FAIR TRADE USA

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

ARMANINO MCKENNA LLP
Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Fair Trade USA
Oakland, California

We have audited the accompanying statement of financial position of Fair Trade USA (the "Organization") as of December 31, 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 financial statements of Fair Trade USA as of December 31, 2009, were audited by other auditors whose report dated June 11, 2010, expressed an unqualified opinion on those 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 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 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 Fair Trade USA as of December 31, 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.

Armanino McKenna LLP
ARMANINO McKENNA LLP

July 20, 2011

FAIR TRADE USA
Statements of Financial Position
December 31, 2010 and 2009

ASSETS

	2010	2009
Current assets		
Cash and cash equivalents	$ 1,423,852	$ 1,299,168
Investments	284,247	765,822
License fees receivable, net of allowance for doubtful accounts of $70,000 at 2010 and $122,653 at 2009	1,615,064	1,754,970
Grants receivable, current	1,032,882	1,237,672
Note receivable	2,350	89,795
Other receivables	10,000	87,471
Prepaid expenses	83,396	145,322
Total current assets	4,451,791	5,380,220
Property and equipment, net	418,779	286,424
Deposits	50,350	50,350
Grants receivable, long term	592,500	715,000
Total assets	$ 5,513,420	$ 6,431,994

LIABILITIES AND NET ASSETS (DEFICIT)

	2010	2009
Current liabilities		
Accounts payable	$ 138,168	$ 211,169
Accrued liabilities	947,566	815,682
Deferred revenue	26,400	1,950
Notes payable, current portion	470,000	70,000
Total current liabilities	1,582,134	1,098,801
Notes payable, net of current portion	4,750,000	5,220,000
Accrued lease incentive	177,784	192,407
Total liabilities	6,509,918	6,511,208
Net assets (deficit)		
Unrestricted	(2,331,326)	(2,347,479)
Temporarily restricted	1,334,828	2,268,265
Total net assets (deficit)	(996,498)	(79,214)
Total liabilities and net assets (deficit)	$ 5,513,420	$ 6,431,994

The accompanying notes are an integral part of these financial statements.

FAIR TRADE USA

Statement of Activities

For the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
License fees, net	$ 6,701,496	$ -	$ 6,701,496
Grants and contributions	895,119	736,878	1,631,997
In-kind donations	609,570	-	609,570
Trade show support	21,240	-	21,240
Other income	104,622	-	104,622
Net assets released from restrictions	1,670,315	(1,670,315)	-
Total revenue and support	10,002,362	(933,437)	9,068,925
Expenses			
Program	8,165,045	-	8,165,045
Supporting services			
General and administrative	1,285,871	-	1,285,871
Fundraising	624,297	-	624,297
Total expenses	10,075,213	-	10,075,213
(Deficiency) excess of revenues over expenses before other changes in net assets	(72,851)	(933,437)	(1,006,288)
Other changes in net assets			
Interest income	7,175	-	7,175
Foreign currency translation	81,829	-	81,829
Total other changes in net assets	89,004	-	89,004
Changes in net assets	16,153	(933,437)	(917,284)
Net assets (deficit), beginning of year	(2,347,479)	2,268,265	(79,214)
Net assets (deficit), end of year	$ (2,331,326)	$ 1,334,828	$ (996,498)

The accompanying notes are an integral part of these financial statements.

FAIR TRADE USA
Statement of Activities
For the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
License fees, net	$ 6,886,236	$ -	$ 6,886,236
Grants and contributions	989,212	1,763,265	2,752,477
In kind donations	245,712	-	245,712
Trade show support	21,060	-	21,060
Other income	103,348	-	103,348
Net assets released from restrictions	1,352,807	(1,352,807)	-
Total revenue and support	9,598,375	410,458	10,008,833
Expenses			
Program	7,879,833	-	7,879,833
Supporting services			
General and administrative	1,290,211	-	1,290,211
Fundraising	613,160	-	613,160
Total expenses	9,783,204	-	9,783,204
(Deficiency) excess of revenues over expenses before other changes in net assets	(184,829)	410,458	225,629
Other changes in net assets			
Interest income	12,774	-	12,774
Net unrealized/realized gains on investments	19,087	-	19,087
Foreign currency translation	84,145	-	84,145
Total other changes in net assets	116,006	-	116,006
Changes in net assets	(68,823)	410,458	341,635
Net assets (deficit), beginning of year	(2,278,656)	1,857,807	(420,849)
Net assets (deficit), end of year	$ (2,347,479)	$ 2,268,265	$ (79,214)

The accompanying notes are an integral part of these financial statements.

FAIR TRADE USA
Statements of Functional Expenses
For the Years Ending December 31, 2010 and 2009

	2010				2009			
	Program Expenses	Management and General	Fundraising	Total Expenses	Program Expenses	Management and General	Fundraising	Total Expenses
Expense								
Personnel	$ 3,785,398	$ 857,990	$ 452,200	$ 5,095,588	$ 3,838,970	$ 900,435	$ 434,385	$ 5,173,790
Professional fees	1,060,419	171,026	18,296	1,249,741	1,032,584	141,502	18,405	1,192,491
FLO Membership fees	1,304,142	-	-	1,304,142	1,013,962	-	-	1,013,962
FLO Certification fees	220,579	-	-	220,579	86,616	-	-	86,616
Facility	422,163	93,674	51,935	567,772	415,537	89,540	44,866	549,943
Travel expenses	353,798	26,401	23,316	403,515	443,400	21,708	33,410	498,518
Promotional activities and materials	91,634	116	2,331	94,081	116,455	2,160	10,640	129,254
Computer equipment and services	268,885	64,758	27,186	360,829	139,026	57,309	31,577	227,912
Conferences, conventions and trade shows	112,598	139	1,811	114,549	136,735	3,187	1,272	141,195
Telecommunications	70,609	7,374	5,782	83,765	77,394	6,662	5,453	89,509
Equipment	22,684	8,468	2,262	33,413	26,566	7,072	2,524	36,162
Third-party	105,048	72	52	105,172	221,007	18	8,262	229,287
Other	155,785	17,216	24,330	197,331	147,785	23,773	7,667	179,225
Loan interest	153,207	22,374	11,105	186,686	139,561	22,074	10,585	172,220
Depreciation and amortization	38,096	16,263	3,691	58,050	44,235	14,771	4,114	63,120
Total expenses	$ 8,165,045	$ 1,285,871	$ 624,297	$ 10,075,213	$ 7,879,833	$ 1,290,211	$ 613,160	$ 9,783,204

The accompanying notes are an integral part of these financial statements.

FAIR TRADE USA

Statements of Cash Flows

For the Years Ending December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Change in net assets	$ (917,284)	$ 341,635
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	58,050	63,120
Realized/unrealized gains on investments, net	-	(19,087)
Change in allowance for doubtful accounts	(52,653)	51,312
Changes in operating assets and liabilities		
License fees receivable	192,559	(634,609)
Grants receivable	327,290	(420,172)
Other receivables	77,471	(86,924)
Prepaid expenses	61,926	61,110
Deposits	-	470
Accounts payable	(73,001)	(14,946)
Accrued liabilities	131,884	273,282
Deferred revenue	24,450	-
Accrued lease incentive	(14,623)	929
Net cash used in operating activities	(183,931)	(383,880)
Cash flows from investing activities		
Purchases of property and equipment	(190,405)	(71,101)
Proceeds from sales of investments	536,737	414
Purchases of investments	(55,163)	(436,251)
Collection of note receivable	87,445	-
Net cash provided by (used in) investing activities	378,614	(506,938)
Cash flows from financing activities		
Principal payments on notes payable	(70,000)	(54,000)
Net cash used in financing activities	(70,000)	(54,000)
Net increase (decrease) in cash and cash equivalents	124,683	(944,818)
Cash and cash equivalents, beginning of year	1,299,168	2,243,986
Cash and cash equivalents, end of year	$ 1,423,852	$ 1,299,168
<u>Supplemental disclosures of cash flow information</u>		
Cash paid for interest	$ 182,339	$ 172,676
Conversion of license receivables to note receivable	$ -	$ 89,795

The accompanying notes are an integral part of these financial statements.

1. Organization

On October 1, 2010, Transfair USA began doing business as Fair Trade USA. Incorporated in Minnesota under 501(c)(3) status in April 1996, the Organization's principal place of business is in Oakland, California.

Fair Trade USA 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 has license agreements with more than 700 participating companies (manufacturers, retailers and importers) in the United States to offer FTC products that have met the criteria set by FLO, providing these companies permission to use the FTC label on product packaging.

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 license agreements include coffee, tea, fresh fruit, wine, flowers, and consumer products where fair trade ingredients are used.

The Organization's major sources of revenue are license fees, foundation grants and contributions. The Organization holds exclusive rights to engage in service agreements to allow for the use of 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 and retailers for other products) and are based on the amount of Fair Trade products either purchased and/or sold per the license agreements.

2. Summary of Significant Accounting Policies

Basis of accounting

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

2. Summary of Significant Accounting Policies (continued)

License fees receivable

License fees are billed monthly or 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 uncollectible license fees at December 31, 2010 and 2009 is $70,000 and $122,653, respectively. Uncollectible license fees receivable are written off when all collection efforts have been exhausted.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at the estimated fair 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. The Organization capitalizes all expenditures for property and equipment with a cost basis of greater than $2,000 and which have a useful life in excess of one year.

Net assets

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

Unrestricted net assets

Those net assets and activities which represent the portion of expendable funds available to support operations that are not subject to donor imposed stipulations. A portion of these net assets may be designated by the Board of Directors for specific purposes. There were no designated net assets at December 31, 2010 and 2009.

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. The expiration of a donor-imposed restriction may expire with time or may be satisfied by the actions of the Organization. Expiration of restrictions are recognized in the period in which the restriction expires. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies (continued)

Net assets (continued)

Permanently restricted

Those contributions which are to be held in perpetuity as directed by the donor. The income from these contributions is available to support activities of the Organization as designated by the donor. There were no permanently restricted net assets at December 31, 2010 and 2009.

Revenue recognition

The Organization records license fee revenue in the period in which participating companies either purchase and/or sell FTC products as defined in the license agreement. License fee revenue is shown net of discounts provided to companies.

The Organization recognizes grant and donor contributions upon the earlier of receipt or when an agreement has been executed. Contributions received without donor-imposed restrictions are reported as increases in unrestricted support. Contributions received with donor-imposed restrictions which are received and spent in the same year are reported as an increase in unrestricted support. Contributions received with donor-imposed restrictions that are not satisfied in the same year as received are reported as increases in either temporarily restricted or permanently restricted support, depending on the type of restriction.

Donated goods and services are recorded as contributions at their estimated fair value on the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the use of the asset for a specific purpose for which the asset is reported as an increase in restricted support.

Deferred revenue

Contribution revenue that is received, but not yet earned, is recorded as deferred revenue.

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. Accordingly, no provision for federal, Minnesota or California income tax is reflected in the accompanying financial statements.

The Organization recognizes the effects of its income tax positions only if those positions are more likely than not of being sustained. The Organization has evaluated its tax positions and has concluded as of December 31, 2010 and 2009, that the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

2. Summary of Significant Accounting Policies (continued)

Functional allocation of expenses

The costs of providing the program services and supporting activities of the Organization are shown in 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

Contributed services are recognized if they create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations. During the years ended December 31, 2010 and 2009, the Organization received contributed legal services valued at $399,706 and $127,656 and software licenses valued at $209,864 and $118,056, respectively.

Cash and cash equivalents

The Organization places its cash and cash equivalents with high credit quality institutions. Cash and cash equivalents include highly liquid investments which are readily convertible to known amounts of cash that present insignificant risk of changes in value because of changes in interest rates. The Organization maintains its cash in bank deposit accounts which, at times, may be in excess of federally insured limits. Management believes it is not exposed to any significant risks on cash accounts.

Investments

Investments in certificates of deposit with an original maturity of greater than three months are stated at their fair values in the statements of financial position. These certificates of deposit are held at amounts not to exceed federally insured limits. Earnings are included in the statement of activities as either unrestricted or temporarily restricted depending upon donor stipulations, if any. Investment earnings that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the earnings are recognized.

Reclassification

Certain reclassifications have been made to the financial statements for the year ended December 31, 2009 to conform to the year ended December 31, 2010 financial statement presentation. Such reclassifications have no effect on net assets or change in net assets as previously reported.

2. Summary of Significant Accounting Policies (continued)

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, and 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.

3. Investments and Fair Value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3):

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.

Level 3 - Pricing inputs are unobservable for the investment. The inputs into the determination of fair value require significant management judgment about the assumptions market participants would use in pricing the investment.

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

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

	2010	2009
Equities	$ -	$310,459
Money market funds and certificates of deposit	284,247	436,220
Bonds and other fixed income	-	19,143
	$284,247	$765,822

4. Grants Receivable

Combined short-term and long-term grants receivables at December 31 are as follows:

	2010			2009		
	Unrestricted	Temporary Restricted	Total	Unrestricted	Temporary Restricted	Total
General support	$35,338	$ 150,000	$ 185,338	$181,591	$ 505,000	$ 686,591
Fair Trade Towns and University Initiatives	-	565,000	565,000	-	925,000	925,000
Sustainable sourcing practices for Brazilian coffee producers	-	320,000	320,000	-	-	-
Building Fair Trade USA's Marketing Capacity	-	55,044	55,044	-	256,081	256,081
Latin American Fair Trade expansion project	-	500,000	500,000	-	-	-
Support development of new certification system	-	-	-	-	25,000	25,000
Work with Cooperatives in Rwanda	-	-	-	-	20,000	20,000
Garments Study	-	-	-	-	40,000	40,000
	$35,338	$1,590,044	$1,625,382	$181,591	$1,771,081	$1,952,672

Grants receivable that are expected to be collected in subsequent years are computed using a risk adjusted market interest rate applicable to the years in which the grants are expected to be received or when the promise is made. At December 31, 2010 and 2009, management has not calculated grants receivable using the applicable interest rate as they have deemed any adjustment immaterial.

5. Notes Receivable

The Organization has a note receivable with a customer with an original principal balance of $89,795. The note had an original maturity of October 2010 and was paid in full in January 2011. The note bears interest at prime plus 1%, the interest rate at December 31, 2010 and 2009 was 4.25%. As of December 31, 2010 and 2009, the outstanding balance is $2,350 and $89,795, respectively.

6. Property and Equipment

Property and equipment at December 31 consisted of the following:

	2010	2009
Furniture and fixtures	$163,212	$163,212
Machinery and equipment	363,772	248,439
Leasehold improvements	50,440	50,440
	577,424	462,091
Less accumulated depreciation and amortization	(158,645)	(175,667)
	$418,779	$286,424

6. Property and Equipment (continued)

Depreciation and amortization expense for the years ended December 31, 2010 and 2009 was $58,050 and $63,120, respectively.

7. Notes Payable

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

Lender	Maturity Date	Rate	Payments Nature	Payments Frequency	Payments Amount		Balance 12/31/10	Balance 12/31/09
Sisters of Charity of Saint Elizabeth	4/15/2012	2%	I	annually	1,000	(a)	$ 50,000	$ 50,000
Sisters of Charity New York	7/15/2010	3%	I	semi-annually	300		-	20,000
Sisters of the Holy Names	2/1/2013	3%	I	annually	1,500	(a)	50,000	50,000
St. Joseph Female Ursuline Academy, Inc.	6/15/2014	1%	I	annually	500	(a)	50,000	50,000
Catholic Healthcare West	4/19/2010	3%	I	quarterly	750		-	50,000
Sisters of Saint Francis of Philadelphia	2/6/2016	2%	I	quarterly	250	(a)	50,000	50,000
Heart of Mary	6/27/2011	2.5%	I	semi-annually	500	(a)	20,000	20,000
Viva Investments Company SA	1/26/2015	5.51%	I	quarterly	13,775	(b)	1,000,000	1,000,000
Ford Foundation	4/9/2015	1%	I	quarterly	5,000	(c)	2,000,000	2,000,000
NFF	4/1/2015	greater of Prime + .5% or 5%	I	monthly	5,597	(d)	2,000,000	2,000,000
							5,220,000	5,290,000
Current portion							(470,000)	(70,000)
							$4,750,000	$5,220,000

(a) Remaining principal and unpaid interest due upon maturity.

(b) Principal will be paid in annual installments of $250,000 from 2013 through 2014 and $500,000 in 2015 upon maturity.

(c) Principal will be paid in annual installments of $250,000 from 2011 through 2012 and $500,000 from 2013 through 2015.

(d) Principal will be paid in quarterly installments totaling $150,000 for 2011, $275,000 for 2012, $450,000 for 2013, $725,000 for 2014, and $400,000 for 2015.

Some agreements contain certain covenants and restrictions. The Organization was in compliance with all covenants and restrictions as of December 31, 2010 and 2009.

7. Notes Payable (continued)

Principal payments on the notes payable are due as follows at December 31:

2011	$ 470,000
2012	575,000
2013	1,250,000
2014	1,475,000
2015	1,400,000
Thereafter	50,000
	$5,220,000

8. Temporarily Restricted Net Assets

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

	2010	2009
Time restricted		
General support	$ -	$ 605,000
Program restricted		
Development of grassroots support of fair trade in U.S. towns and universities	605,246	973,500
Sustainable sourcing practices for Brazilian coffee producers	339,055	-
Capacity building, travel and promotional materials	5,719	574,765
Latin America fair trade expansion project	374,808	-
Production of micro-documentaries	10,000	-
Composition, field evaluation of standards and capacity building for Fair Trade Certified garments and diamonds	-	80,000
Identify sustainable sources and markets for aquaculture products	-	15,000
Work with Cooperatives in Rwanda	-	20,000
Total temporarily restricted net assets	$ 1,334,828	$ 2,268,265

9. 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.

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 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, 2010 and 2009 were comprised of the following:

	2010	2009
Business development	$ 2,133,846	$ 1,936,078
Marketing communications and education	1,643,953	1,989,908
Certification	2,815,433	2,137,980
Category management	868,306	759,785
Global producer services	703,507	1,056,082
	$ 8,165,045	$ 7,879,833

10. Lease Commitments

The Organization leases its operating facilities in Oakland, California under a lease agreement which expires December 31, 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 monthly rent expense under the facility lease for the years ended December 31, 2010 and 2009 was $44,515 and $43,296, respectively.

The Organization leases office equipment under, long-term, non-cancelable operating leases with a combined monthly cost of $1,959 expiring at various dates through April 2012.

Rent expense, included in facility expenses, for the years ended December 31, 2010 and 2009 was $542,258 and $524,719, respectively.

Future minimum lease commitments under these agreements are as follows:

2011	$ 527,871
2012	567,440
2013	583,716
2014	601,224
	$2,280,251

11. Concentrations

During the year ended December 31, 2010 and 2009, two customers accounted for approximately 35% and 37 % of total license fees, respectively.

During the year ended December 31, 2010, one customer accounted for approximately 21% of total license fees receivables. There were no such concentrations for the year ended December 31, 2009.

12. Retirement Plan

The Organization sponsors 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 $120,609 and $112,889 to the plan for the years ended December 31, 2010 and 2009, respectively.

13. Subsequent Events

The Organization has evaluated subsequent events through July 20, 2011, the date the financial statements were available to be issued. Subsequent to year end, three of the Organization's note payable agreements were modified to extend principal payments through 2016. There were no other subsequent events that would have a material impact on the presentation of the Organization's financial statements.