



**Annual Report**  
**September 2008**

## Member Institutions

- Baylor College of Medicine
- Baylor University
- Lamar University
- Northeast Texas Consortium (NETnet)
- Rice University
- Sam Houston State University
- Southern Methodist University
- Stephen F. Austin State University
- Texas A&M Health Science Center
- Texas A&M University
- Texas A&M University - Corpus Christi
- Texas A&M University System
- Texas Association of Community Colleges
- Texas Christian University
- Texas Education Telecommunications Network (TETN)
- Texas State University - San Marcos
- Texas Tech University
- Texas Tech University System
- University of Houston System
- University of North Texas System
- University of Texas - Pan American
- University of Texas at Arlington
- University of Texas at Austin
- University of Texas at Dallas
- University of Texas at El Paso
- University of Texas at San Antonio
- University of Texas Health Science Center at Tyler
- University of Texas Health Science Center at Houston
- University of Texas Health Science Center at San Antonio
- University of Texas MD Anderson Cancer Center
- University of Texas Medical Branch
- University of Texas Southwestern Medical Center
- University of Texas System



## **Executive Committee 2008**

**Chair:** Jenifer Jarriel, Baylor College of Medicine

**Executive Director:** Jim Williams, LEARN

**Secretary:** Margaret Knox, The University of Texas System

**Treasurer and Chair of Finance Committee:** Mike Phillips, Texas Tech University System

**Chair Elect:** Van Wyatt, Texas State University – San Marcos

**Past Chair 2007:** Pierce Cantrell, Texas A&M University

**Chair of Governance and Participation Committee:** Maurice Leatherbury, University of North Texas System

**Chair of Operations and Services Committee:** Kamran Kahan, Rice University

**Chair of Technical Advisory Group:** William Deigaard, Rice University

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## Letter from the Chair



JENNIFER JARRIEL

On behalf of the Board of Directors, I am pleased to present LEARN's Fourth Annual Report. Since our "first light" in 2005, we've continued to enable a new generation of communication capabilities for a growing number of institutions. Perhaps of even greater significance, are the opportunities for collaboration our gathering encourages. Our small but diverse group includes senior leadership from Texas's leading public and private higher education institutions, K-12, community colleges, and the leading health science institutions. We've also begun a new

public-private partnership to meet the challenge of providing advanced networking to our West Texas colleagues and simultaneously enable cost effective, state-of-the-art communications for the State of Texas.

We look forward to your continued support of our efforts.

Sincerely,

**Jenifer Jarriel**

Vice President of Information  
Technology and Chief Information  
Officer, Baylor College of Medicine



## Letter from the Executive Director



JIM WILLIAMS

As I hope you can see from the examples cited in this report, it has been an exciting year for LEARN. While we continue work to meet our commitments to finish or find connections to Tyler, Beaumont and Galveston, we've added a number of initiatives this year that further leverage the LEARN investment. We've entered into a new partnership with a group of independent Texas telephone companies, to enable next generation network services for our member institutions in West Texas as well as help keep those same communications companies on the cutting edge of technology.

With LEARN assistance and enabling network, a Houston university has deployed a business continuity site in Dallas. We've stayed connected with emerging network technologies by participating in the National Science Foundation's GENI project as this next generation of network architecture evolves. The LEARN Identity Management Federation is providing leadership and is deploying a technology that will allow for more efficient sharing of resources among our member institutions. And of course, our member institutions continue to expand their use of the

network to stay on the leading edge and limit costs.

And later this year, several thousand of the world's leading scientists, engineers and technology organizations will gather in Austin for Supercomputing '08. That assembly is recognized as the premier showcase for next generation networking and computing. We expect not only record attendance, but record performances. The University of Texas is providing the local connectivity for this major conference and LEARN is providing the network connections to the outside world. We will have an opportunity to exercise our network several times beyond our daily load. Not every place in the world has such capacity. Only a few places in the U.S. could host such a convention. I'm pleased to report, that through your support and our continuing efforts, **we can do it Texas!**

Sincerely,

**Jim Williams**  
LEARN

## Introduction

The Lonestar Education And Research Network (LEARN) is a cooperative effort of 33 institutions of higher education across the state of Texas. LEARN provides high-speed connectivity among member institutions and provides the cyberinfrastructure for connection to research networks throughout the world in support of higher education's research, teaching, health care and public service missions. The LEARN network enhances Texas' research competitiveness, the state's economic position and provides next-generation, cost-effective data communications. The LEARN network enables effective education of students around the state, enhances faculty collaboration and innovative research and aids scientists in technology development.

## Mission

LEARN is a non-profit collaboration of Texas higher education institutions that supports their research, education, health care, and public service missions through the innovative development, operation and utilization of advanced statewide networking, access to global resources and related services.

## Objectives

The objectives of LEARN are to:

- Facilitate research among the participants to leverage assets and promote the establishment of partnerships among diverse educational and health care organizations.
- Develop a fiber-based network that will provide a virtual environment for real-time collaboration to facilitate communication, share data, and utilize video for real-time activities in research, education and health services. Note: The fiber-based network will cover the El Paso and West Texas portion of LEARN which are not a LEARN fiber network but a LEARN network on another's fiber network.
- Provide advanced network, pre-market technologies to the member organizations.

## Vision

LEARN is committed to becoming the premier organization to provide network services for research, education, health care and economic development through advanced communication services throughout Texas. LEARN will be a national model for organizations that serve institutions of higher education. LEARN will provide leadership in creating global networking initiatives.



## Activities

### **LEARN Deployed in West Texas!**

In August, LEARN completed Phase I of a major project to serve a number of institutions in West Texas. Today, the LEARN network has been extended from Dallas, to Lubbock, Midland and San Angelo. The development of this project was a collaborative effort that included not only LEARN, but the State of Texas Department of Information Resources (DIR), Texas Tech University System, and the Texas Lone Star Network (TLSN). The DIR is the first tenant on this network with a state-of-the-art dedicated 10 Gigabit per second network connecting their Disaster Recovery Operation centers in Austin and San Angelo.

Phase 2 of this project, scheduled for completion late this calendar year, will provide a new fiber path from San Angelo to LEARN's connection in San Antonio and will provide a redundant path for LEARN users in West Texas.

TLSN is a company owned by 38 independent telephone companies in the State of Texas, with primary services to the more difficult to serve areas. This partnership with TLSN will help facilitate not only advanced services to the traditional LEARN community and state government, but will allow TLSN to leverage this network to provide a significant economic advantage for private industry development all along the path in West Texas. LEARN and TLSN will share the capacity of this network

as it grows, insuring that both the public and private sector will be adequately served.

### **External Review**

LEARN has recently benefited from a review by leaders from peer organizations around the United States. The effort was facilitated by "the Quilt", a consortium that promotes advanced regional networking in support of research and education. Our reviewers were from more mature networking organizations including state-based networks in New York, California and Missouri. We believe their shared insights of our organization and direction will provide enormous value as LEARN continues to evolve to better serve Texas.

### **GENI**

GENI, the Global Environment for Network Innovations, is an initiative funded by the National Science Foundation to begin to develop a network as a research enabling facility and may use various technologies and a combination of existing and infrastructure. The goal of GENI is to enhance experimental research in networking and distributed systems, and to accelerate the transition of this research into products and services that will improve economic competitiveness and secure the Nation's future. This may be the next generation of the Internet. LEARN has been a participant in the development of the GENI project as it comes to life. Texas is well

positioned to play a significant role. Dr. Deniz Gurkan, Engineering Technology Assistant Professor at the University of Houston's College of Technology recently received a grant from the GENI Project office to develop end-to-end monitoring and potentially switching over a variety of network technologies. She and her colleagues have been active in the GENI program and have contributed in conducting a pilot of a Dynamic Circuit Service at LEARN.

### **FCC Rural Health Care Pilot Program**

For more than a year, LEARN and several of its member organizations have helped to form a national program initiated by the Federal Communications Commission and Internet2. Broadband deployment is one of the Commission's top priorities – particularly in rural America. And nowhere is the need for broadband greater than in rural healthcare, where isolated clinics can save lives by using advanced communications technology to tap the expertise of modern urban medical centers.

In November '07, the FCC announced a number of awards including more than one to healthcare network participants in Texas. The Texas Health Information Network Collaboration received an award of a little over \$11 million to support physician-patient consultations, distance education, medical data management, medical records ex-

changes, connections to Internet2, and other services at speeds of up to 1 Gbps at approximately 180 facilities. While LEARN did not qualify as an award recipient, we were eager to assist this important initiative and continue to do so. LEARN may provide some access to the national networks as required in the order, may see some of its backbone used for this purpose, and of course, LEARN, either directly or through its members, provides services to all of the major health science facilities in the state.

### **The LEARN Identity Management Federation**

LEARN is more than a network. It is also a unique assembly of Texas leaders. The LEARN Identity Management Federation is an example of what happens when the right people come together with a common need – in this case, the opportunity for more efficient use of shared resources. The LEARN Identity Management Federation is a service that enables a participating organization to use Shibboleth identity attribute sharing technologies to manage access to on-line resources that can be made available to the LEARN community.

The LEARN Identity Management Federation is operational in a test or prototype mode with identity providers, who are LEARN members, and service providers, who may be LEARN members or others. The



LEARN Identity Management Federation is currently being used by Microsoft Corporation to distribute developer software without charge to students at the fifteen University of Texas institutions, the University of North Texas, Texas Tech University, Baylor University, Texas State University, Southern Methodist University, Texas A&M University, Texas A&M Health Science Center, Texas A&M University Corpus Christi, Texas A&M University Commerce, Tarleton State University and the Texas Digital Library.

The LEARN Identity Management Federation is a secure and scalable mechanism for Texas institutions to control access to shared resources. It enables collaborations across the LEARN institutions.

The LEARN Identity Management Federation is governed by an Executive Committee that is selected from the LEARN members. The Executive Committee has management and policy responsibility, while a Technical Advisory Committee provides technical support and policy review.

### **Baylor University**

- Baylor's Nursing School enjoys greater bandwidth over the LEARN network in the following ways:
- This past year, Baylor significantly increased the bandwidth from the Waco campus to the Dallas Nursing School campus at Baylor

Medical Center by leveraging the LEARN connection. With the increased network connection, the Nursing School has been able to improve their existing curriculum as well as introduce additional educational services. Some examples are:

- Improved response time has increased productivity and decreased frustration for all network users at the Nursing School – faculty, students, and staff.
- The improved network speed has enabled the School of Nursing to conduct student testing online, in preparation for the NCLEX, the national nursing licensure examination.
- The speed of networked printing improved dramatically, which directly benefitted students in preparation for class.
- Users of commercial academic library databases such as CINAHL (the Cumulated Index to Nursing and Allied Health Literature), the Web of Science and the Cochrane Library (the evidence-based health care database) are no longer being dropped in mid session due to time-outs.
- It is also now possible to post each recorded student session of human patient simulation scenarios to a server. This allows accurate and timely post-scenario debriefing, which reinforces student clinical learning and ultimately, patient care.

- Visual resources, such as widely used obstetrical and physical assessment videos, are now posted on a server and available for on demand viewing.
- Several researchers are using the I2 link to transfer data to and from the Fermi Lab.
- The athletic department has been using I2 for the exchange of scouting video prior to games with other Big 12 institutions. Traditionally, this had been done with tape or DVD and express mail. The new method allows for faster exchanges and more information to be exchanged.

#### **University of Houston Data Center**

- Although LEARN has a major hub in Houston, our network service continued uninterrupted during the most recent hurricane event. So did the University of Houston's computing infrastructure which is mirrored in Dallas.
- Early this year, LEARN helped the University of Houston deploy a disaster recovery site at one of our nodes in Dallas and provides the data connectivity between the two. The University of Houston services and the network has performed so well, that some applications run primarily from Dallas.

#### **TTVN - The Texas A&M University Network**

- TTVN has dual stream webcasting, which is live and recorded synchronized room camera video and computer presentations to one web page player from any videoconference system.
- TTVN utilizes Centra webconferencing with voice over IP audio and video using a lightweight client for both PC and Mac.
- TTVN allows Next Generation Videoconference Bridging, which is flexible, easy to use multipoint videoconference bridging.
- LEARN provides an infrastructure that has enabled TTVN to implement high definition video over the network. Broadcast quality HD has been delivered two years in a row to our annual conference at Moody Gardens in Galveston. We have been able to bring in high level presentations such as that of the Chancellor of the Texas A&M University System, as well as demonstrations as intricate as a music lesson. Additionally, we have deployed a number of HD videoconference sites that are working quite well because of the reliable bandwidth.

## **The University of Texas System**

- The University of Texas System network Arlington and Houston data centers are connected to University of Texas System institutions with LEARN network, 10 Gigabits to Arlington and 1 Gigabit to Houston. The Arlington Data center operated for the University of Texas Medical Branch Galveston during Hurricane IKE.
- The University of Texas TACC is connected to the Extensible Teragrid facility using LEARN transport between Austin and Dallas.
- The University of Texas System extended LEARN optical-based capacity to Rio Grande Valley institutions for the University of Texas and Texas A&M.
- Vyvx video connections are available to all University of Texas System institutions across the University of Texas System network on LEARN.
- The University of Texas System will provide LEARN with transport across San Antonio to connect the LEARN West Texas system to LEARN backbone.
- The University of Texas System provides CUDI, the Mexican research and education network, with connectivity to Internet2 across the LEARN network between San Antonio and El Paso.

## LEARN Progress

LEARN's network has continued to expand and key segments have been completed.

LEARN has procured metro fiber in Tyler to extend service to a new LEARN Point of Presence (PoP) at the NETnet operations center on the University of Texas Health Science Center at Tyler campus. LEARN Tyler PoP equipment is fully deployed and ready for turn-up.

LEARN signed IRU agreements for metro fiber in Houston to support the LEARN link to Beaumont and enable robust connectivity to Internet2's PoP in north Houston. It is expected to go live in the first quarter of 2009.

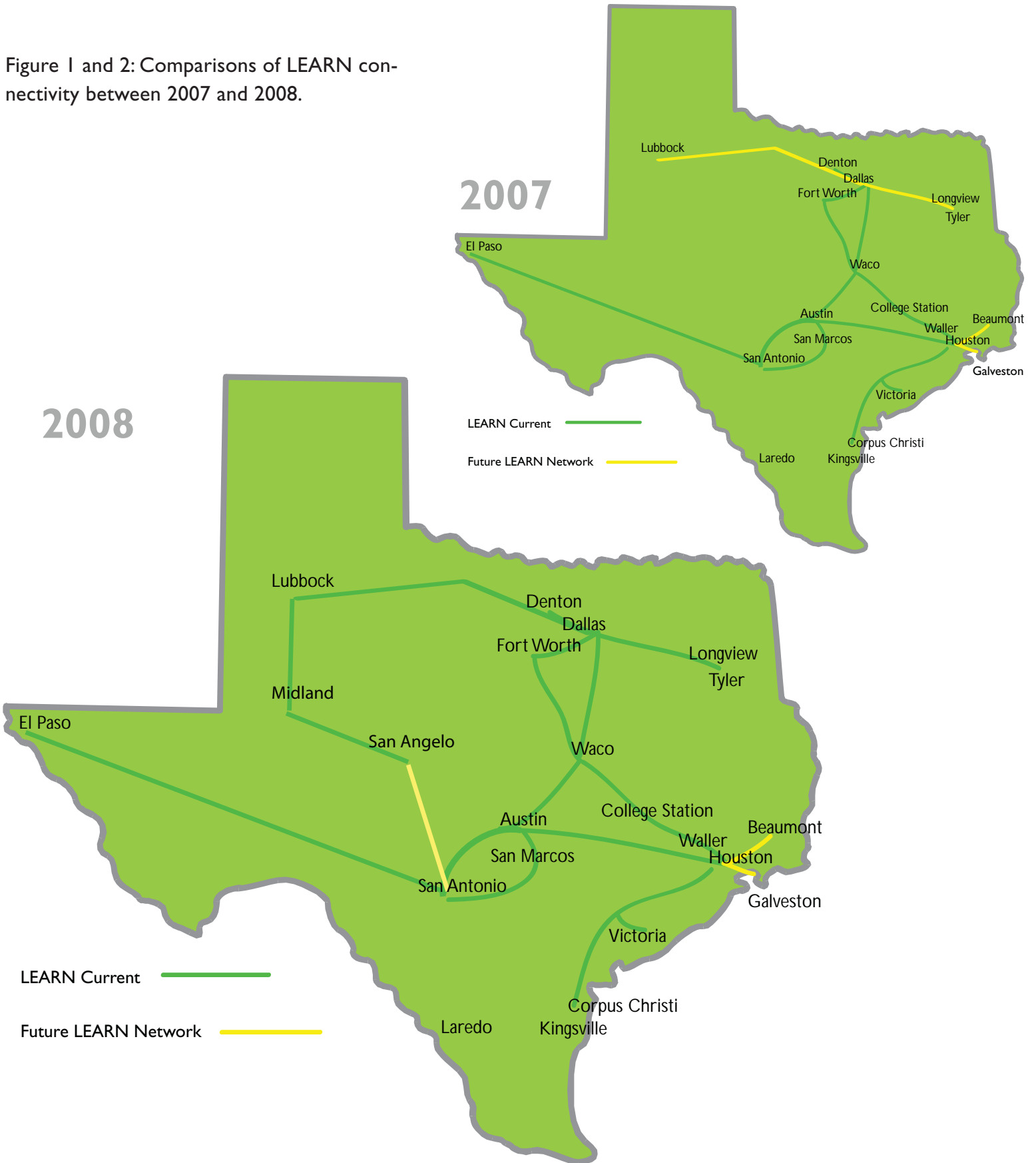
Victoria College and an affiliated hospital are now using LEARN bandwidth between Victoria and Houston, Texas.

Baylor University expanded its use of LEARN bandwidth by enabling Internet access at the Dallas PoP.

LEARN is enabling 1 gigabits per second links in the LEARN backbone for the Texas Education Telecommunications Network, a LEARN participant with the mission to serve the Texas K-12 communities.

LEARN is committed to transporting up to 240 gigabits per second on its backbone in support of Supercomputing08, November 15-21, 2008, at the Austin Convention Center. LEARN is enabling Dynamic Circuit Service infrastructure and expects to play a vital role in enabling wide area network capabilities.

Figure 1 and 2: Comparisons of LEARN connectivity between 2007 and 2008.



## LEARN Funding Income and Expense

LEARN's fiscal year is the calendar year. The 2007 audited report has not been completed as of publication date.

The financial representations in this report, detail activity for 2007, and from January to December 2007. The details are provided in Appendice III.

## Financial Position

The total liabilities and equity for the period January - December 2007 was \$7,423,618.

Financial categories are shown in Figure 3 and the detailed report is given.

### LEARN Total Assets: \$7,423,618

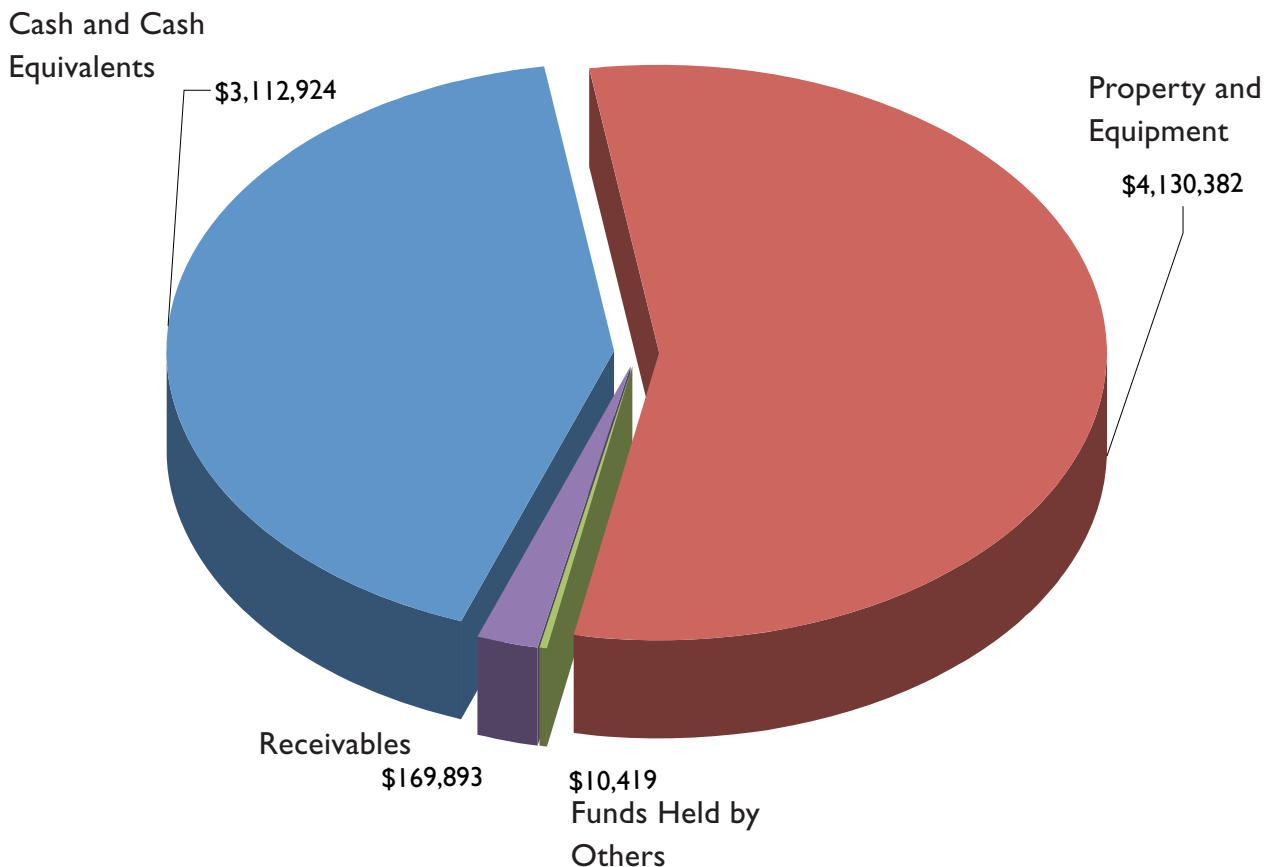


Figure 3



## TEF Investment

The Texas Enterprise Funds investment amount encumbered as of December 31, 2007, is \$5,662,889.

The bank balance as of December 31, 2008, was \$1,922,063.

**Total encumbered to date = \$5,662,889**

	Request	Expected
Triangle	\$3,665,323	\$4,415,634
Lubbock	\$695,160	\$708,000
El Paso	\$525,790	\$116,110
Longview	\$407,600	\$301,857
Beaumont	\$310,500	\$322,758
Corpus Christi	\$637,000	\$480,000
Denton	\$244,190	\$140,000
Galveston	\$325,000	\$434,930
Transition	\$470,104	\$443,150
	<b>\$7,280,667</b>	<b>\$7,362,440</b>

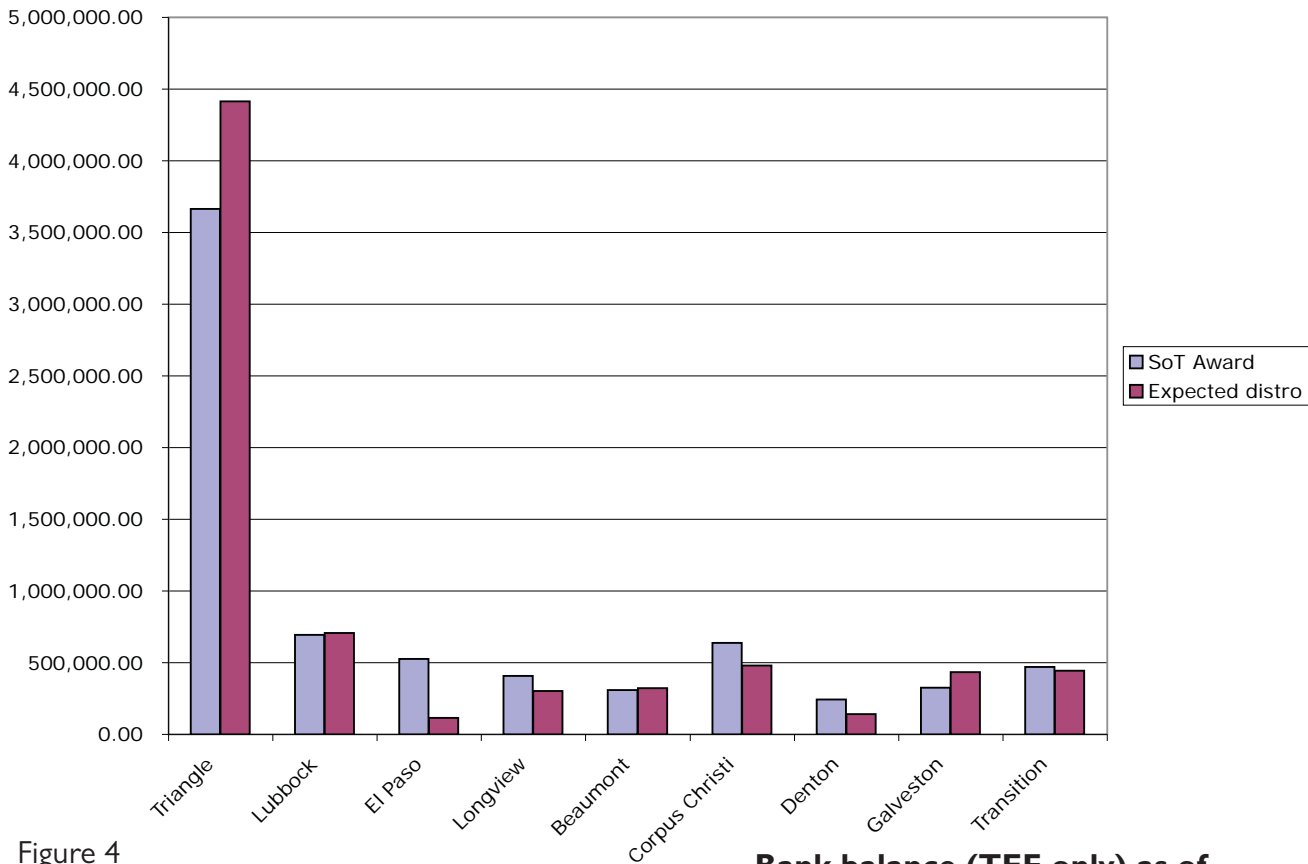


Figure 4

**Bank balance (TEF only) as of December 31, 2007 = \$1,922,063**

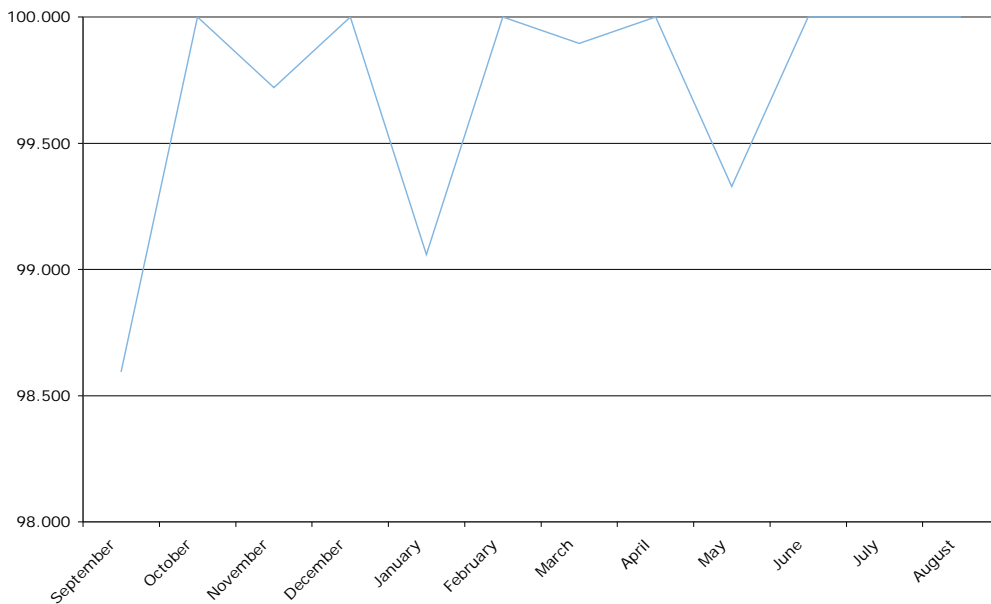
## Infrastructure Measures of Performance

While capacity is a very important factor in network engineering, it is just as important to engineer reliability. Today's complex university systems run on high speed computer links that must be in operation virtually 24 hours a day. A disruption in service can cause untold operational and financial hardships to the institutions using the network. Figure 5

shows the reliability of LEARN. Disruptions have been modest. From an end user's perspective, most months have no interruptions.

### LEARN network availability in percent

Layer 1 Availability



Layer 2 Availability

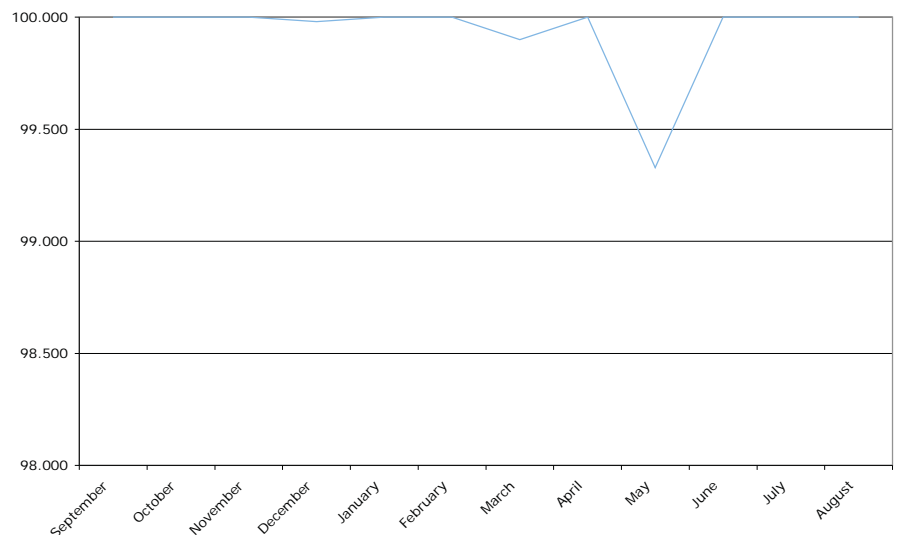


Figure 5

## Appendix I: LEARN Board of Directors

Baylor College of Medicine, Houston TX

Jenifer Jarriel, Vice President of Information Technology and Chief Information Officer

Baylor University, Waco TX

Pattie Orr, Vice President for IT and Dean of University Libraries

Lamar University, Beaumont TX

Cliff Woodruff, Associate Vice President for Information Technology

The Northeast Texas Consortium (NETnet), Tyler TX

Mickey Slimp, Executive Director

Rice University, Houston TX

Kamran Khan, Vice Provost for Information Technology

Sam Houston State University, Huntsville TX

Mark Adams, Chief Information Officer

Southern Methodist University, Dallas TX

Joe Gargiulo, Executive Director, Administrative Computing

Stephen F. Austin State University, Nacogdoches TX

Paul Davis, Interim Director, Information Technology Services

Texas A&M Health Science Center, College Station TX

David Cantrell, Associate Vice President and Chief Information Officer, Office of Information Technology

Texas A&M University, College Station TX

Pierce Cantrell, Vice President and Associate Provost for Information Technology

Texas A&M University – Corpus Christi, Corpus Christi TX

Claudia McDonald, Associate Vice President for Special Projects

The Texas A&M University System, College Station TX

Rod Zent, Director, Educational Broadcasting Services

Texas Association of Community Colleges, Austin TX

Bill Carter, Vice Chancellor of Information Technology

Texas Christian University, Fort Worth TX

vacant

Texas Education Telecommunications Network (TETN), Austin TX  
Steven Hyden, Executive Director

Texas State University, San Marcos TX  
Van Wyatt, Vice President for Information Technology

Texas Tech University, Lubbock TX  
Sam Segran, Associate Vice President for Information Technology and TTU Chief Information Officer

Texas Tech University System, Lubbock TX  
Mike Phillips, Vice President IT and Chief Information Officer

University of Houston, Houston TX  
University of Houston System, Houston TX  
Dennis Fouty, Associate Vice Chancellor and Chief Information Officer, University of Houston Systems;  
Associate Vice President and Chief Information Officer, University of Houston

University of North Texas System, Denton TX  
Maurice Leatherbury, Vice President for Computing and CTO

The University of Texas – Pan American, Edinburg TX  
Bob Lim, Vice President for Information Technology

The University of Texas at Arlington, Arlington TX  
Suzanne Montague, Vice President for Information Technology and Chief Information Officer

The University of Texas at Austin, Austin TX  
Brian Roberts, Vice President for Information Technology

The University of Texas at Dallas, Dallas TX  
Jim Gary, Assistant Vice President for Information Resources

The University of Texas at El Paso, El Paso TX  
Stephen Riter, Vice President for Information Resources and Planning

The University of Texas at San Antonio, San Antonio TX  
Lee Gildon, Chief Operations Officer

The University of Texas Health Science Center at Tyler, Tyler TX  
John D. Yoder, Jr., Chief Operations Officer

The University of Texas Health Science Center at Houston, Houston TX  
Bill Weems, Assistant Vice President of Academic Technology

The University of Texas Health Science Center at San Antonio, San Antonio TX  
Jerry York, Vice President and Chief Information Officer

The University of Texas, M.D.Anderson Cancer Center, Houston TX  
Lynn Vogel, Vice President and Chief Information Officer

The University of Texas Medical Branch, Galveston TX  
Ralph Farr, Chief Information Officer

The University of Texas Southwestern Medical Center at Dallas, Dallas TX  
Kirk Kirksey, Vice President for Information Resources

The University of Texas System, Austin TX  
Margaret Knox, Associate Vice Chancellor and Chief Information Officer

LEARN, Austin TX  
Jim Williams, Executive Director and Chief Executive Officer

## Appendix II: LEARN Technical Advisory Group Members

### Chair:

William Deigaard, Director, Networking, Telecommunications and Data Center Operations  
Rice University, Houston TX

### Vice Chair:

G. Paul Roberts, Manger, Research Computing and Advanced Networking  
University of Houston, Houston TX  
University of Houston System, Houston TX

Baylor College of Medicine, Houston TX  
Al Reineking, Executive Director, IT Operations and Technology

Baylor University, Waco TX  
Bob Hartland, Director, IT Servers/Networks

Lamar University, Beaumont TX  
Fatai Oyejobi, Network Manager

The Northeast Texas Consortium (NETnet), Tyler TX  
David Nichols, Senior Network Analyst

Sam Houston State University, Huntsville TX  
Robert Thompson, Computer Systems Coordinator II

Southern Methodist University, Dallas TX  
Jesse Miller, Director of Telecommunications

Stephen F. Austin State University, Nacogdoches TX  
John Garner, Systems Network Administrator

Texas A&M Health Science Center, College Station TX  
Scott Honea, Director, Network Services

Texas A&M University, College Station TX  
Willis Marti, Associate Director for Networking

Texas A&M University – Corpus Christi, Corpus Christi TX  
Charles Irby, Assistant Vice President for Technology

The Texas A&M University System, College Station TX  
Wayne Pecena, Assistant Director, Educational Broadcasting Services and Director of Engineering for TTVN



Texas Association of Community Colleges, Austin TX  
Bill Carter, Vice Chancellor of Information Technology

Texas Christian University, Fort Worth TX  
Tony Fleming, Senior Network Engineer

Texas Education Telecommunications Network (TETN), Austin TX  
Carol Willis, Manager

Texas State University, San Marcos TX  
Daniel Owen, Technology Architect, Infrastructure Services

Texas Tech University, Lubbock TX  
Texas Tech University System, Lubbock TX  
J. Stalcup, Director, Telecommunications

The University of Texas – Pan American, Edinburg TX  
Jesus Rios, Telecommunication Services

The University of Texas at Arlington, Arlington TX  
David Caldwell, Director of Network Services

The University of Texas at Austin, Austin TX  
William Green, Assistant Director, MBA

The University of Texas at Dallas, Dallas TX  
Jim Gary, Director, CaTS

The University of Texas at El Paso, El Paso TX  
Jose Huerta, Manager, Network Systems

The University of Texas at San Antonio, San Antonio TX  
Anthony Espinoza, Assistant Director, Enterprise Systems

The University of Texas Health Science Center at Tyler, Tyler TX  
vacant

The University of Texas Health Science Center at Houston, Houston TX  
Nelson Horridge, Director, Network Services

The University of Texas Health Science Center at San Antonio, San Antonio TX  
Fred Dziuk, Director of Network Planning and Engineering

The University of Texas, M.D. Anderson Cancer Center, Houston TX  
Long Pham, Director of Network Services

The University of Texas Medical Branch, Galveston TX  
Brian Grimm, Information Services Manager, IS\_Operations-Projects

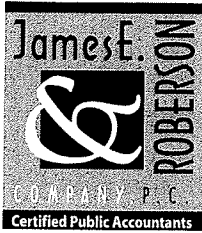
The University of Texas Southwestern Medical Center at Dallas, Dallas TX  
Darnell Walker, Director, Network Services  
Blair Halber, Network Manager

The University of Texas System, Austin TX  
Wayne Wedemeyer, Director of Telecommunication Services

University of North Texas System, Denton TX  
CR Chevli, Chief Engineer/CITC

LEARN, Austin TX  
Akbar Kara, Chief Technologist  
Tom Edmonson, Deployment Project Manager  
Kurt Freiburger, Senior System Analyst

LONESTAR EDUCATION AND RESEARCH NETWORK  
Financial Statements  
Year Ended December 31, 2007



Members of  
American Institute of  
Certified Public Accountants

Members of  
Texas Society of  
Certified Public Accountants

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512.795.9183 F

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Austin, Texas 78759  
www.roberson.com

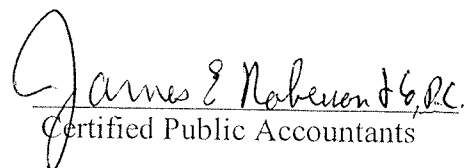
To the Board of Directors  
Lonestar Education and Research Network  
Austin, Texas

We have compiled the accompanying Statement of Financial Position of Lonestar Education and Research Network (a nonprofit organization) as of December 31, 2007, and the related Statement of Activities 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.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Statement of cash flow for the year ended December 31, 2007, has not been presented. Generally accepted accounting principles require that such a statement be presented when financial statements purport to present financial position and results of operations. This is a departure from generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's assets, liabilities, net assets, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

  
Certified Public Accountants

February 20, 2008



**LONESTAR EDUCATION AND RESEARCH NETWORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

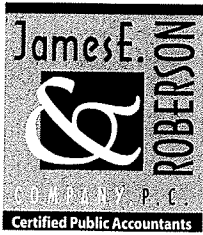
	Current Operating Funds				Total
	Unrestricted		Temporarily Restricted		
	Program Fund	Network Fund	NLR Fund	Texas Enterprise Fund	
<b>REVENUES AND OTHER SUPPORT</b>					
Memberships dues	\$ 660,000	\$ -	\$ -	\$ -	\$ 660,000
Assessments	-	-	1,000,000	-	1,000,000
Other revenues	27,474	2,105,775	-	-	2,105,775
Investment income	-	3,553	-	54,798	85,825
		1,236,262		(1,256,262)	-
<b>NET ASSETS RELEASED FROM RESTRICTIONS:</b>					
Satisfaction of program restrictions	687,474	3,365,590	1,000,000	(1,201,464)	3,851,600
<b>TOTAL REVENUES AND OTHER SUPPORT</b>					
	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
	-	702,591	-	-	702,591
	-	737,847	-	-	737,847
	-	31,763	-	-	31,763
	-	15,381	-	-	15,381
	-	77,887	-	-	77,887
	-	589,099	-	-	589,099
<b>Total Program Expenses</b>	\$ -	\$ 2,154,568	\$ 1,000,000	\$ -	\$ 3,154,568
<b>SUPPORTING SERVICES</b>					
Professional fees:					
Administration	\$ 468,692	\$ 81,817	\$ -	\$ -	\$ 550,509
Accounting	21,436	-	-	-	21,436
Legal	19,783	-	-	-	19,783
Other	3,990	-	-	-	3,990
Insurance	19,832	-	-	-	19,832
Travel	68,233	-	-	-	68,233
Web services	9,621	500	-	-	10,121
Sponsored meetings	20,542	-	-	-	20,542
Telephone	13,490	-	-	-	13,490
Marketing	6,875	-	-	-	6,875
Membership dues	29,361	-	-	-	29,361
Office expenses	6,139	828	-	-	6,967
Computer and software supplies	6,914	525	-	-	7,439
Depreciation	7,013	-	-	-	7,013
<b>Total Supporting Services</b>	\$ 701,921	\$ 83,670	\$ -	\$ -	\$ 785,591
<b>TOTAL EXPENSES</b>	701,921	2,238,238	1,000,000	-	3,940,159
<b>CHANGES IN NET ASSETS</b>	(14,447)	1,127,352	-	(1,201,464)	(88,559)
<b>NET ASSETS:</b>					
Beginning balance at January 1, 2007	772,237	3,361,536	-	-	7,308,869
Ending balance at December 31, 2007	\$ 757,790	\$ 4,488,888	\$ -	\$ 1,973,632	\$ 7,220,310

See accountant's compilation report.



LONESTAR EDUCATION AND RESEARCH NETWORK

SUPPLEMENTARY INFORMATION



Members of  
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To the Board of Directors  
Lonestar Education and Research Network  
Austin, Texas

Our report on our compilation of the Statement of Financial Position of Lonestar Education and Research Network (a nonprofit organization) as of December 31, 2007 and the related Statement of Activities for the year then ended appears on page 1.

A compilation is limited to presenting in the form of financial statements information that is the representation of the management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The information included in the accompanying Schedule I is presented only for supplementary analysis purposes. Such information has been compiled from information that is the representation of the management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

LONESTAR EDUCATION AND RESEARCH NETWORK

SCHEDULE I

TEXAS ENTERPRISE FUND  
RECONCILIATION

FROM INCEPTION THROUGH THE PERIOD ENDED DECEMBER 31, 2007

FUNDS RECEIVED:

State Grant	\$	7,281,000
Interest income		215,611
Initial bank deposit		200
TOTAL FUNDS RECEIVED		<u>7,496,811</u>

FUNDS DISBURSED:

Purchases of capital equipment		3,020,170
Purchases of IRU access rights		1,543,369
Connections and fiber		302,671
Installation		285,099
Site evaluation		95,513
Field services		96,498
Network Parts		97,832
Collocation		57,123
Freight		24,778
Bank fees		126
TOTAL FUNDS DISBURSED		<u>5,523,179</u>

BANK BALANCE AT DECEMBER 31, 2007

\$ 1,973,632

See accountant's compilation report.