

# 2009 ANNUAL REPORT

## COMPONENTS

### **Program Overview**

Annual Performance Dashboard

### **Financial Overview**

2009 Audited Financial Statements

### **Board of Directors**



## ANNUAL PERFORMANCE DASHBOARD

FISCAL YEAR: 2009 (JAN-DEC)



	2009 ACTUALS	FY2009 PROJECTED
<b>NUMBER OF DO-ERS*:</b>	851,135	750,000
<b>COST PER DOER**:</b>	\$2.92	\$6.20

\*A "Doer" is any youth who is inspired by Do Something to take action and reports that action back to us.

\*\*Cost per Doer equals Number of Doers divided by total fiscal quarter/year cash expenses.

### SUMMARY:

It was a very good year. We finished 2009 with one of our strongest campaigns, which pushed us over the top of our projected annual goals. We premiered our first ever Celebs Gone Good television show on VH1, breathing life, awareness, and revenue into one of our sub-brands. We're in a very strong position for achieving our 2010 goals.

# REACH

Each quarter, we look at three key elements: (1) Unique Visitors, (2) Media Impressions, and (3) Non-Media Impressions. In this year end dashboard, we also look at (4) Brand Recognition and Affinity.

## HIGHLIGHTS:

### 1. Online Interaction.

#### [Avg 370k uniques / month]

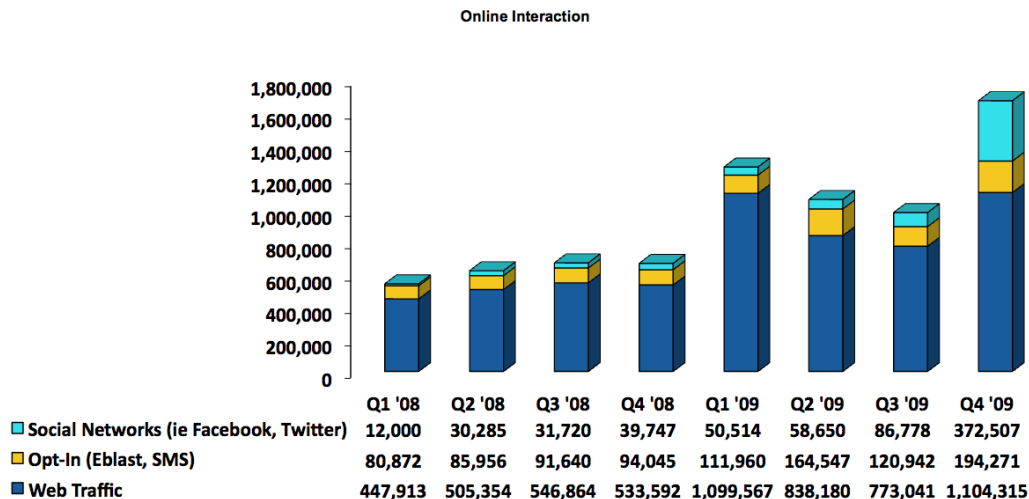
Organic search remained a strong source of traffic for us in 2009. We are a Google AdWords case study, as we've learned the art of maximizing our monthly pro bono allotment from them. We launched a terrific new partnership with Popeater.com (AOL's celebrity channel).

### 2. Media Impressions: Q4.

The Nov. 19th premiere of our CGG show on VH1 was incredibly exciting, launching our Celebs Gone Good brand into the national spotlight. Additionally, our logo was featured during cause moments in each episode of ABC Family's hit show Greek this past season, creating millions of impressions. Also, last year's winners of our Increase Your Green campaign were featured daily on a week of lunchtime episodes of MTV's It's on with Alexa Chung. We ran an inside cover, full page, pro bono ad in Variety that announced the Do Something Awards live with VH1 on July 27th from Los Angeles.

### 3. Non-media Impressions: Q4.

We are featured on nearly half a billion Doritos bags highlighting our eleven 2009 Do Something Award winners. Each bag features a photo, a paragraph describing an endeavor, and our logo/web address.



## LOOKING FORWARD

### 1. Online Interaction.

#### [400,000 uniques / month]

With our Do Something Awards application closing March 1st and the Teens for Jeans PSA spreading virally online, we hope to average more than 400k unique web visitors per month in Q1, hopefully achieving more than 550k uniques per month by the end of 2010.

### 2. Media Impressions: Q1.

We have strong celebrities lined up for Q1 cause campaigns: Justin Long and Ashley Greene for January, Nick Cannon for February, and Nick Jonas for March. We expect considerable media attention from celebrity outlets around each of these shoots, outtakes, etc. DoSomething.org will be highlighted during the Pepsi Fan Jam concert on the eve of the Super Bowl, televised on VH1.

### 3. Non-Media Impressions: Q1.

Per the Teens for Jeans campaign, our logo will be prominently featured in 950 Aeropostale stores nationwide. The Teens for Jeans PSA (featuring Ashley Greene and Justin Long) will be played in close to 1,000 movie theater lobbies nationwide.

# IMPACT

The entire purpose of Do Something is to drive offline action. It is extremely important to us that we measure and publish: (1) how many kids we engage (2) the effect of our programs on those kids (3) the impact those kids have on causes.

## HIGHLIGHTS

### 1. Scale: Q4.

**[211,386 Do-ers]**

In Q4, more kids took action in Our Feed the Need campaign than ever before—80,000. We were disappointed that our participation numbers for the December Support Our Troops campaign were low. But we were still able to surpass our year end goal of 750,000 Do-ers.

### 2. Impact of Do-ers.

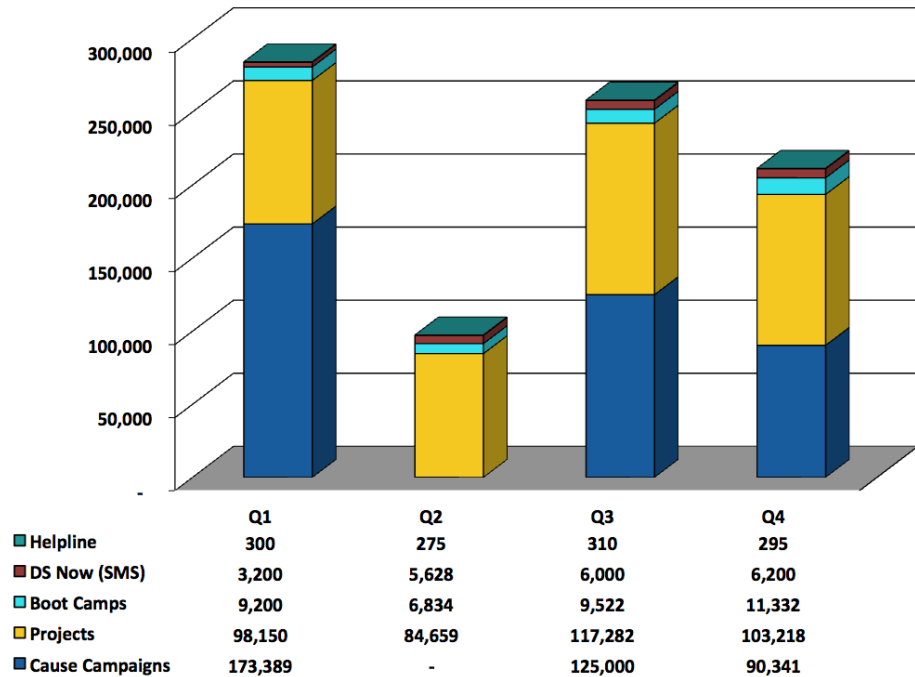
**[851,135 Total Do-ers]**

Projects, which include grants and clubs, are the leading way that doers are involved. Thanks to DeHavilland Associates we have calculated that our Do-ers have spent 1,097,356 hours volunteering!

### 3. Depth.

While we had more kids participating, we collected less food than last year. (750,000 lbs. of food in 2009 vs over 1.2 million lbs in 2008.) The reason for this drop-off is that we didn't have a sponsor for the program this year. On a positive note, we had another successful Boot Camp in New York City on November 7th with over 120 amazing young leaders.

Do-ers Taking Action 2009



2009 BOOT CAMP STATS	TOTAL DOERS
Number of attendees	702
Live-Stream viewers	6,158
Percentage of attendees who would recommend Boot Camp to a friend	99%
Resulting from attendee projects	<b>36,888</b>

## LOOKING FORWARD

### 1. Scale.

We have big plans for 2010. In order to achieve our goal of 1.2 million Do-ers, we need to start the year with very strong Q1 campaigns. Teens for Jeans in January should involve more than 150,000 kids. In February, with the backing of HP as a national sponsor for Increase Your Green, we anticipate more than 100,000 participants. Our March campaign is about music education in schools, an important cause, but tough to predict the number of participants.

### 2. Depth.

In addition to tackling the issues of homelessness, the environment, and music education, we are organizing Boot Camps in two cities this quarter: Miami and New Orleans. These are new markets for us. We selected them after noting that we have a lot of participants in Florida and many projects focused on impact in New Orleans.

# MANAGEMENT

Do Something is committed to high standards of efficiency, accountability, and transparency.

Cash on Hand: **\$810,980** (as of December 31, 2009)

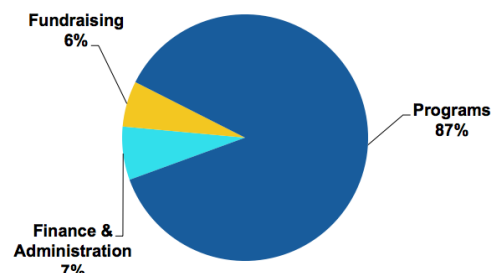
Reserve Account Balance: **\$270,000**

Total Cash Available: **\$1,080,980**

	FY09 ACTUALS*	FY09 BUDGET	FY10 BUDGET
<b>INCOME</b>	<b>2,762,972</b>	<b>2,191,000</b>	<b>3,315,000</b>
<b>EXPENSE</b>	<b>2,481,134</b>	<b>2,187,525</b>	<b>3,286,840</b>
<b>NET INCOME/(EXPENSE)</b>	<b>281,838</b>	<b>3,475</b>	<b>28,160</b>

\* Projected. Fully audited financial reports will be available upon completion of audit (projected completion date: April 2010).

2009 Expenses



## HIGHLIGHTS

### 1. FY 2009.

Despite a tough economy, Do Something had a strong Fiscal Year 2009. Our income surpassed our budget projections. This allowed us to increase our expenses accordingly, and surpass our reach & impact goals.

### 2. Growth Capitalization Offering.

One blemish on our 2009 record is the stalled Growth Capitalization Offering. Our Development Director failed to secure any new shares or foundation grants in 2009. Although the tight economy made fundraising difficult for everyone, in Q4 it became clear to us that we needed to re-examine our methods, re-evaluate our goals, and make a staff change.

### 3. Board of Directors Refresh.

We have been working with a fantastic pro bono team from Heidrick & Struggles to evaluate the potency of our current Board, flag potential new Board prospects, examine our Board Responsibilities and Expectations Guidelines, and look at the division of responsibilities between the Board and staff. We expect this project to be complete in Q1.

### 4. World Economic Forum next generation leadership project.

Our CEO co-chaired a committee of the World Economic Forum as part of their Global Redesign Initiative. Staff members Jade Gardener and John Cassidy coordinated town meetings in 15 markets worldwide with over 1,000 youth participants voicing their opinions about the future. We're proud that DoSomething.org was tapped for thought leadership.

## LOOKING FORWARD

### 1. Bi-Coastal.

In December 2009, we were awarded a grant by the Goldhirsh Foundation to open an office in Los Angeles in 2010. Starting in January, our first LA-based employee will begin developing vital connections to expand our reach and continue our growth.

### 2. International Expansion.

In Q4 the Board of Directors voted to expand to additional international markets in 2010, via licensing arrangements. We expect to approve our first franchise application in January and 4 others during the course of 2010.

### 3. DoSomething LLC.

In Q4 we started to monetize our content (selling Celebs Gone Good as a TV show to VH1) and expertise on teens and cause (consulting contract with PepsiRefresh). This is an excellent means of generating revenue, developing the talent of our staff, and growing the brand. Expect these earned income streams to expand in 2010.



IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA

**DO SOMETHING, INC.**  
**Audited Financial Statements**  
**December 31, 2009**

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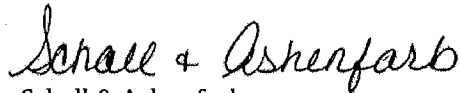
## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Do Something, Inc.

We have audited the accompanying statement of financial position of Do Something, Inc. ("the Organization") as of December 31, 2009, and the related statement 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.

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 Do Something, Inc. as of December 31, 2009, and the change 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.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

October 18, 2010

**DO SOMETHING, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2009**

**Assets**

Cash and cash equivalents (Notes 2d and 2e)	\$938,762
Investments (Note 4)	327,770
Pledges receivable (Note 2f)	889,853
Other receivables	90,000
Prepaid expenses	7,318
Fixed assets (at cost, net of accumulated depreciation) (Notes 2g and 5)	<u>5,884</u>
Total assets	<u><u>\$2,259,587</u></u>

**Liabilities and Net Assets**

**Liabilities:**

Accounts payable and accrued expenses	\$62,436
Grants payable	49,500
Deferred rent (Note 2h)	8,573
Other liabilities (Note 6)	<u>144,900</u>
Total liabilities	<u>265,409</u>

**Net Assets: (Note 2b)**

Unrestricted	1,126,072
Temporarily restricted (Note 3)	<u>868,106</u>
Total net assets	<u>1,994,178</u>
Total liabilities and net assets	<u><u>\$2,259,587</u></u>

*The attached notes and auditors' report  
are an integral part of these financial statements.*

**DO SOMETHING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>			
Contributions (Note 2c)			
Foundation	\$206,000	\$230,000	\$436,000
Corporation	1,196,338	570,667	1,767,005
Individuals	79,734		79,734
Fundraising event revenue (net of direct expense of \$40,005)	461,512		461,512
Donated services and materials (Notes 2i and 7)	6,276,964		6,276,964
Fiscal sponsorship income (Note 6)	75,533		75,533
Consulting fees	75,000		75,000
Licensing income	40,000		40,000
Investment income (Note 4)	39,621		39,621
Miscellaneous income	21,632		21,632
Loss on disposal of fixed assets (Note 8)	(276,910)		(276,910)
Net assets released from restrictions	416,000	(416,000)	0
<b>Total public support and revenue</b>	<b>8,611,424</b>	<b>384,667</b>	<b>8,996,091</b>
<b>Expenses:</b>			
Program services	8,457,461		8,457,461
Supporting services:			
Management and general	226,681		226,681
Fundraising	159,687		159,687
<b>Total supporting services</b>	<b>386,368</b>	<b>0</b>	<b>386,368</b>
<b>Total expenses</b>	<b>8,843,829</b>	<b>0</b>	<b>8,843,829</b>
Change in net assets	(232,405)	384,667	152,262
Net assets - beginning of year	1,358,477	483,439	1,841,916
Net assets - end of year	<u>\$1,126,072</u>	<u>\$868,106</u>	<u>\$1,994,178</u>

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**DO SOMETHING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	Supporting Services			Total Expenses	
	Program Services	Management and General	Fundraising		
Salaries	\$808,678	\$78,088	\$77,851	\$155,939	\$964,617
Payroll taxes and employee benefits (Note 9)	163,651	15,803	15,755	31,558	195,209
Total personnel costs	<u>972,329</u>	<u>93,891</u>	<u>93,606</u>	<u>187,497</u>	<u>1,159,826</u>
Professional fees (including in-kind) (Note 7)	324,447	57,134	17,342	74,476	398,923
Advertising and marketing	242,037	2,819	1,472	4,291	246,328
In-kind public service outreach (Note 7)	5,870,321			0	5,870,321
Evaluations	5,000			0	5,000
Website	7,816			0	7,816
Fundraising event expenses - indirect			26,621	26,621	26,621
Grants and scholarships	386,500			0	386,500
Occupancy	138,555	4,375	2,917	7,292	145,847
Equipment rental & maintenance	61,932	1,332	1,023	2,355	64,287
Insurance	13,646	718		718	14,364
Telephone and internet	11,025	348	232	580	11,605
Dues and subscriptions	11,671	27	140	167	11,838
Conferences and meetings	17,513		3,000	3,000	20,513
Travel, meals and entertainment (including in-kind) (Note 7)	264,644	6,708	11,090	17,798	282,442
Office expenses and supplies	33,852	1,388	394	1,782	35,634
Postage, printing and reproduction	66,535	2,101	1,401	3,502	70,037
Staff development	15,986	505	336	841	16,827
Bank and finance charges	3,953	2,452		2,452	6,405
Licenses, permits and fees	4,873	5,974	11	5,985	10,858
Bad debt expense (Note 10)		40,000		40,000	40,000
Miscellaneous	4,826	164	102	266	5,092
Depreciation		6,745		6,745	6,745
Total other than personnel costs	<u>7,485,132</u>	<u>132,790</u>	<u>66,081</u>	<u>198,871</u>	<u>7,684,003</u>
Total expenses	<u><u>\$8,457,461</u></u>	<u><u>\$226,681</u></u>	<u><u>\$159,687</u></u>	<u><u>\$386,368</u></u>	<u><u>\$8,843,829</u></u>

*The attached notes and auditors' report  
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**DO SOMETHING, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

**Cash Flows from Operating Activities:**

Change in net assets	\$152,262
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation expense	6,745
Loss on disposal of fixed assets	276,910
Donated stock	(3,263)
Realized gain on investments	(4,407)
Unrealized gain on investments	(18,713)
(Increase)/decrease in assets:	
Pledges receivable	(401,482)
Other receivables	(90,000)
Prepaid expenses	(2,162)
Increase/(decrease) in liabilities:	
Accounts payable and accrued expenses	(1,368)
Grants payable	8,250
Deferred rent	6,674
Other liabilities	144,900
Total adjustments	<u>(77,916)</u>
Net cash provided by operating activities	<u>74,346</u>

**Cash Flows from Investing Activities:**

Proceeds from sale of investments	20,021
Purchase of investments	(26,463)
Purchase of equipment	(4,683)
Net cash used for investing activities	<u>(11,125)</u>

Net increase in cash and cash equivalents 63,221

Cash and cash equivalents - beginning of year 875,541

Cash and cash equivalents - end of year \$938,762

**Supplemental disclosure:**

Interest paid	<u>\$623</u>
Taxes paid	<u>\$0</u>

*The attached notes and auditors' report  
are an integral part of these financial statements.*

**DO SOMETHING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

**Note 1 - Organization**

Do Something, Inc. (“the Organization”) is a not-for-profit Organization founded in 1993 to advocate and promote youth social leadership, community activism and citizenship. Today it is also known as DoSomething.org, and is one of the largest organizations in the United States that helps young people rock causes they care about. A driving force in creating a culture of volunteerism, DoSomething.org is on track to activate two million young people in 2011. By leveraging the web, television, mobile, and pop culture, DoSomething.org inspires, empowers and celebrates a generation of doers: teenagers who recognize the need to do something, believe in their ability to get it done, and then take action.

The services are largely directed to young people (ages 13-25) who want to make a difference, but need help actively participating and leading in community change efforts. There are some programs for established leaders in social entrepreneurship, as young people look largely to their peers for role models and support.

The programs include the following:

- **DoSomething.org** – The Organization is a trusted online resource for teens on social causes. The website has over 500,000 unique visitors a month and over 20,000 pages of Webby award-winning content.
- **DS Now (Do Something Now)** – Text DO SOMETHING to 30644 for volunteer opportunities by zip code. There are over 35,000 opted-in mobile subscribers. In 2009, 30% of the users reported that they used this information to volunteer.
- **Cause of the Month** – Every month, Do Something focuses on a new featured cause. It has to be fun and easy for young people to make real change. Clear information on the cause and a simple call to action is given. The call to action has to be something that young people can do that doesn’t require cash, cars or adults. Close to 400,000 young people participated in these campaigns in 2009.
- **Clubs** – These are youth-led groups of five or more people in communities across the country. Our clubs create and post volunteer projects to our site. In return, they receive recognition and support to make their projects happen. In 2009 there were close to 1,000 clubs with over 20,000 members who created over 500 projects.
- **Boot Camps** – The organization runs day-long sessions for young social entrepreneurs. There were over 700 attendees in six events in 2009. They video stream the event to online audiences; this resulted in over 10,000 viewers in 2009.

- **Grants** – The Organization gives out grants ranging from \$500 to \$100,000. They are the only organization to directly fund young people without requiring an adult.
- **Do Something Awards** – One of the premiere programs for the Organization; it awards a \$100,000 grant to a young person making a significant impact on a social issue. This national award inspires a whole generation and will be televised nationally on Vh1 in 2010 and 2011.

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

As a not-for-profit organization, the Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted net assets* – represents all activity without donor imposed restrictions.
- *Temporarily restricted net assets* – accounts for activity based on specific donor restrictions that are expected to be satisfied by passage of time or performance of activities.
- *Permanently restricted net assets* – accounts for activity restricted by donors that must remain intact in perpetuity. The Organization did not have any activity of this type.

c. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

Donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. However, support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

The Organization deposits money at institutions that they deem to be credit-worthy and that are insured with the Federal Deposit Insurance Corporation (FDIC). At year-end the cash balances of the Organization were in excess of FDIC limits by \$623,411; however, the Organization has not experienced any losses from bank failures.

f. Pledges Receivable

The Organization records unconditional promises to give as revenue in the period the promise is received, at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges are reviewed for collectability. Management has not established a reserve for uncollectable pledges as they deem all pledges, which are due in less than one year, to be collectable.

g. Fixed Assets

Fixed assets to which the Organization retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair market value at the time of donation.

Fixed assets consist of office equipment and computers which are carried at cost and are being depreciated over their estimated useful life using the straight-line method.

h. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

i. Donated Services

Generally accepted accounting principles requires donated services to be recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. See Note 7 for details.

j. Tax Status

Do Something is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

k. Expense Allocation/Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

I. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 18, 2010, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

**Note 3 - Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2009 consist of the following:

	<u>1/1/09</u>	<u>New</u>	<u>Released</u>	<u>12/31/09</u>
Grants and awards	\$221,000	\$34,000	(\$216,000)	\$39,000
Disaster response	200,000	0	(200,000)	0
Financial education	62,439	0	0	62,439
Animal welfare	0	65,000	0	65,000
L.A. expansion	0	100,000	0	100,000
Boot camps	<u>0</u>	<u>90,000</u>	<u>0</u>	<u>90,000</u>
Total program	483,439	289,000	(416,000)	356,439
Time	<u>0</u>	<u>511,667</u>	<u>0</u>	<u>511,667</u>
Total	<u>\$483,439</u>	<u>\$800,667</u>	<u>(\$416,000)</u>	<u>\$868,106</u>

**Note 4 - Investments**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 (formerly SFAS No. 157) establishes a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments were measured using Level 1 inputs. The following summarizes the composition of investments at December 31, 2009:

Mutual funds	\$267,577
Corporate securities	3,104
Exchange traded funds	<u>57,089</u>
Total	<u>\$327,770</u>

During the year ended December 31, 2009, investment income consisted of the following:

Interest and dividends income	\$16,501
Realized gain on investments	4,407
Unrealized gain on investments	<u>18,713</u>
	<u>\$39,621</u>

**Note 5 - Fixed Assets**

At December 31, 2009, the Organization had the following fixed assets:

Computer equipment	\$8,645
Less: accumulated depreciation	<u>(2,761)</u>
	<u>\$5,884</u>

**Note 6 - Other Liabilities**

The Organization acts as the fiscal conduit for other unrelated entities and receives an administrative fee or a portion of funds collected. Funds received are recorded as a liability and then reduced as the Organization disburses funds to the entities.

**Note 7 - Donated Services and Materials**

The Organization received donated promotional service announcements, legal services and travel. The schedule below outlines how the costs are reflected on the statement of functional expenses:

	Program Services	Management and General	Fundraising	Total
Public service outreach (1)	\$5,870,321	\$0	\$0	\$5,870,321
Legal (2)	294,817	34,684	17,342	346,843
Travel	<u>56,810</u>	<u>1,794</u>	<u>1,196</u>	<u>59,800</u>
	<u>\$6,221,948</u>	<u>\$36,478</u>	<u>\$18,538</u>	<u>\$6,276,964</u>

(1) Included in public service outreach is \$2,618,046 of fees donated by a company of which one of the members of the board of directors is an executive of.

(2) The donated legal services were performed by a law firm of which one of the members of the board of directors is a partner of.

**Note 8 - Loss on Disposal of Fixed Assets**

On October 13, 2005, the Organization entered into an asset transfer agreement with Community League, Inc. (CLI). Under the terms of the agreement, CLI operated out of a building the Organization owned in Newark, NJ through October, 2008 and had the right to acquire the premises at the end of the lease. During 2009, the transfer of the land, building and building improvements was officially completed.

**Note 9 - Employee Benefits**

The Organization has a tax deferred annuity plan under IRS section 403(b) for all employees. Under the plan, the Organization may make a contribution to the employee plan on a discretionary basis. For the year ended December 31, 2009, the total plan expense was \$3,874.

**Note 10 - Bad Debt Expense**

A reserve of \$440,000 was established at December 31, 2008 for the estimated amount of uncollectable pledges. This was based on a specific review of each donor. During 2009, it was determined that \$480,000 of pledges was not collected. \$40,000 of bad debt expense was recorded on the statement of activities to reflect the amount of the current-year write-off that exceeded the reserve on the books.

**Note 11 - Commitments**

The Organization has a lease agreement for office space in New York, New York which runs through September 30, 2013. Minimum rental amounts due are as follows:

	<u>Total</u>
For the year ended: December 31, 2010	\$127,485
December 31, 2011	131,309
December 31, 2012	135,248
December 31, 2013	<u>103,702</u>
	<u>\$497,744</u>

Subsequent to year end, the Organization entered into a lease for office space in Los Angeles, California. The lease runs for one year has minimum rental amounts due as follows:

For the year ended: December 31, 2010	\$5,610
December 31, 2011	<u>5,610</u>
	<u>\$11,220</u>

The Organization has several trademarks and copyrights that expire over time.

# BOARD OF DIRECTORS

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