TRANSFAIR USA

FINANCIAL STATEMENTS

For the Years Ended
December 31, 2009 and 2008

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Bregante + Company LLP
CERTIFIED PUBLIC ACCOUNTANTS
Building Service Partnerships Since 1976

Independent Auditors' Report

Board of Directors
TransFair USA

We have audited the accompanying statements of financial position of TransFair USA as of December 31, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of TransFair USA'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. 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 financial statements referred to above present fairly, in all material respects, the financial position of TransFair USA as of December 31, 2009 and 2008, and the 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.

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June 11, 2010

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TRANSFAIR USA

STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets:		
Cash	$ 1,299,168	$ 2,243,986
Investments, at market value	765,822	310,898
License fees receivable, net of allowance for doubtful accounts of $122,653 and $71,341	1,754,970	1,261,467
Grants receivable	1,237,672	1,027,500
Note receivable	89,795	-
Other receivable	87,471	547
Prepaid expenses	145,322	180,465
Total current assets	5,380,220	5,024,863
Property and equipment, net	286,424	278,443
Other assets:		
Grants receivable, long-term	715,000	505,000
Deposits	50,350	50,820
Prepaid supplies	-	25,967
Total other assets	765,350	581,787
Total assets	$ 6,431,994	$ 5,885,093
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 211,169	$ 226,115
Accrued liabilities	817,632	544,349
Current portion of notes payable	70,000	54,000
Total current liabilities	1,098,801	824,464
Long-term liabilities:		
Notes payable, net of current portion	5,220,000	5,290,000
Deferred lease incentive	192,407	191,478
Total long-term liabilities	5,412,407	5,481,478
Net assets surplus (deficit):		
Unrestricted	(2,347,479)	(2,278,656)
Temporarily restricted	2,268,265	1,857,807
Total net assets surplus (deficit)	(79,214)	(420,849)
Total liabilities and net assets	$ 6,431,994	$ 5,885,093

See accompanying notes and auditors' report.

TRANSFAIR USA

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2009 and 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
License fees	$ 6,881,181	$ -	$ 6,881,181	$ 5,757,709	$ -	$ 5,757,709
Trade show support	21,060	-	21,060	41,348	-	41,348
Other earned income	108,403	-	108,403	8,388	-	8,388
Grants and contributions	989,212	1,763,265	2,752,477	1,494,783	1,778,729	3,273,512
In kind donations	245,712	-	245,712	189,288	-	189,288
Net assets released from restrictions	1,352,807	(1,352,807)	-	1,216,690	(1,216,690)	-
Total revenue and support	9,598,375	410,458	10,008,833	8,708,206	562,039	9,270,245
Expenses:						
Program	7,809,173	-	7,809,173	7,299,987	-	7,299,987
Management and general	1,280,896	-	1,280,896	1,109,534	-	1,109,534
Fundraising	608,990	-	608,990	656,984	-	656,984
Total expenses	9,699,059	-	9,699,059	9,066,505	-	9,066,505
(Deficiency) excess of revenues over (under) expenses before other changes in net assets	(100,684)	410,458	309,774	(358,299)	562,039	203,740
Other changes in net assets:						
Interest income	12,774	-	12,774	62,285	-	62,285
Net unrealized/realized gain (loss) on investments	19,087	-	19,087	(19,035)	-	(19,035)
Total other changes in net assets	31,861	-	31,861	43,250	-	43,250
Changes in net assets	(68,823)	410,458	341,635	(315,049)	562,039	246,990
Net assets surplus (deficit), beginning of year	(2,278,656)	1,857,807	(420,849)	(1,963,607)	1,295,768	(667,839)
Net assets surplus (deficit), end of year	$ (2,347,479)	$ 2,268,265	$ (79,214)	$ (2,278,656)	$ 1,857,807	$ (420,849)

See accompanying notes and auditors' report.

TRANSFAIR USA

STATEMENTS OF CASH FLOW

For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Changes in net assets	$ 341,635	$ 246,990
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	63,120	54,750
Net unrealized/realized gain (loss) on investments	(19,087)	19,035
Change in allowance for doubtful accounts	51,312	(97)
(Increase) decrease in assets:		
License fees receivable	(634,609)	(37,900)
Grants receivable	(420,172)	(629,751)
Other receivable	(86,924)	1,119
Prepaid expenses	35,143	(57,114)
Deposits	470	(820)
Prepaid supplies	25,967	(20,967)
Increase (decrease) in liabilities:		
Accounts payable	(14,946)	82,081
Accrued liabilities	273,282	91,309
Deferred lease incentive	929	105,689
Total adjustments	(725,515)	(392,666)
Net cash used by operating activities	(383,880)	(145,676)
Cash flows from investing activities:		
Purchases of property and equipment	(71,101)	(59,425)
Proceeds from sale of investments	414	319,873
Purchases of investments	(436,251)	(14,528)
Net cash provided (used) by investing activities	(506,938)	245,920
Cash flows from financing activities:		
Proceeds from notes payable	-	1,000,000
Principal payments on notes payable	(54,000)	-
Net cash provided (used) by financing activities	(54,000)	1,000,000
Net increase (decrease) in cash	(944,818)	1,100,244
Cash, beginning of year	2,243,986	1,143,742
Cash, end of year	$ 1,299,168	$ 2,243,986

See accompanying notes and auditors' report.

TRANSFAIR USA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2009 and 2008

	2009				2008			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Personnel expenses	$ 3,838,990	$ 900,434	$ 434,385	$ 5,173,809	$ 3,497,997	$ 823,848	$ 415,974	$ 4,737,819
Professional fees	1,032,592	141,502	18,405	1,192,499	1,090,445	74,058	77,010	1,241,513
FLO membership fees	1,013,962	-	-	1,013,962	707,830	-	-	707,830
FLO certification fees	86,616	-	-	86,616	60,000	-	-	60,000
FLO related currency (gain) loss	(70,664)	(9,315)	(4,170)	(84,149)	(13,715)	(1,484)	-	(15,199)
Facility expenses	415,537	89,541	44,866	549,944	413,658	89,106	42,563	545,327
Travel expenses	443,400	21,708	33,410	498,518	440,580	29,552	45,561	515,693
Promotional activities and materials	116,454	2,160	10,640	129,254	226,897	230	14,748	241,875
Computer equipment and services	139,029	57,309	31,577	227,915	110,611	22,856	12,559	146,026
Conferences, conventions and trade shows	136,738	3,187	1,272	141,197	115,940	159	2,057	118,156
Telecommunications	77,395	6,662	5,453	89,510	65,051	4,719	9,729	79,499
Equipment expenses	26,567	7,072	2,524	36,163	40,759	8,935	4,373	54,067
Third-party expenses	221,008	18	8,262	229,288	231,684	12	391	232,087
Other expenses	147,753	23,773	7,667	179,193	135,854	29,474	17,310	182,638
Interest expense	139,561	22,074	10,585	172,220	134,515	19,366	10,543	164,424
Depreciation expense	44,235	14,771	4,114	63,120	41,881	8,703	4,166	54,750
Total expenses	$ 7,809,173	$ 1,280,896	$ 608,990	$ 9,699,059	$ 7,299,987	$ 1,109,534	$ 656,984	$ 9,066,505

See accompanying notes and auditors' report.

NOTE A -- Nature of organization

TransFair USA (the Organization) was incorporated in Minnesota under 501(c)(3) status in April 1996. The principal office for the transaction of its business is located in Oakland, California.

The Organization enables sustainable development and community empowerment by cultivating a more equitable global trade model that benefits farmers, workers, consumers, industry and the earth. The Organization achieves its mission by certifying and promoting Fair Trade products.

In addition to promoting successful, empowering relationships between farmers and businesses, the Organization educates American consumers about Fair Trade and economic development. As a member of the Fair Trade Labeling Organization (FLO), the international standards body for Fair Trade products based in Bonn, Germany, the Organization verifies that farmers and farm workers who produce Fair Trade Certified™ (FTC) products are paid a fair price for their products. The Organization communicates on a regular basis with producers in developing countries, and licenses 775 participating companies (manufacturers and importers) in the United States to offer FTC products that have met the criteria set by FLO, providing these licensees permission to use the FTC label on product packaging.

The Organization's vision is to build on current market momentum and expand into new product lines and distribution channels to reach a broader mainstream consumer audience. Ultimately, the Organization envisions a day when Fair Trade products are readily available in mainstream stores across the country, when U.S. consumers can opt for a "Fair Trade Lifestyle" and shop responsibly in every product category.

FTC products under the Organization's licenses include coffee, tea, cocoa, fresh fruit and sugar. The Organization's licensees' volume in 2009 and 2008 is shown below:

	U.S. Fair Trade Pounds Certified (1)	
	2009	2008
Coffee	109,795,000	87,773,000
Tea	1,372,000	1,372,000
Cocoa	2,629,000	3,848,000
Fresh fruit	50,273,000	25,493,000
Sugar	10,904,000	8,696,000

(1) Represents pounds purchased by importers for resale

See auditors' report.

NOTE A -- Nature of organization (continued)

The Organization's major sources of revenue are license fees, foundation grants and contributions. The Organization holds exclusive rights to engage in licensing agreements using the "Fair Trade Certified™" trademark in the United States of America and select foreign countries. License fees are received from participating companies (roasters for coffee and importers for other products) based on the amount of Fair Trade products either purchased and/or sold per the license agreements.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

License fees receivable

License fees are billed monthly/quarterly based on either purchases and/or sales of FTC products reported by licensees. The Organization has established an allowance for uncollectible license fees based on historical experience. The allowance for doubtful accounts reserve at December 31, 2009 and 2008 is $122,653 and $71,341, respectively.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at the estimated value at the time of receipt. Software development costs (internal and external) incurred during the application development stage for new software and software enhancements are capitalized and depreciated, if the software's expected economic useful life is greater than one year. Property and equipment are depreciated over the estimated useful lives of three to eight years on the straight-line basis.

Fair value of financial instruments

The carrying amount of cash, investments, license fees receivable, grants receivable, note receivable, other receivable, deposits, accounts payable, accrued liabilities and notes payable are stated at a fair value or approximate fair value.

NOTE B -- Summary of significant accounting policies (continued)

Net assets

The Organization classifies its net assets and activities into one of three categories:

Unrestricted: Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

Temporarily restricted: Those net assets and activities which are donor-restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets.

Permanently restricted: Those net assets and activities which are permanently donor-restricted for holdings of: (a) assets donated with stipulations that they be preserved and not be sold; or (b) assets donated with stipulations that they be invested to provide a permanent source of income.

Revenue recognition

The Organization records license fee revenue in the period in which participating companies either purchase and/or sell FTC products per their license agreements.

The Organization recognizes grants and donor contributions upon the earlier of receipt or when an agreement has been executed. Contributions without donor-imposed restrictions are reported as unrestricted support. The accounting for donor-imposed restrictions on contributions was changed in 2009. Donor-imposed contributions received and spent in 2009 are now reported as unrestricted contributions. In prior years, these contributions would be reported initially as restricted and then released from restriction in the same year. This change in accounting treatment has no impact on the net change in temporarily restricted net assets in the Statements of Activities. The 2008 grants and contributions (unrestricted and temporarily restricted) and net assets released from restrictions have been restated for comparison purposes.

Donated goods and services are recorded as contributions at their estimated value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

NOTE B -- Summary of significant accounting policies (continued)

Income taxes

The Organization is a qualified organization exempt from federal, Minnesota and California income taxes under the provisions of Sections 501(c)(3) of the Internal Revenue Code, Chapter 317A of the Minnesota Statutes and 23701d of the California Revenue and Taxation Code. Therefore, no provision for federal, Minnesota or California income tax is reflected in the financial statements.

As required by the *Income Taxes Topic of the FASB Accounting Standards Codification*, the Organization recognizes the effects of income tax positions only if those positions are more likely than not of being sustained. The Organization does not believe its financial statements include any uncertain tax positions.

Functional allocation of expenses

The costs of providing the program services and supporting activities of the Organization are shown on the Statements of Functional Expenses. Expenses that can be directly identified with a specific function are allocated directly to that function. Expenses that cannot be directly identified with a specific function are allocated among the program services and the supporting activities benefited based on allocation methods and estimates made by the Organization's management.

Contributed goods and services

The Organization recognizes the estimated value of goods and services received as both revenue and an offsetting expense or an asset. During the years ended December 31, 2009 and 2008, the Organization received contributed legal services valued at $127,656 and $85,210 and software licenses valued at $118,056 and $104,078, respectively.

Concentration of credit risk

Cash, short-term investments and license fees receivable are financial instruments which potentially subject the Organization to a concentration of credit risk. Cash in bank accounts may at times exceed federally insured limits. Short-term investments consist of funds invested in Calvert Insured Plus Money Market Fund, which is federally insured, and certificates of deposit. The Organization grants credit to participating companies licensed to purchase or sell FTC products throughout the world and requires no collateral. The Organization has experienced minimal losses with respect to these accounts and management believes it is not exposed to any significant credit risk.

NOTE B -- Summary of significant accounting policies (continued)

Reclassification of financial statements

Certain reclassifications have been made to the financial statements for the year ended December 31, 2008 to conform to the year ended December 31, 2009 financial statement presentation. Such reclassifications have no effect on net assets as previously reported.

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, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE C -- Supplemental cash flow information

Cash paid for interest during the years ended December 31, 2009 and 2008 was $172,678 and $163,380, respectively. During 2009, the Organization converted license fees receivable of $89,795 to an interest bearing note receivable. During 2008, the Organization renewed four notes payable totaling $4,050,000 extending the due dates as follows: one note of $50,000 to 2011 and three notes of $1,000,000, $1,000,000 and $2,000,000 to 2015.

NOTE D -- Investments

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards *Fair Value Measurements* (the Standard), which is effective for the Organization's fiscal year beginning January 1, 2008. The Standard defines fair value, establishes a framework for measuring fair value, expands disclosures about fair value measurements, and provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. It also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

NOTE D -- Investments (continued)

Level I - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments in Level I include listed equities held in the name of the Organization, and exclude listed equities and other securities held indirectly through commingled funds.

Level II - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III - Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The Organization has categorized all investment assets on an individual security basis according to the fair value hierarchy as Level 1.

The fair market value of the investments is as follows at December 31:

	2009	2008
Money market	$ 310,459	$ 310,898
Certificates of deposit	436,220	-
Forward contract	19,143	-
	$ 765,822	$ 310,898

See auditors' report.

NOTE E -- Grants receivable

Grants receivable at December 31 are as follows:

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
General support	$ 181,591	$ 505,000	$ 686,591	$ 313,500	$ 1,015,000	$ 1,328,500
Support development of new certification system	-	25,000	25,000	-	-	-
Expanding producer and marketing capacity in Brazil	-	256,081	256,081	-	200,000	200,000
Fair Trade towns and university initiatives	-	925,000	925,000	-	-	-
Work with cooperatives in Rwanda	-	20,000	20,000	-	-	-
Garments study	-	40,000	40,000	-	4,000	4,000
Total grants receivable	$ 181,591	$ 1,771,081	$ 1,952,672	$ 313,500	$ 1,219,000	$ 1,532,500

Grants receivable are due as follows:

Years Ending December 31,	
2010	$ 1,237,672
2011	460,000
2012	255,000
	$ 1,952,672

NOTE F -- Property and equipment

Property and equipment at December 31 consist of the following:

	2009	2008
Furniture and equipment	$ 163,212	$ 160,606
Machinery and equipment	248,439	184,121
Leasehold improvements	50,440	46,263
	462,091	390,990
Less accumulated depreciation	(175,667)	(112,547)
Property and equipment, net	$ 286,424	$ 278,443

See auditors' report.

NOTE F -- Property and equipment (continued)

Depreciation expense for the years ended December 31, 2009 and 2008 was $63,120 and $54,750, respectively.

NOTE G -- Notes payable

The following is a summary of unsecured notes payable at December 31:

Lender	Maturity Date	Rate	Payments				Balance 12/31/09	Balance 12/31/08
			Nature	Frequency	Amount			
St Joseph Female Ursuline Academy, Inc	06/15/11	1%	I	annually	$ 500	(a)	$ 50,000	$ 50,000
Idyll Development Foundation	12/31/09	2%	P	annually	$ 2,000	(a)	-	4,000
Catholic Healthcare West	04/19/10	3%	I	quarterly	$ 750	(b)	50,000	100,000
Sisters of Charity of New York	07/15/10	3%	I	semi-annually	$ 300	(a)	20,000	20,000
Sisters of Saint Francis of Philadelphia	02/06/11	2%	I	quarterly	$ 250	(a)	50,000	50,000
Sisters, Servants of the Immaculate Heart of Mary	06/27/11	2 50%	I	semi-annually	$ 250	(a)	20,000	20,000
Sisters of Charity of Saint Elizabeth	04/15/12	2%	I	annually	$ 1,000	(a)	50,000	50,000
Viva Investments Company SA	01/26/15	5 51%	I	quarterly	$ 13,775	(c)	1,000,000	1,000,000
Sisters of the Holy Names	02/01/13	3%	I	annually	$ 1,500	(a)	50,000	50,000
Nonprofit Finance Fund	04/01/15	Prime + 5%	I	monthly	$ Various	(e)	2,000,000	2,000,000
Ford Foundation	04/09/15	1%	I	quarterly	$ 5,000	(d)	2,000,000	2,000,000
							5,290,000	5,344,000
Current portion							(70,000)	(54,000)
							$ 5,220,000	$ 5,290,000

(a) Remaining principal and unpaid interest due upon maturity
(b) Principal due in annual installments of $50,000 beginning in 2009 Remaining principal and unpaid interest due upon maturity
(c) Principal will be paid in installments of $250,000 from 2013 through 2014, and $500,000 in 2015 Remaining principal and unpaid interest due upon maturity
(d) Principal will be paid in installments of $250,000 from 2011 through 2012, and $500,000 from 2013 through 2015 Remaining principal and unpaid interest due upon maturity
(e) Principal will be paid in installments of $150,000 in 2011, $275,000 in 2012, $450,000 in 2013, $725,000 in 2014 and $400,000 in 2015

Scheduled maturities are as follows:

Years Ending December 31,	
2010	$ 70,000
2011	520,000
2012	575,000
2013	1,250,000
2014	1,475,000
Thereafter	1,400,000
	$ 5,290,000

NOTE H -- Temporarily restricted net assets

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

	2009	2008
Time restricted:		
General support	$ 605,000	$ 1,030,000
Program restricted:		
Development of grassroots support of Fair Trade in U.S. towns and universities	973,500	-
Composition, field evaluation of standards and capacity building for FTC garments and diamonds	80,000	106,586
Capacity building, travel and promotional material expenses	574,765	454,736
Building TransFair's marketing capacity	-	211,485
Identifying sustainable sources and markets for aquaculture products	15,000	-
Work with cooperatives in Rwanda	20,000	-
Salesforce.com enhancements	-	55,000
Total temporarily restricted net assets	$ 2,268,265	$ 1,857,807

NOTE I -- Program services

Business development

The Business Development Department works with companies to increase sales of Fair Trade Certified coffee, cocoa, fresh fruit and other products in the United States market.

Marketing communications and education

The Organization executes a broad range of marketing and public relations programs whose goal is to raise consumer awareness of international trade issues in general, and Fair Trade concerns in particular.

Certification

The Certification Department audits transactions between United States companies offering FTC products and their international suppliers, to guarantee that the farmers and farm workers who produce FTC goods were paid a fair price.

NOTE I -- Program services (continued)

Category Management

The Category Management Department manages categories as strategic business units, and produces enhanced business results by focusing on delivering quality products and programs that fit within the Organization's mission and are desired by retailers and consumers. The category management department brings together cross-departmental teams to solve problems and drive growth.

Global Producer Services

The Global Producer Services Department coordinates technical assistance services including market linkage and capacity-building designed to empower Fair Trade farmers and farm workers to maximize the benefits received from Fair Trade.

Program services incurred for the years ended December 31, 2009 and 2008 were comprised of the following:

	2009	2008
Business development	$ 1,936,078	$ 1,607,673
Marketing communications and education	1,989,908	1,989,007
Certification	2,067,320	1,706,323
Category management	759,785	851,487
Global producer services	1,056,082	1,145,497
	$ 7,809,173	$ 7,299,987

NOTE J -- Lease obligations

The Organization leases its operating facilities in Oakland, California under a lease agreement which expires December 1, 2014. The lease allows for annual rent increases of 3 percent and adjustments for operating escalations starting in 2009. The lease is cancelable on the fifth anniversary of the lease term provided the Organization gives written notice and payment of a $175,000 termination fee.

The total monthly rent expense under the facility lease for the years ended December 31, 2009 and 2008 was $43,296. Rent expense included in occupancy cost for the years ended December 31, 2009 and 2008 was $524,719 and $522,776, respectively.

NOTE J -- Lease obligations (continued)

The Organization leases office equipment under two leasing agreements with a combined monthly cost of $2,115 and expiration dates of December 2011 and April 2012, respectively.

Future minimum lease payments under the lease commitments are as follows:

Years Ending December 31,	Equipment	Facilities	Total
2010	$ 25,377	$ 554,213	$ 579,590
2011	25,377	524,394	549,771
2012	728	586,745	587,473
2013	-	603,749	603,749
2014	-	619,588	619,588
	$ 51,482	$ 2,888,689	$ 2,940,171

NOTE K -- Concentrations

During the years ended December 31, 2009 and 2008, two customers accounted for approximately 37% and 36% of total license fees, respectively.

NOTE L -- Retirement plan

In 2008, the Organization established a 401(k) profit sharing plan covering all eligible employees who have completed six months of service. The Organization makes matching contributions up to 4% of the employee's eligible compensation. Employees are eligible to make elective contributions up to the maximum amount allowed by the Internal Revenue Code. The Organization contributed $112,889 and $41,617 to the plan for the years ended December 31, 2009 and 2008, respectively.

NOTE M -- Subsequent events

The date to which events occurring after December 31, 2009 have been evaluated for possible adjustments to the financial statements or disclosure is June 11, 2010, which is the date on which the financial statements were available to be issued.