Financial Statements and Report of Independent Certified Public Accountants

Year Up, Inc.

December 31, 2010 and 2009

Contents

Grant Thornton

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Report of Independent Certified Public Accountants

Board of Directors
Year Up, Inc.

We have audited the accompanying statements of financial position of Year Up, Inc. (the "Organization") as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets 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 as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 2010 and 2009 financial statements referred to above present fairly, in all material respects, the financial position of Year Up, Inc. as of December 31, 2010 and 2009, and 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.

Grant Thornton LLP

Boston, Massachusetts
May 12, 2011

YEAR UP, INC.
Statements of Financial Position
December 31, 2010 and 2009

		2010		2009
ASSETS				
Cash and cash equivalents	**$**	**5,470,856**	$	5,319,478
Investments		**10,378,567**		7,894,996
Prepaid expenses and other assets		**401,384**		491,131
Contributions receivable, net of allowance for doubtful pledges of $69,622 at December 31, 2010 and $53,760 at December 31, 2009		**15,786,495**		10,654,274
Other receivables, net of allowance for doubtful accounts of $176,676 at December 31, 2010 and $126,500 at December 31, 2009		**1,945,710**		1,372,272
Fixed assets, net		**6,372,710**		5,888,206
Total assets	**$**	**40,355,722**	$	31,620,357
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	**$**	**2,148,172**	$	1,136,796
Accrued compensation and withholding		**1,148,160**		285,580
Capital lease obligation		**5,009,109**		5,058,480
Total liabilities		**8,305,441**		6,480,856
Net assets				
Unrestricted		**11,949,587**		10,274,680
Temporarily restricted		**20,100,694**		14,864,821
Total net assets		**32,050,281**		25,139,501
Total liabilities and net assets	**$**	**40,355,722**	$	31,620,357

The accompanying notes are an integral part of these statements.

YEAR UP, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2010

(with summarized comparative information for the year ended December 31, 2009)

	2010			2009
	Unrestricted	**Temporarily Restricted**	**Total**	
Revenue				
Contributions	**$ 6,313,866**	**$ 15,748,957**	**$ 22,062,823**	$ 14,235,631
Program Service Fee	**12,336,375**	**-**	**12,336,375**	9,436,241
Grants and Contracts	**1,134,505**	**-**	**1,134,505**	724,332
Contributed fixed assets, services and space	**1,527,902**	**1,718,666**	**3,246,568**	687,693
Investment and other miscellaneous income	**83,344**	**-**	**83,344**	200,696
Net assets released from restrictions	**12,231,750**	**(12,231,750)**	**-**	-
Total revenue and releases	**33,627,742**	**5,235,873**	**38,863,615**	25,284,593
Operating expenses				
Student stipends	**5,817,501**	**-**	**5,817,501**	4,907,061
Salary and wages	**15,285,032**	**-**	**15,285,032**	11,271,343
Training and other	**5,390,364**	**-**	**5,390,364**	4,025,349
Professional fees	**2,432,613**	**-**	**2,432,613**	1,602,000
Rent expense	**1,834,321**	**-**	**1,834,321**	1,327,362
Depreciation and amortization	**892,375**	**-**	**892,375**	833,859
Interest expense on capital lease	**300,629**	**-**	**300,629**	303,497
Total operating expenses	**31,952,835**	**-**	**31,952,835**	24,270,471
Change in net assets	**1,674,907**	**5,235,873**	**6,910,780**	1,014,122
Net assets, beginning of year	**10,274,680**	**14,864,821**	**25,139,501**	24,125,379
Net assets, end of year	**$ 11,949,587**	**$ 20,100,694**	**$ 32,050,281**	$ 25,139,501

The accompanying notes are an integral part of this statement.

YEAR UP, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2009

	2009		
	Unrestricted	Temporarily Restricted	Total
Revenue			
Contributions	$ 4,842,251	$ 9,393,380	$ 14,235,631
Program Service Fee	9,436,241	-	9,436,241
Grants and Contracts	724,332	-	724,332
Contributed fixed assets, services and space	687,693	-	687,693
Investment income	200,696	-	200,696
Net assets released from restrictions	9,592,781	(9,592,781)	-
Total revenue and releases	25,483,994	(199,401)	25,284,593
Operating expenses			
Student stipends	4,907,061	-	4,907,061
Salary and wages	11,271,343	-	11,271,343
Training and other	4,025,349	-	4,025,349
Professional fees	1,602,000	-	1,602,000
Rent expense	1,327,362	-	1,327,362
Depreciation and amortization	833,859	-	833,859
Interest expense on capital lease	303,497	-	303,497
Total operating expenses	24,270,471	-	24,270,471
Change in net assets	1,213,523	(199,401)	1,014,122
Net assets, beginning of year	9,061,157	15,064,222	24,125,379
Net assets, end of year	$ 10,274,680	$ 14,864,821	$ 25,139,501

The accompanying notes are an integral part of this statement.

YEAR UP, INC.

Statements of Cash Flows

Years ended December 31, 2010 and 2009

		2010		2009
Cash flows from operating activities:				
Change in net assets	**$**	**6,910,780**	$	1,014,122
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation and amortization		**892,375**		833,859
Realized/Unrealized loss (gain) on investments		**129,565**		(48,089)
Provision for bad debt		**252,455**		219,584
Contributed fixed assets		**(5,000)**		(65,010)
Change in contributions receivable		**(3,632,031)**		(225,672)
Change in other receivable		**(2,326,083)**		(611,910)
Change in prepaid expenses and other assets		**89,747**		(205,448)
Change in accounts payable and accrued expenses		**1,873,956**		286,493
Net cash provided by operating activities		**4,185,764**		1,197,929
Cash flows from investing activities:				
Purchase of property and equipment		**(1,371,880)**		(370,229)
Proceeds from sale of investments		**4,016,335**		1,560,736
Purchases of investments		**(6,629,470)**		(2,910,947)
Net cash used in investing activities		**(3,985,015)**		(1,720,440)
Cash flows from financing activities:				
Principal payments - capital lease		**(49,371)**		(46,503)
Net cash used in financing activities		**(49,371)**		(46,503)
Increase (decrease) in cash and cash equivalents		**151,378**		(569,014)
Cash at beginning of year		**5,319,478**		5,888,492
Cash at end of year	**$**	**5,470,856**	$	5,319,478

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest	**$**	**350,000**	$	350,000

In addition, the Organization received non-cash donated assets of $5,000 and $65,010 for the years ended 2010 and 2009, respectively.

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Year Up's mission is to close the opportunity divide by providing urban young adults with the skills, experience and support that will empower them to reach their potential through professional careers and higher education. We achieve this mission through a high support, high expectations model that combines marketable job skills, stipends, internships, college credit, a behavior management system and several levels of support to place these young adults on a viable path to economic self-sufficiency.

The Organization was incorporated on October 11, 2000, and has fully operational program sites in Boston, Massachusetts; Providence, Rhode Island; Arlington, Virginia; New York, New York; San Francisco, California; Atlanta, Georgia; Chicago, Illinois; and Baltimore, Maryland. In March 2011, a program site in Seattle, Washington welcomed their first class.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis and in accordance with the reporting principles of not-for-profit accounting.

The Organization classifies resources into net asset classes in accordance with donor-imposed restrictions. A description of these categories follows:

- **Unrestricted** - Net assets are resources over which the Organization has unrestricted discretionary control.
- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations or by law that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.
- **Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donor of these assets permits the Organization to use all or part of the income earned and capital gain if any, on related investments for general or specific purposes.

The Organization had no permanently restricted net assets at December 31, 2010 and 2009.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking accounts which are insured up to the federal limit by the Federal Deposit Insurance Corporation and money market accounts. Cash and cash equivalents have maturities at date of purchase of three months or less. At times, the cash balance maintained at a single institution may exceed federally insured limits. The Organization has not experienced any losses in these accounts.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

Investments consist of certificates of deposits, money market funds, and corporate bonds which have maturities in excess of three months. Investments are carried at fair value. Changes in fair values are reflected in the Statement of Activities and Changes in Net Assets as investment income.

Contributions

A contribution is an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as owner. Other assets include securities, land, buildings, use of facilities or utilities, materials and supplies, services, and unconditional promises to give those items in the future.

Contributions received, including unconditional promises to give, are recognized as revenues or gains when the donor's commitment is received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Contributions received are measured at their fair values at the date of receipt and are reported as restricted or unrestricted based upon the existence or absence of donor-imposed restrictions. Contributions, gains, and investment income whose restrictions are met in the same reporting period are reported as unrestricted supports.

Unconditional promises to give are included in the financial statements as contributions receivable and revenue for the appropriate net asset category and are recorded after discounting to the present value of the expected future cash flows. The Organization does not record conditional pledges until conditions have been met.

In Kind Contributions

The Organization recognizes contribution revenue for certain services, space and fixed assets that would be purchased if not donated, at the fair value of those items. During the year ended December 31, 2010, the Organization received a restricted gift of discounted rent valued at $1,847,164, of which $160,623 was recognized in the current year (unrestricted). This is calculated as the difference between the estimated market rate of rental payments and the actual lease payments, from the date of occupancy through to the end of the lease term, July 2015. Those services, space and fixed assets include the following items:

	December 31,	
	2010	2009
Fixed assets	**$ 5,000**	$ 65,010
Legal services	**169,380**	203,645
Consulting services	**660,000**	-
Rental space	**1,976,188**	-
Other in-kind gifts	**436,000**	419,038
	$ 3,246,568	$ 687,693

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Program Service Fees

As part of its program, Year Up places students in internships at various corporations during the second six months of the program. The internship phase provides students with the opportunity to practice and develop the skills learned during the first six months of the program. In addition to providing a hands on learning opportunity to a Year Up intern, the corporations make a payment to Year Up for its participation in the internship program, recognizing the value of underwriting the training and education of this future talent pipeline. The revenue generated from the internship program pays for the stipends, college credits, and support given to all program participants as well as offsets the operating costs of the program.

Grants and Contracts

Federal, State, and City government grant and contract revenue is recognized when the corresponding program expenditures are made, or when milestones are reached, in accordance with the terms of the related contracts.

Fixed Assets

Equipment purchased by the Organization is recorded at cost. Donated equipment is recorded at fair value at the date of the gift. Depreciation and amortization is computed using the straight-line method over the assets estimated useful life. The half-year convention is used for calculating depreciation in the year of acquisition. Estimated useful lives are as follows: 30 years for the building, the shorter of 7 years or the life of the lease for building and leasehold improvements, 5 years for furniture and fixtures, and 3 years for computer equipment.

Other Receivables

Other receivables consist of amounts due from various corporations for sponsorship of students and amounts due from Grants and Contracts. An allowance for doubtful accounts of $176,676 and $126,500 was recorded at December 31, 2010 and 2009, respectively, for amounts considered uncollectible.

Advertising Expense

Advertising costs are expensed at the time they are incurred. Advertising expense for the years ended December 31, 2010 and 2009 was $82,900 and $78,650, respectively.

Income Taxes

On April 25, 2001, the Internal Revenue Service granted the Organization an exemption from federal taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). However, certain activities of exempt organizations, to the extent profitable, may be subject to Federal and State taxation as unrelated business income.

The Organization adopted the provisions of ASC 740, *Income Taxes* effective January 1, 2009. As required by ASC 740-10, the Organization recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

At January 1, 2009, the Organization applied ASC 740 to all tax positions for which the statue of limitations remained open and determined there were no material unrecognized tax benefits as of that date. In addition, there have been no material changes in unrecognized benefits from January 1, 2010 to December 31, 2010. Management believes that the Organizations' statute of limitations for the years ending prior to December 31, 2007 are no longer subject to examination by tax authorities in its major tax jurisdictions. Accordingly, the Organization has not recorded any provision for income taxes.

Functional Allocation of Expenses

The costs of the program and other activities have been summarized on a functional basis in footnote E. Methods used in allocating these costs include actual expenses incurred and proportional percentage of allocation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to current year presentations.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued guidance that clarifies existing disclosures and requires new disclosures about fair value measurements. This requires new disclosures and clarifies existing disclosure regarding recurring and nonrecurring fair value measurements to provide increased transparency to users of the financial statements. The new disclosures and clarification of existing disclosures are effective for fiscal years beginning after December 15, 2009, except for the disclosures pertaining to the rollforward of activity for Level 3 fair value measurements, which are effective for fiscal years beginning after December 15, 2010. The disclosures required by the guidance are included in Note J - Fair Value Instruments. With respect to the guidance that is not effective until fiscal year 2011, since this new guidance only amends the disclosure requirements, it will not have any impact on the Year Up's statement of financial position, statement of activities or statement of cash flows.

NOTE B - INVESTMENTS

Investments consist of the following major categories at December 31:

	2010	2009
Cash and cash equivalents	**$ 248,689**	$ 744,381
Money market funds	**1,251,236**	1,750,335
Corporate bonds	**6,366,630**	4,396,841
Certificates of deposit	**2,512,012**	1,003,439
	$ 10,378,567	$ 7,894,996

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31 are expected to be realized in the following periods.

	2010	2009
In less than one year	**$ 9,251,076**	$ 7,500,213
Between one year and five years	**6,982,751**	3,304,332
Total contributions receivable	**16,233,827**	10,804,545
Less: present value discount	**377,710**	96,511
allowance for doubtful accounts	**69,622**	53,760
Contributions receivable, net	**$ 15,786,495**	$ 10,654,274

The present value discount was calculated using a discount factor which range from 2.29% to 4.01%.

Conditional Pledges

The Organization has a policy to not record conditional pledges until conditions have been met. The Organization has the following conditional pledges, which will be recorded in the financial statements once the conditions have been met.

	2010	2009
Conditional pledges	$ **8,375,511**	6,445,000

NOTE D - FIXED ASSETS

Fixed assets consist of the following at December 31:

	2010	2009
Building and leasehold improvements	**$ 1,097,252**	817,625
Building (Capital Lease, see Note G)	**5,092,939**	5,092,939
Furniture and fixtures	**458,512**	303,933
Computer equipment	**3,226,002**	2,283,329
	9,874,705	8,497,826
Less: accumulated deprecation and amortization	**3,501,995**	2,609,620
Fixed assets, net	**$ 6,372,710**	$ 5,888,206

For the years ending December 31, 2010 and 2009, the Organization expensed approximately $892,375 and $833,859, of depreciation and amortization, respectively.

NOTE E - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses, as presented on the statement of activities, when shown by functional classification for the period ended December 31 are as follows:

	2010	2009
Training programs	**$ 26,458,394**	$ 19,503,895
Management and general	**2,858,395**	2,571,236
Fund-raising	**2,636,046**	2,195,340
Total expenses	**$ 31,952,835**	$ 24,270,471

NOTE F - OPERATING LEASE

The following is a schedule of combined future rental payments under the leases for the next five fiscal years and thereafter.

Year Ending December 31,	
2011	**$ 1,708,423**
2012	**1,331,882**
2013	**1,322,210**
2014	**898,587**
2015	**312,166**
Thereafter	**331,746**
	$ 5,905,014

Rent expense for the years ended December 31, 2010 and 2009 was $1,834,321 and $1,327,362, respectively. Rent expense is recorded on a straight line basis for the Organization's operating leases. As a result of certain rent holidays and escalation clauses included in the leases noted above, deferred rent liabilities totaling $292,178 and $273,893 for 2010 and 2009, respectively, are included in accrued expenses on the statements of financial position.

NOTE G - CAPITAL LEASE

The Organization leases its Boston location used in its operations under a capital lease agreement that expires in 2016. The minimum annual lease payments under this lease are as follows:

Year Ending December 31,	Amount
2011	$ 350,000
2012	424,000
2013	424,000
2014	424,000
2015	424,000
Thereafter	4,568,000
Total minimum lease payments	6,614,000
Less: interest	1,604,891
Capital lease obligation	$ 5,009,109

NOTE H - LINE OF CREDIT

On August 30, 2006, the Organization entered into a revolving line of credit agreement with Citizens Bank. The principal amount of the line of credit is $450,000 and has a variable interest rate; the initial rate is 8.75% and the maximum rate is 18%. The line of credit is collateralized by the business assets of the Organization. The note is payable on demand. Until demand is made, the Organization is required to make monthly payments equal to the sum of accrued interest at the close of the billing cycle plus principal in the minimum amount of $200 or 2% of the outstanding principal balance at the close of the billing cycle, whichever is greater, plus any amount which is past due. The agreement stipulates that the Organization not incur any additional debt, other than in the ordinary course of business during the term of the line of credit. The line was renewed under the same terms on August 30, 2010. At December 31, 2010 and 2009, there were no amounts outstanding on the line of credit.

NOTE I - RETIREMENT PLAN

The Organization has a defined contribution pension plan covering eligible employees. Participants can make an elective deferral for any plan year up to a maximum of 100% of their eligible compensation, not to exceed the annual dollar limit as permitted by law. The Organization may elect to make a matching contribution. During 2010 and 2009, the Organization made matching contributions of 100% of the first 5% of a participant's compensation contributed to the plan. For the years ended December 31, 2010 and 2009, the Organization contributed $257,796 and $231,433, respectively.

NOTE J - FAIR VALUE INSTRUMENTS

The Organization has categorized its financial assets, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy as set forth below. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets recorded on the balance sheets are categorized based on the inputs to the valuation techniques as follows:

- Level 1 - Financial assets whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market which the Organization has the ability to access at the measurement date (examples include active exchange-traded equity securities and most U.S. Government and agency securities).

- Level 2 - Financial assets whose value are based on quoted market prices in markets where trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets.

- Level 3 - Financial assets whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset. The Organization does not currently have any Level 3 financial assets.

NOTE J - FAIR VALUE INSTRUMENTS - Continued

At December 31, 2010 and 2009, all of the Organization's investments were Level 1 and Level 2 assets. The asset's fair value measurement level within fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Following is a description of the valuation methodologies used for assets at fair value on a recurring basis.

Money Market Funds: Valued at the closing price reported in the active market in which the fund is traded.

Certificates of Deposit: Value based on quoted prices in active markets of similar instruments.

Corporate Bonds: Valued at the current available closing price reported or is based on values obtained on comparable securities of issuers with similar credit ratings.

December 31, 2010

	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 248,689**	**$ -**	**$ -**	**$ 248,689**
Money market funds	**1,251,236**	**-**	**-**	**1,251,236**
Corporate bonds	**-**	**6,366,630**	**-**	**6,366,630**
Certificates of deposit	**-**	**2,512,012**	**-**	**2,512,012**
Total assets	**$ 1,499,925**	**$ 8,878,642**	**$ -**	**$ 10,378,567**

December 31, 2009

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 744,381	$ -	$ -	$ 744,381
Money market funds	1,750,335	-	-	1,750,335
Corporate bonds	-	4,396,841	-	4,396,841
Certificates of deposit	-	1,003,439	-	1,003,439
Total assets	$ 2,494,716	$ 5,400,280	$ -	$ 7,894,996

The Organization recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that cause the transfer. There were no significant transfers between fair value hierarchy levels during the years ended December 31, 2010 and 2009.

NOTE J - FAIR VALUE INSTRUMENTS - Continued

The following are the non-recurring assets and liabilities of the organization for the years ended December 31, 2010 and December 31, 2009.

December 31, 2010

	Level 1	Level 2	Level 3	Total
Assets				
Contribution Receivables	**$ -**	**$ -**	**$ 15,786,495**	**$ 15,786,495**
	$ -	**$ -**	**$ 15,786,495**	**$ 15,786,495**
Liabilities				
Capital Lease Obligation	**$ -**	**$ -**	**$ 5,009,109**	**$ 5,009,109**
	$ -	**$ -**	**$ 5,009,109**	**$ 5,009,109**

December 31, 2009

	Level 1	Level 2	Level 3	Total
Assets				
Contribution Receivables	$ -	$ -	$ 10,654,274	$ 10,654,274
	$ -	$ -	$ 10,654,274	$ 10,654,274
Liabilities				
Capital Lease Obligation	$ -	$ -	$ 5,058,480	$ 5,058,480
	$ -	$ -	$ 5,058,480	$ 5,058,480

NOTE K - RELATED PARTY TRANSACTIONS

At December 31, 2010 and 2009, the balance outstanding on a contribution receivable from an officer of the Organization was $100,000 and $250,000, respectively.

Members of the board are also members of other not for profit boards, the organization received contributions for the years ended December 31, 2010 and 2009 totaling $980,000 and $355,000, respectively, from these not for profit organizations.

NOTE K - RELATED PARTY TRANSACTIONS - Continued

A member of the board of directors is a partner at a law firm which provided pro bono services to the Organization in the amount of $169,380 and $203,645 for the years ended December 31, 2010 and 2009, respectively. This same board member's law firm has a controlling interest in the Organization's investment advisors to which the Organization paid fees of $11,527 and $12,647 for the years ended December 31, 2010 and 2009, respectively.

NOTE L - NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2010:

	2010	2009
Time restricted	**$ 3,212,205**	$ 2,618,028
Purpose restricted	**16,888,489**	12,246,793
	$ 20,100,694	$ 14,864,821

<u>Series A SEGUE</u>

Included in temporarily restricted net assets are $3,206,193 and $6,384,178 at December 31, 2010 and 2009, respectively, raised as Series A SEGUE investments. These funds were raised from philanthropic investors providing equity-like capital necessary to meet the Phase II Growth plan for the years 2007 through 2011. The use of Series A SEGUE proceeds is, until May 15, 2012, restricted toward achieving a positive change in unrestricted net assets for the fiscal year of magnitude up to (but not more than) 10% of the fiscal year's operating expenses.

Based on the stipulations of the subscription agreement detailed above management has released from restricted Series A SEGUE amounts to result in a positive change in unrestricted net assets of approximately 5% of the fiscal year's 2010 and 2009 operating expenses.

As of December 31, 2010 and 2009, the amounts released from the Series A SEGUE fund is $3,177,985 and $2,354,366, respectively, which is included in the net assets released from restriction.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2011, which is the date the financial statements were available for issuance. There were no subsequent events that require adjustments to or disclosure in the financial statements.