office Supplies	221.34
6560 · Payroll Expenses	8,165.28
6670 · Program Expense	
Access Point Installation Subs	30,285.28
Computer Donations	600.00
Internet Service	15,781.99
Network Infrastructure	480.88
Warranty	268.75
Total 6670 · Program Expense	47,416.90

3:47 PM  
03/29/07  
Accrual Basis

Lawrence Freenet Inc  
**Profit & Loss**  
January through December 2006

	<u>Jan - Dec 06</u>
6770 · Supplies	
6780 · Marketing	333.90
6790 · Office	25.00
Total 6770 · Supplies	<u>358.90</u>
Total Expense	<u>61,384.89</u>
Net Ordinary Income	-9,721.73
Other Income/Expense	
Other Income	
7030 · Other Income	389.44
Total Other Income	<u>389.44</u>
Other Expense	
8010 · Other Expenses	487.23
Total Other Expense	<u>487.23</u>
Net Other Income	<u>-97.79</u>
Net Income	<u><u>-9,819.52</u></u>

LAWRENCE FREENET INC.  
YEAR ENDING DECEMBER 31, 2006

Notes to Financial Statements

Lawrence Freenet Inc. is a non**profit** service organization. Its mission is to make internet access available to everyone in Lawrence, KS.

Note 1 - Accounts Receivable:

Accounts receivable transactions are downloaded from two sources and checks are entered as received. Some customers sign up and pay their account on-line.

Note 2 - Assets:

During 2006, the only fixed assets owned by the company were donated computers as reflected on the Balance Sheet. All other assets were borrowed or personal property of the employee.

Note 3 – Modified Cash Basis of Accounting:

The financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting differs from generally accepted accounting principles by not tracing accounts receivable and its subsidiary ledger and not accruing accounts receivable and accounts payable.

Note 4 – Related Party Transactions:

Employees and Board Members have loaned or advanced funds to the organization and the funds have been tracked.

Note 5 – Separation of Duties:

The organization is a small nonprofit organization and had one employee in 2006. Due to the limitations of staff, the one employee was responsible for all financial transactions. As the company grows, the financial duties need to be shared so that one person does not have sole responsibility of the receipt process or the payable process.

Note 5 – Income Taxes

The organization is an nonprofit organization and is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3).

Part 5,35 Statement

Lawrence Freenet was not required to file a 990-T because none of the following applied:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gain.
- Request a credit for certain federal excise taxes paid.

See attached schedules for loans made to Lawrence Freenet from Board Members per Part 5, Line 38B.

Lawrence Freenet  
4105 W. 6<sup>th</sup> St.  
Lawrence, KS 66049  
EIN 20-2656113

Lawrence Freenet Inc  
**Account QuickReport**  
 As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
<b>Refundable Advances</b>							
<b>Loan From Kris Adair</b>							
General Journal	1/10/2006		Office Depot	UPS			47.86
General Journal	1/11/2006		Cingular		6550 · Office ...	98.24	47.86
Check	1/11/2006	1031	Kris Adair		Mobile Phone	456.34	146.10
General Journal	1/13/2006		Little Caesars		Checking Acc...	-25.00	602.44
General Journal	1/14/2006		Little Caesars		6370 · Meals	5.37	577.44
General Journal	1/15/2006		Home Depot		6370 · Meals	12.95	582.81
General Journal	1/19/2006		Kinko's		Network Infras...	38.95	595.76
General Journal	1/19/2006		Kinko's	Box for return	6250 · Postag...	2.15	634.71
Check	2/13/2006		Joshua Montgomery	Casacde return	6250 · Postag...	46.34	636.86
					Checking Acc...	-683.80	683.20
						-48.46	-0.60
Total Loan From Kris Adair							-0.60
Total Refundable Advances							-48.46
<b>TOTAL</b>							<b>-48.46</b>

4:19 PM

03/30/07

Accrual Basis

Lawrence Freenet Inc  
**Account QuickReport**  
 As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							150.00
Loan From Andrew Brown							150.00
Total Loan From Andrew Brown							150.00
Total Refundable Advances							150.00
<b>TOTAL</b>							<b>150.00</b>

COPY

Form 990-EZ

Department of the Treasury Internal Revenue Service

Short Form Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation) Sponsoring organizations, and controlling organizations as defined in section 512(b)(13) must file Form 990. All other organizations with gross receipts less than \$100,000 and total assets less than \$250,000 at the end of the year may use this form. The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-1150

2006

Open to Public Inspection

A For the 2006 calendar year, or tax year beginning , 2006, and ending , 20

B Check if applicable: [X] Address change [ ] Name change [ ] Initial return [ ] Final return [ ] Amended return [ ] Application pending
C Name of organization: Lawrence Freenet, Inc.
D Employer identification number: 20 2656113
E Telephone number: (785) 371-4214
F Group Exemption Number

G Accounting method: [X] Cash [ ] Accrual Other (specify)

I Website: www.lawrencefreenet.org

J Organization type (check only one) [X] 501(c) ( 4 ) (insert no.) [ ] 4947(a)(1) or [ ] 527

K Check [ ] if the organization is not a section 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Add lines 5b, 6b, and 7b, to line 9 to determine gross receipts; if \$100,000 or more, file Form 990 instead of Form 990-EZ.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 47 of the instructions.)

Table with 3 main sections: Revenue (lines 1-9), Expenses (lines 10-17), and Net Assets (lines 18-21). Includes sub-rows for 5a-5c, 6a-6c, 7a-7c.

Part II Balance Sheets—If Total assets on line 25, column (B) are \$250,000 or more, file Form 990 instead of Form 990-EZ.

Table with 2 columns: (A) Beginning of year, (B) End of year. Rows 22-27: Cash, Land and buildings, Other assets, Total assets, Total liabilities, Net assets or fund balances.

<b>Part III</b> Statement of Program Service Accomplishments (See page 51 of the instructions.)	<b>Expenses</b> (Required for 501(c)(3) and (4) organizations and 4947(a)(1) trusts; optional for others.)
What is the organization's primary exempt purpose? <b>To Provide Internet Service to Families 140% Poverty Level</b>	
Describe what was achieved in carrying out the organization's exempt purposes. In a clear and concise manner, describe the services provided, the number of persons benefited, or other relevant information for each program title.	
<b>28</b> Advertisied, selected, and contracted with a provider to build the network in Lawrence, KS and started providing Exempt Service as the network started to take shape. See P & L for expenses associated with program.	
(Grants \$ <b>0.00</b> ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>28a</b> <b>47416.90</b>
<b>29</b> _____	
(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>29a</b>
<b>30</b> _____	
(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>30a</b>
<b>31</b> Other program services (attach schedule)	
(Grants \$ _____ ) If this amount includes foreign grants, check here <input type="checkbox"/>	<b>31a</b>
<b>32</b> Total program service expenses (add lines 28a through 31a)	<b>32</b>

<b>Part IV</b> List of Officers, Directors, Trustees, and Key Employees (List each one even if not compensated. See page 52 of the instructions.)				
(A) Name and address	(B) Title and average hours per week devoted to position	(C) Compensation (If not paid, enter -0-.)	(D) Contributions to employee benefit plans & deferred compensation	(E) Expense account and other allowances
Adam Mansfield 1120 Tennessee, Lawrence KS 66044	President of the Board, 5 hours	0	0	0
Kris Adair 4922 Stoneback Place, Lawrence, KS 66049	Secretary Treasurer, 20 hours pd, 10 volunteer	8868/year	0	0
Andy Brown 2401 W. 25th St., Lawrence, KS 66047	Vice President, 5 hours	0	0	0

<b>Part V</b> Other Information (Note the statement requirement in General Instruction V.)	Yes	No
<b>33</b> Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity	<b>33</b>	✓
<b>34</b> Were any changes made to the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes	<b>34</b>	✓
<b>35</b> If the organization had income from business activities, such as those reported on lines 2, 6, and 7 (among others), but not reported on Form 990-T, attach a statement explaining your reason for not reporting the income on Form 990-T.		
<b>a</b> Did the organization have unrelated business gross income of \$1,000 or more or 6033(e) notice, reporting, and proxy tax requirements?	<b>35a</b>	✓
<b>b</b> If "Yes," has it filed a tax return on Form 990-T for this year?	<b>35b</b>	
<b>36</b> Was there a liquidation, dissolution, termination, or substantial contraction during the year? (If "Yes," attach a statement.)	<b>36</b>	✓
<b>37a</b> Enter amount of political expenditures, direct or indirect, as described in the instructions. ▶	<b>37a</b>	0
<b>b</b> Did the organization file Form 1120-POL for this year?	<b>37b</b>	✓
<b>38a</b> Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still unpaid at the start of the period covered by this return?	<b>38a</b>	✓
<b>b</b> If "Yes," attach the schedule specified in the line 38 instructions and enter the amount involved	<b>38b</b>	149.40
<b>39</b> 501(c)(7) organizations. Enter:		
<b>a</b> Initiation fees and capital contributions included on line 9	<b>39a</b>	0
<b>b</b> Gross receipts, included on line 9, for public use of club facilities	<b>39b</b>	0

COPY

**Part V Other Information** (Note the statement requirement in General Instruction V.) (Continued)

**40a** 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under:  
 section 4911 ▶ \_\_\_\_\_ ; section 4912 ▶ \_\_\_\_\_ ; section 4955 ▶ \_\_\_\_\_

- b** 501(c)(3) and (4) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach an explanation . . .
- c** Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . **0**
- d** Enter amount of tax on line 40c reimbursed by the organization . . . . . **0**
- e** All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? . . . . .

	Yes	No
<b>40b</b>		✓
<b>40c</b>		
<b>40d</b>		
<b>40e</b>		✓

**41** List the states with which a copy of this return is filed. ▶ Kansas

**42a** The books are in care of ▶ Davina Gans Telephone no. ▶ (785) 979-1618  
 Located at ▶ 4105 W. 6th St, Lawrence, KS ZIP + 4 ▶ 66049

- b** At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .
- If "Yes," enter the name of the foreign country: ▶ \_\_\_\_\_

	Yes	No
<b>42b</b>		✓
<b>42c</b>		✓

See the instructions for exceptions and filing requirements for **Form TD F 90-22.1**.

- c** At any time during the calendar year, did the organization maintain an office outside of the U.S.? . . . . .
- If "Yes," enter the name of the foreign country: ▶ \_\_\_\_\_

**43** Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041—Check here   
 and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ▶ **43**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Please Sign Here**  
 ▶ Kris Adair Date 3/30/07  
 Signature of officer  
 ▶ Kris Adair Treasurer  
 Type or print name and title.

**Paid Preparer's Use Only**  
 Preparer's signature ▶ \_\_\_\_\_ Date \_\_\_\_\_ Check if self-employed   
 Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ \_\_\_\_\_ Preparer's SSN or PTIN (See Gen. Inst. X) \_\_\_\_\_  
 EIN ▶ \_\_\_\_\_ Phone no. ▶ ( ) \_\_\_\_\_

**COPY**

Part 5,35 Statement

Lawrence Freenet was not required to file a 990-T because none of the following applied:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT) on undistributed long-term capital gain.
- Request a credit for certain federal excise taxes paid.

See attached schedules for loans made to Lawrence Freenet from Board Members per Part 5, Line 38B.

Lawrence Freenet  
4105 W. 6<sup>th</sup> St.  
Lawrence, KS 66049  
EIN 20-2656113

Lawrence Freenet Inc  
**Account QuickReport**  
 As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
<b>Refundable Advances</b>							
<b>Loan From Kris Adair</b>							
General Journal	1/10/2006		Office Depot	UPS	6550 · Office ...	98.24	47.86
General Journal	1/11/2006		Cingular		Mobile Phone	456.34	47.86
Check	1/11/2006	1031	Kris Adair		Checking Acc...	-25.00	146.10
General Journal	1/13/2006		Little Caesars	Kasold	6370 · Meals	5.37	602.44
General Journal	1/14/2006		Little Caesars	Kasold	6370 · Meals	12.95	577.44
General Journal	1/15/2006		Home Depot	Kasold	Network Infras...	38.95	582.81
General Journal	1/19/2006		Kinko's	Box for return	6250 · Postag...	2.15	595.76
General Journal	1/19/2006		Kinko's	Casacde return	6250 · Postag...	46.34	636.86
Check	2/13/2006		Joshua Montgomery		Checking Acc...	-683.80	683.20
Total Loan From Kris Adair						-48.46	-0.60
Total Refundable Advances						-48.46	-0.60
<b>TOTAL</b>						<b>-48.46</b>	<b>-0.60</b>

4:19 PM

03/30/07

Accrual Basis

Lawrence Freenet Inc  
Account QuickReport  
As of December 31, 2006

Type	Date	Num	Name	Memo	Split	Amount	Balance
Refundable Advances							150.00
Loan From Andrew Brown							150.00
Total Loan From Andrew Brown							150.00
Total Refundable Advances							150.00
<b>TOTAL</b>							<b>150.00</b>

**RECEIVED**

APR 27 2007

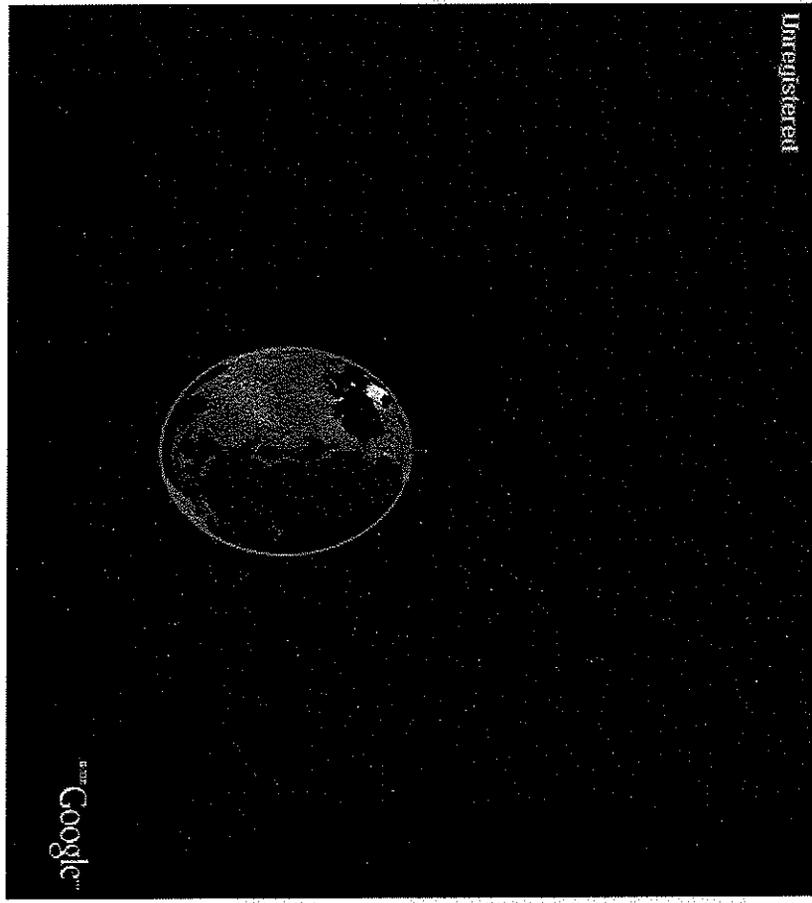
CITY MANAGERS OFFICE  
LAWRENCE, KS

# Current Project Status

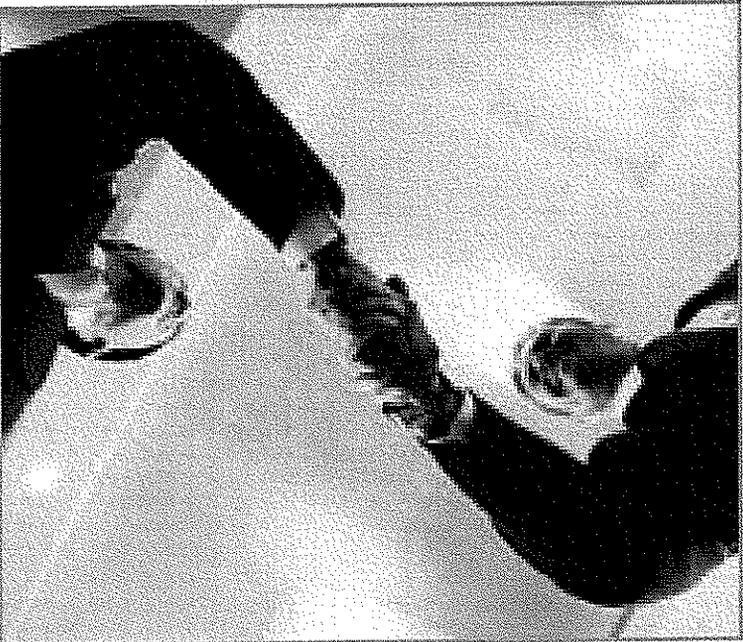
April 27, 2007

# Infrastructure Rollout

- Core Network Sites
  - 3 of 4 Water Towers Complete
  - Ecumenical Christian Ministries
  - City Hall
  - First Free Methodist Church
- Apartment Complexes
  - Village Square
  - Hanover Place
  - Stonecrest
  - PineTree
  - Colorado Point
  - Boardwalk
  - Fox Run
  - The Oaks
  - Park 25

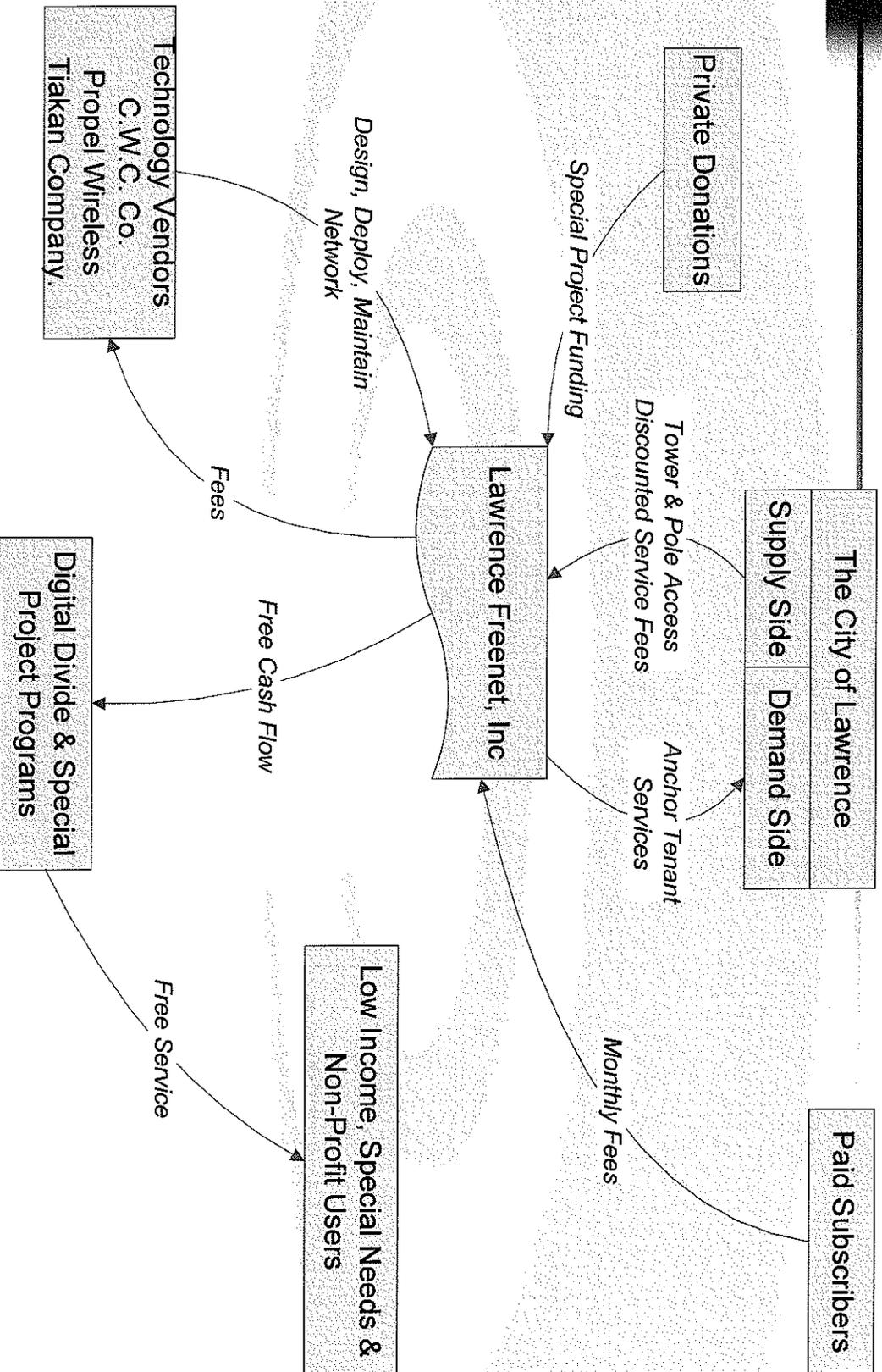


## Project Organization



- IRS 501c Non-Profit Status Issued
- Key Partnerships
  - The City of Lawrence
  - Community Wireless Communications Co.
  - The Lawrencian
  - Propel Wireless
  - Westar Energy
  - Sprint

## Key Relationships



## Job Creation

- Current Staff
  - 15 Full Time Employees
  - 4 Part Time Employees
- Quality Jobs
  - Health Benefits
    - Full Benefits For Full Time Staff
    - Student Benefit Reimbursement for Part Time Staff
- Competitive Pay



## Network Services

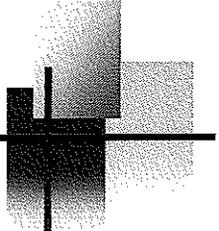
### ■ Exceeding Target Charity/Paid Ratio

- Current Ratio 29%
- Target Ratio 10%

## Non-profit Projects

- Current Projects
  - Computer Give Away Program
  - Assisted Residential Options
  - O'Connell Youth Ranch
  - Pelathe Community Resource Center
  - Habitat for Humanity Neighborhood
- Planned Projects
  - Lawrence Humane Society
  - Recovery and Hope Network
  - High School Diploma Completion Program
  - Boys and girls Club





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## City Services

- Current Projects
  - Point-to-Point Beta Site – City Pool
  - Water Tower Security Monitoring
- Expansion Projects?
  - City of Philadelphia anticipates \$2 Million annually by enabling mobile workforce.\*
  - Broadband for Police/Fire/Medical
  - Planning Office Access
  - Munciple Worker Access
  - Remote Telemetry/Monitoring
  - Public Hotspots

▪ \* Settles, Craig – “Fighting the Goodfight for Municipal Wireless” 2006 – P 22.

# Lawrence Freenet

A Community Connection

October 17, 2007

Toni Wheeler  
City Attorney  
The City of Lawrence  
6 W. 6<sup>th</sup> St.  
Lawrence, KS 66044

Dear Toni,

This letter serves as the quarterly report for Lawrence Freenet for the quarter ending September 30, 2007.

At the termination of the quarter the company had 1,144 paying subscribers and 90 individual low income subscribers. In addition, the organization is also providing free service to the new **Habitat for Humanity** neighborhood, the **Lawrence Humane Society** and any interested families at the **Lawrence Housing Authority**. The organization also provides reduced fee services to the **Lawrence Diploma Completion Center**, the **City of Lawrence Water Department** and the **Parks 'n Recreation** department.

In addition, the company has recently launched a free WiFi initiative for Lawrence merchants. Any merchant in Lawrence who has a seating area can get free WiFi for their patrons by simply calling and requesting service. Further details of this program are attached.

One thing that the board of directors has asked to have added to this report is a request for the City of Lawrence to appoint a representative to serve on the non-profit's board of directors. This representative would help with transparency and would be a valuable liaison for discussions regarding the proposed "T" project and the Lawrence Police Department's request for a demonstration project.

Sincerely,



Kris Adair

Treasurer  
Lawrence Freenet, Inc.  
4105 W. 6<sup>th</sup> St.  
Lawrence, KS 66049  
Ph: (785) 371-4214  
Fx: (785) 331-2086  
Cl: (785) 840-7989

## Lawrence Freenet Offers Free WiFi to Lawrence Businesses

October 8, 2007, Lawrence, KS – Lawrence Freenet, the largest operational municipal WiFi network in the Midwest, is proud to announce the completion of its downtown wireless project.

As part of this project the organization will encourage downtown patrons to use the wireless network free of charge. “We want to help the community as much as possible,” said Kris Adair the organization’s treasurer, “by providing free service to local merchants we can help to make downtown an even better place to be.”

The company will provide service in a very unique manner. “A lot of communities that build ‘hot zones’ provide unregulated access throughout the district”, said Joshua Montgomery, the project’s founder, “some merchants have limited room and want to turn their tables quickly. That is why we came up with a method that gives merchants a choice.”



Merchants who want to offer Free Wireless Internet can simply put out a stack of “day passes”. Each one of these scratch card passes allows a patron to get on the Internet for a full day.



Service is free to merchants that meet the organization’s criteria. To qualify merchants must have:

1. A seating area or waiting area for patrons
2. Two Lawrence Freenet Hotspot stickers posted in prominent locations.
3. A small display of free scratch cards for patron use.

The organization now has coverage throughout the downtown area, though it wasn’t easy to come by. “Getting the network built downtown was very difficult in light of the historic nature of the area,” said Montgomery, “we had to get inventive when placing our wireless antennas.” The inventive solution? Solar powered WiFi equipment located in newspaper boxes throughout the district.

The company now has 10 solar powered WiFi nodes operational in Lawrence Kansas. These WiFi nodes provide great data service using clean renewable energy. “We installed 5 solar powered units in the downtown area and another 5 units at Leanna Mar Townhomes,” said Montgomery, “This is all a part of Freenet and Leanna Mar’s Commitment to a cleaner environment. Lots of people talk about using alternative energy, we actually do it.”

# Lawrence Freenet

A Community Connection



Though these solar powered units provide great coverage, some merchants may need an additional booster. These boosters are available free of charge to any merchant who is wants one. “Our goal is to provide universal Internet access. What better way to do this than to make every business in Lawrence a wireless hotspot,” said Adair.

Lawrence Freenet currently provides free hotspots at a number of locations, including Hastings, Ecumenical Christian Ministries and the Westside Miller Mart. “As part of our commitment to

businesses in Lawrence, we are going to be expanding this offer to every business in the community by the end of the month”, said Montgomery.

Merchants who are interested in providing free WiFi to patrons can contact the company at (785) 371-4214 or online at <http://www.lawrencefreenet.org>.

Lawrence Freenet is a 501c(4) non profit organization that has as its goal the provision of broadband services to families that might not otherwise be able to afford it. The company is supported by paying members. It takes 10 paying members to support one needy family. The company was founded in April of 2005 and has build one of the most successful municipal WiFi networks in the country with no taxpayer dollars.

For additional information or to sign up for service members of the community can go to: <http://www.lawrencefreenet.org>.

## Did you Know.....

Lost? Anyone can access Google Maps using the Lawrence Freenet WiFi network – no account required.

Bored? Use Lawrence Freenet’s city wide WiFi network to read the Lawrencian – no account required.

It takes 10 paying members to support each low income subscriber on the Lawrence Freenet Network.

The Lawrence Freenet network is iPhone & iPod ready, simply turn on your iPhone or iPod-Touch and connect the “Freenet” SSID.

Press package including images & text may be found at: <http://www.lawrencefreenet.org/press/freewifi.zip>