BUSINESSES UNITED IN INVESTING,
LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS

Year Ended June 30, 2010 with Comparative Totals
for the Year Ended June 30, 2009

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Businesses United in Investing, Lending and Development
(A California Nonprofit Public Benefit Corporation)
Palo Alto, California

We have audited the accompanying statement of financial position of Businesses United in Investing, Lending and Development (a California nonprofit public benefit corporation) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from Businesses United in Investing, Lending and Development's financial statements for the year ended June 30, 2009 and, in our report dated October 20, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Businesses United in Investing, Lending and Development as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 7, 2010

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BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2010 with Comparative Totals as of June 30, 2009

ASSETS

	2010	2009
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 795,047	$ 638,858
Accounts Receivable	1,439	2,469
Current Portion of Grants Receivable and Promises to Give	307,882	1,405,500
Inventory	16,016	16,016
Prepaid Expenses	14,030	8,160
Total Current Assets	1,134,414	2,071,003
PROPERTY AND EQUIPMENT, At Cost:		
Property and Equipment	187,445	151,938
Accumulated Depreciation	(142,573)	(109,453)
Total Property and Equipment, Net	44,872	42,485
OTHER ASSETS:		
Cash Held for Endowment	186,447	174,566
Grants Receivable and Promises to Give, Net of Current Portion	486,714	198,029
Deposits	17,933	9,038
Total Other Assets	691,094	381,633
TOTAL ASSETS	$ 1,870,380	$ 2,495,121

LIABILITIES AND NET ASSETS

	2010	2009
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 50,775	$ 38,965
Accrued Payroll and Related Benefits	2,255	73,109
Accrued Vacation	73,668	70,024
Total Current Liabilities	126,698	182,098
NET ASSETS:		
Unrestricted Net Assets:		
Undesignated	297,034	(26,295)
Board Designated for Endowment	186,447	174,566
Total Unrestricted Net Assets	483,481	148,271
Temporarily Restricted Net Assets	1,260,201	2,164,752
Total Net Assets	1,743,682	2,313,023
TOTAL LIABILITIES AND NET ASSETS	$ 1,870,380	$ 2,495,121

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010 with Comparative Totals for the Year Ended June 30, 2009

	2010			2009
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Grants and Contributions	$ 503,379	$ 1,982,489	$ 2,485,868	$ 3,302,451
Contributions In-Kind	197,478	-	197,478	285,288
Special Events (Includes In-Kind Income of $0 and $10,764)	20,730	-	20,730	51,628
Less: Special Event Costs (Includes In-Kind Expenses of $0 and $10,764)	(12,020)	-	(12,020)	(22,446)
Interest Income	1,868	-	1,868	6,711
Incubator Income	-	3,646	3,646	1,645
Program Service Fees	3,840	-	3,840	1,884
Impairment Loss on Inventory	-	-	-	(2,399)
Loss on Disposal of Equipment	-	-	-	(971)
Net Realized Loss on Investments	(144)	-	(144)	-
Total Support and Revenue	715,131	1,986,135	2,701,266	3,623,791
Net Assets Released from Restrictions	2,890,686	(2,890,686)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	3,605,817	(904,551)	2,701,266	3,623,791
EXPENSES:				
Program Services	2,626,021	-	2,626,021	2,192,152
Supporting Services:				
Management and General	228,602	-	228,602	345,327
Fundraising (See Note 3)	415,984	-	415,984	523,223
Total Supporting Services	644,586	-	644,586	868,550
Total Expenses	3,270,607	-	3,270,607	3,060,702
CHANGE IN NET ASSETS (See Note 2)	335,210	(904,551)	(569,341)	563,089
NET ASSETS, Beginning of Year	148,271	2,164,752	2,313,023	1,749,934
NET ASSETS, End of Year	$ 483,481	$ 1,260,201	$ 1,743,682	$ 2,313,023

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2010 with Comparative Totals for the Year Ended June 30, 2009

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
		MGMT AND GENERAL	FUNDRAISING	TOTAL	2010	2009
EXPENSES:						
Salaries	$ 1,350,012	$ 122,736	$ 206,931	$ 329,667	$ 1,679,679	$ 1,536,233
Payroll Taxes	110,806	7,624	19,350	26,974	137,780	120,152
Employee Benefits	107,674	6,979	18,354	25,333	133,007	100,040
Total Salaries and Related Expenses	1,568,492	137,339	244,635	381,974	1,950,466	1,756,425
Professional Fees	375,185	21,281	91,886	113,167	488,352	403,900
Occupancy, Including In-Kind	226,856	5,618	13,534	19,152	246,008	216,124
Donated Professional Fees	91,422	5,027	33,754	38,781	130,203	240,461
Travel	115,647	2,764	3,401	6,165	121,812	87,605
Supplies, Including In-Kind	51,827	4,904	3,541	8,445	60,272	71,716
Accounting and Audit Fees	-	35,628	-	35,628	35,628	50,477
Conferences, Conventions and Meetings	41,229	4,653	3,413	8,066	49,295	34,200
Telephone	33,392	1,511	2,342	3,853	37,245	32,760
Awards	33,954	-	-	-	33,954	27,291
Printing and Publication	18,150	251	6,087	6,338	24,488	41,313
Office Equipment and Software	18,820	3,105	182	3,287	22,107	15,838
Postage and Shipping	4,547	1,410	3,622	5,032	9,579	10,636
Insurance	7,128	491	1,246	1,737	8,865	11,755
Other Operating Expenses	2,849	1,313	557	1,870	4,719	9,237
Training	924	-	2,961	2,961	3,885	10,593
Outside Services	2,320	160	405	565	2,885	2,735
Equipment Rental	2,279	59	-	59	2,338	2,094
License Fees	638	1,425	-	1,425	2,063	2,279
Dues and Subscriptions	895	224	704	928	1,823	2,310
Repairs and Maintenance	957	-	-	-	957	356
Web Design and Hosting	457	6	79	85	542	777
Total Expenses Before Depreciation	2,597,968	227,169	412,349	639,518	3,237,486	3,030,882
Depreciation	28,053	1,433	3,635	5,068	33,121	29,820
Total Functional Expenses	$ 2,626,021	$ 228,602	$ 415,984	$ 644,586	$ 3,270,607	$ 3,060,702
Percentage of Total (See Note 3)	80.3 %	7.0 %	12.7 %	19.7 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

STATEMENT OF CASH FLOWS

Year Ended June 30, 2010 with Comparative Totals for the Year Ended June 30, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ (569,341)	$ 563,089
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	33,121	29,820
Donated Furniture and Equipment	(1,500)	(1,767)
Donated Stocks	(2,075)	-
Net Realized Loss on Investments	144	-
Impairment Loss on Inventory	-	2,399
Loss on Disposal of Equipment	-	971
(Increase) Decrease in Assets:		
Accounts Receivable	1,030	(840)
Grants Receivable and Promises to Give	808,933	(154,310)
Inventory	-	180
Prepaid Expenses	(5,869)	1,382
Deposits	(8,895)	3,930
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	11,808	(9,751)
Accrued Payroll and Related Benefits	(70,854)	(43,390)
Accrued Vacation	3,644	18,743
Net Cash Provided by Operating Activities	200,146	410,456
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Cash Held for Endowment	(11,881)	(14,691)
Purchase of Property and Equipment	(34,006)	(8,103)
Proceeds from Sale of Investments	1,930	-
Net Cash Used by Investing Activities	(43,957)	(22,794)
NET INCREASE IN CASH AND CASH EQUIVALENTS	156,189	387,662
CASH AND CASH EQUIVALENTS, Beginning of Year	638,858	251,196
CASH AND CASH EQUIVALENTS, End of Year	$ 795,047	$ 638,858

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - ORGANIZATION:

Businesses United in Investing, Lending and Development ("BUILD" or the "Organization"), is a tax-exempt, nonprofit Organization founded in 1999 and incorporated in 2001 in the state of California for the purpose of providing real-world entrepreneurial experience that empowers youth from under-resourced communities to excel in education, lead in their communities, and succeed professionally. By helping students start their own small businesses – while having them commit to improving their academic performance – students can build the skills necessary to become successful pupils, adults, and community leaders.

NOTE 2 - CHANGE IN NET ASSETS:

BUILD's financial statements are reported on the accrual basis in conformity with generally accepted accounting principles. The current year's change in net assets of $(569,341) is due to the timing of some major multi-year grants. During the year ended June 30, 2009, BUILD secured and recorded several large multi-year grants resulting in a change in net assets of $563,089 for that year. BUILD received the first installments of these multi-year grants during the year ended June 30, 2010. As a result, this audit reflects a reduction in BUILD's net assets on paper, but the Organization's financial position as of June 30, 2010 is still strong with a 9 to 1 ratio of current assets to current liabilities. The change in net assets for the two-year period from July 1, 2008 through June 30, 2010 is as follows:

Change in Net Assets for the Year Ended June 30, 2009	$ 563,089
Change in Net Assets for the Year Ended June 30, 2010	(569,341)
Change in Net Assets for the Period from July 1, 2008 to June 30, 2010	$ (6,252)

NOTE 3 - EXPANSION, DEVELOPMENT AND MANAGEMENT FEES:

Beginning in 1999 as an elective in one school near East Palo Alto, California, BUILD program is now available in five high schools on the Peninsula, six high schools in Oakland and two schools in Washington D.C. The Organization is laying the infrastructure for a national expansion over the next four years. In order to ensure successful growth and financial sustainability, BUILD has invested financial and intellectual resources into strengthening its infrastructure.

Although the percentage of costs dedicated towards fundraising is within the "good" rating range according to the charity watchdog group "Charity Navigator", BUILD is in the process of expanding its development department as it diversifies and increases its funding base to support its national expansion plans.

NOTE 3 - EXPANSION, DEVELOPMENT AND MANAGEMENT FEES (Continued):

This year the management and general operating costs are relatively low due to some open staff positions that remained unfilled as well as some restructuring in the Organization's general operations department. At the end of the June 30, 2009 fiscal year, BUILD made the strategic decision to bring in a Managing Director to replace the Chief Operating Officer in order to better align its operations to serve its program needs. While the Chief Operating Officer was responsible for only finance and operations, the Managing Director currently oversees finance, operations as well as programs. In the coming year, the Organization's general operating expense is budgeted to increase as it builds in more administrative and technology support.

NOTE 4 - PROGRAM SERVICES:

BUILD's four-year, in-school and after-school programs are as follows:

Entrepreneurs 1 (E1) - Freshman Year - Planning a business. Freshman students participate in a rigorous, five-credit elective for the entire academic year. Students learn the tenets of time management, goal-setting and professional communication etiquette. In teams of 3-5 members, students develop comprehensive 20-30 page business plans based on ideas they create. The year culminates with participation in BUILD's Youth Business Plan Competition held at Stanford's Graduate School of Business on the Peninsula, the University of Berkeley Haas School of Business in the East Bay and Georgetown Washington University School of Business in Washington D.C.

Entrepreneurs 2 (E2) - Sophomore Year - Running a business. Sophomores meet after school for 3-6 hours per week, for the entire academic year. In BUILD's Youth Business and Academic Incubator, they begin to operate their small businesses while learning negotiations, business ethics, venture capital, and more. Teams are assigned Venture Capital Advisors, who act on BUILD's behalf to finance student businesses with funding from BUILD. During the year, students have one-on-one meetings with BUILD's Academic Program Manager and academic mentors to maintain standards for college admissions.

Entrepreneurs 3 (E3) - Junior Year - Preparing for college. Juniors meet after school and are trained on advanced topics relating to college selection. Students continue to operate their businesses, but focus more on getting into the college of their choice. In preparation for college, students are trained on essay writing, interviewing, financial aid, and standardized testing. To assist students in the college selection process, BUILD staff members accompany students on college tours in various parts of the country.

Entrepreneurs 4 (E4) - Senior Year - Selecting and applying to college. Seniors work with BUILD mentors and BUILD's College Counselors to identify their schools, write admissions essays, prepare college applications, and package their BUILD experience into a portfolio. Students continue to hone their interviewing and presentation skills, in preparation for communicating with college admissions officers. When possible, BUILD assists in arranging interviews with local BUILD alumni. BUILD staff provides students' parents with information about scholarships and financial aid resources through workshops and meetings.

NOTE 4 - PROGRAM SERVICES (Continued):

Record of Success - BUILD's greatest successes are the academic and social advancement its current 700+ students are making everyday.

Five BUILD students have been awarded the National Foundation for Teaching Entrepreneurship (NFTE) National Youth Entrepreneur of the Year award. Two BUILD students have been awarded the Merrill Lynch Growing Up CEO Award. Three BUILD students have been the recipients of the Gates Millennium four-year college scholarship. Our students have been admitted to over 40 colleges and universities, including New York, Brown, Stanford, Louisiana State and Hampton Universities, as well as University of California at Berkeley, Los Angeles, and Merced. Three BUILD instructors have been named NFTE’s Entrepreneurship Teacher of the Year. BUILD has been nominated for several awards including FAST Company Social Capitalist Award (finalist) and the Manhattan Institute Social Entrepreneurship Award. BUILD has been featured in the media including CNN, PBS, NPR, San Francisco Chronicle, San Jose Mercury News, Bay Area Business Woman News, and Palo Alto Weekly News. BUILD’s CEO was recently awarded the Ashoka Fellowship and was profiled in Gentry Magazine.

BUILD’s success will continue to grow as the Organization expands nationally in 2011.

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of BUILD have been prepared on the accrual basis of accounting.

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with generally accepted accounting principles, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, plus any net assets designated by the Board for specific purposes.
>
> Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year end of the current reporting period.
>
> Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Comparative Financial Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Accounts and Grants Receivable - The Organization considers all accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Promises to Give - Unconditional promises to give are recognized as contribution support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Fair Value Measurements - Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Inventory - Inventory consists of donated goods held for sale. Goods donated to the Organization are valued at their estimated fair market value and recognized as support in the statement of activities. Goods remaining in ending inventory are also recorded at their estimated fair market value.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Depreciation expense for the years ended June 30, 2010 and 2009 totaled $33,121 and $29,820, respectively.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2010 and 2009. The accrued vacation balance as of June 30, 2010 and 2009 was $73,668 and $70,024, respectively.

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions - Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets. When the restriction is met the amount is shows as reclassification of restricted net assets to unrestricted net assets.

Contributions In-Kind - Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 10.

NOTE 5 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Allocation of Functional Expenses - Directly identifiable expenses are charged to programs and supporting services. Indirect salary expense allocation is based on individual employee estimated time spent by function or time sheets. Other indirect costs are based on number of students or space utilized.

Income Taxes - Businesses United in Investing, Lending and Development is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under various state codes and statues of California, Massachusetts, Maryland, Virginia, New York, Pennsylvania and Washington D.C. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Advertising - The Organization's policy is to expense advertising costs as the costs are incurred. There were no advertising costs for the years ended June 30, 2010 and 2009.

Reclassifications - Certain amounts in the prior year have been reclassified in order to be consistent with the current year presentation.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2010 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2010. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 7, 2010. The entity has not evaluated subsequent events after October 7, 2010.

Uncertainty in Taxes - Effective July 1, 2009 the Organization implemented the new accounting requirements associated with uncertainty in taxes. Accordingly, an entity shall initially recognize the financial statement effects of a tax position when it is more-likely-than-not, based on the technical merits, that the position will be sustained upon examination. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 6 - GRANTS RECEIVABLE AND PROMISES TO GIVE:

Grants receivable and promises to give consist of unconditional promises to give by several donors. The Organization's management has estimated that the following amounts will be collected within the three-year period after June 30, 2010. The Organization records pledges expected to be collected in more than one year at the present value of the assets to be received in the future. The discount rates used as of June 30, 2010 ranged from 0.69% to 2.25%.

NOTE 6 - GRANTS RECEIVABLE AND PROMISES TO GIVE (Continued):

Grants receivable and promises to give as of June 30, consisted of the following:

	2010	2009
Total Grants Receivable and Promises to Give	$ 809,498	$ 1,650,500
Discounts to Net Present Value	(14,902)	(46,971)
Net Grants Receivable and Promises to Give	794,596	1,603,529
Current Portion of Grants Receivable and Promises to Give	(307,882)	(1,405,500)
Noncurrent Portion of Grants Receivable and Promises to Give	$ 486,714	$ 198,029

NOTE 7 - LINE OF CREDIT:

The Organization has a $500,000 line of credit with Wells Fargo Bank. The line of credit is secured by the Organization's personal and real property and bears interest at prime rate plus 1.50% per annum (6.25% at June 30, 2010). The amount available under this line of credit at June 30, 2010 was $500,000. As of June 30, 2010 and 2009, no amounts were outstanding.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets as of June 30, consisted of the following:

	2010	2009
General Support for Future Period	$ 444,446	$ 938,475
Peninsula Programs (Also Time Restricted for Future Periods)	347,488	568,084
Washington D.C. Programs	177,172	150,000
Boston	66,513	-
Alumni Position	59,482	100,000
California Sites	56,000	25,000
Oakland Programs	40,000	-
Monterey Programs	33,100	65,200
Headquarters	16,000	-
Lazier Memorial	20,000	13,769
Fundraising	-	150,000
Oakland Expansion (Also Time Restricted for Future Periods)	-	83,698
Program Evaluation Project	-	67,593
E5 Scholarships	-	2,500
Monterey Fundraising	-	433
Total Temporarily Restricted Net Assets	$ 1,260,201	$ 2,164,752

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors during the year ended June 30, 2010 as follows:

	2010
Contributions Released from Time Restrictions	$ 974,066
Peninsula Programs	559,959
Washington D.C. Programs	509,500
Oakland Programs	229,325
California Sites	187,750
Fundraising	150,000
Program Evaluation Project	67,593
Alumni Position	65,768
Oakland Expansion	83,698
Monterey Programs	32,100
Student Programs	21,613
Lazier Memorial	4,000
E5 Scholarships	3,000
Headquarters	1,881
Monterey Fundraising	433
Total Net Assets Released from Restrictions	$ 2,890,686

NOTE 10 - CONTRIBUTIONS IN-KIND:

The estimated fair value of donated supplies, equipment, expert services and facilities are recorded as contributions. During fiscal years ended June 30, 2010 and 2009, the following in-kind contributions were received by the Organization:

	2010	2009
Professional Services	$ 130,203	$ 200,461
Supplies and Minor Equipment	11,490	22,507
Facilities	54,285	60,553
Computer Equipment	-	1,767
Furniture	1,500	-
In-Kind Contributions for Operations	197,478	285,288
Special Event Supplies and Auction Items	-	10,764
Total Contributions In-Kind	$ 197,478	$ 296,052

During the years ended June 30, 2010 and 2009, the Organization also received donated services from volunteers that do not require specific expertise but which are nonetheless central to the Organization's operations. During the years ended June 30, 2010 and 2009, mentors dedicated approximately 12,097 and 9,270 hours to tutoring services. The estimated value of tutoring services based on the nature of the service and the amount of time donated is estimated to be approximately $252,222 and $187,726, respectively.

NOTE 11 - BOARD DESIGNATED ENDOWMENT:

As of June 30, 2010, the Board of Directors had designated $186,447 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization policy is to build the endowment and only to pay out for William Lazier Scholarships each year out of its board designated endowment. Annual, additional funds are deposited into the account to offset these scholarship payments to ensure the Organization protects and grows the principle investment. In establishing this policy, the Organization considered the long term expected return on its endowment. Accordingly, over the long term, the Organization expects to grow the general endowment fund at an average conservative return of 1% to 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide modest returns on investment with the goal of capital preservation.

NOTE 11 - BOARD DESIGNATED ENDOWMENT (Continued):

To achieve that objective, the Organization has adopted an investment policy that is focused on capital preservation, which protects the principle investment and grows it at a modest rate with little to no risk of loss. Endowment assets are invested in a money market account. The Organization's Finance Committee will review the investment strategy and make a recommendation to the Board of Directors. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 1% to 3% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the year ended June 30, 2010 consisted of the following:

Board Designated Endowment Net Assets, Beginning of Year	$ 174,566
Contributions	15,000
Investment Income	31
Amount Appropriated for Expenditure	(3,150)
Board Designated Endowment Net Assets, End of Year	$ 186,447

NOTE 12 - OPERATING LEASE COMMITMENTS:

The Organization conducts its operations from facilities leased under various non-cancelable operating and month-to-month leases. Rent expense for these facilities for the years ended June 30, 2010 and 2009 was $246,008 and $216,124, respectively.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	Amount
2011	$ 201,813
2012	175,987
2013	108,850
Total Future Minimum Lease Payments	$ 486,650