buildOn, Inc.

Financial Report

December 31, 2011

Contents

McGladrey

Independent Auditor's Report

To the Board of Directors
buildOn, Inc.
Stamford, Connecticut

We have audited the accompanying statements of financial position of buildOn, Inc. as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of buildOn, Inc.'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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 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 buildOn, Inc. as of December 31, 2011 and 2010, 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.

McGladrey LLP

New York, New York
July 12, 2012

Member of the RSM International network of independent accounting, tax and consulting firms.

buildOn, Inc.

Statements of Financial Position
December 31, 2011 and 2010

	2011	2010
ASSETS		
Cash and Cash Equivalents	**$ 1,728,508**	$ 2,026,261
Contributions Receivable, net (Note 4)	**1,049,962**	901,917
Other Current Assets	**17,654**	6,941
Prepaid Expenses	**53,806**	43,758
Investments (Note 3)	**3,866,174**	3,535,559
Equipment, net (Note 5)	**243,208**	105,241
Total assets	**$ 6,959,312**	$ 6,619,677
LIABILITIES AND NET ASSETS		
Liabilities - accounts payable and accrued expenses	**$ 358,175**	$ 308,767
Net Assets:		
Unrestricted:		
Undesignated	**1,184,565**	1,399,418
Board-designated endowment (Note 6)	**3,866,174**	3,533,502
Total unrestricted net assets	**5,050,739**	4,932,920
Temporarily restricted (Note 7)	**1,550,398**	1,377,990
Total net assets	**6,601,137**	6,310,910
Total liabilities and net assets	**$ 6,959,312**	$ 6,619,677

See Notes to Financial Statements.

buildOn, Inc.

Statements of Activities
Years Ended December 31, 2011 and 2010

	2011			2010		
	Unrestricted	**Temporarily Restricted**	**Total**	Unrestricted	Temporarily Restricted	Total
Operating Revenue:						
In-kind donations (Note 2)	**$ 1,031,044**	**$ -**	**$ 1,031,044**	$ 675,665	$ -	$ 675,665
Special events, net of direct donor benefits of $418,530 in 2011 and $335,471 in 2010	**1,745,055**	**27,788**	**1,772,843**	1,289,669	-	1,289,669
Foundation and corporate contributions	**1,735,275**	**454,232**	**2,189,507**	1,100,159	746,015	1,846,174
Government grants	**369,996**	**7,500**	**377,496**	102,919	145,895	248,814
Contributed labor associated with site development (Note 2)	**295,048**	**-**	**295,048**	231,119	-	231,119
Individual contributions	**1,792,930**	**968,878**	**2,761,808**	1,975,137	486,080	2,461,217
Interest and other income	**12,831**	**-**	**12,831**	13,922	-	13,922
Net assets released from restrictions (Note 7)	**1,449,190**	**(1,449,190)**	**-**	-	-	-
Total operating revenue	**8,431,369**	**9,208**	**8,440,577**	5,388,590	1,377,990	6,766,580
Operating Expenses:						
Program services (Note 2):						
International building schools, including donated goods and services of $296,769 in 2011 and $235,465 in 2010	**2,779,584**	**-**	**2,779,584**	2,112,965	-	2,112,965
U.S. after-school, including donated goods and services of $511,328 in 2011 and $368,310 in 2010	**3,986,774**	**-**	**3,986,774**	3,280,841	-	3,280,841
International community education	**52,296**	**-**	**52,296**	43,375	-	43,375
Total program services	**6,818,654**	**-**	**6,818,654**	5,437,181	-	5,437,181
Supporting services (Note 2):						
Fund-raising, including donated goods and services of $63,544 in 2011 and $46,103 in 2010	**785,000**	**-**	**785,000**	559,957	-	559,957
Management and general, including donated goods and services of $159,473 in 2011 and $25,787 in 2010	**403,594**	**-**	**403,594**	206,791	-	206,791
Total supporting services	**1,188,594**	**-**	**1,188,594**	766,748	-	766,748
Total operating expenses	**8,007,248**	**-**	**8,007,248**	6,203,929	-	6,203,929
Increase (decrease) in net assets from operations	**424,121**	**9,208**	**433,329**	(815,339)	1,377,990	562,651
Nonoperating Revenue and Expenses:						
Dividend income (Notes 3 and 6)	**60,827**	**-**	**60,827**	48,604	-	48,604
Net (depreciation) appreciation in fair value of investments (Notes 3 and 6)	**(129,854)**	**-**	**(129,854)**	230,549	-	230,549
Loss on disposal of fixed assets	**-**	**-**	**-**	(1,377)	-	(1,377)
Net foreign exchange loss	**(4,998)**	**-**	**(4,998)**	(6,593)	-	(6,593)
Bad debt expense	**(69,077)**	**-**	**(69,077)**	(112,107)	-	(112,107)
Increase (decrease) in net assets	**281,019**	**9,208**	**290,227**	(656,263)	1,377,990	721,727
Other Changes in Net Assets (Note 7)	**(163,200)**	**163,200**	**-**	-	-	-
Total change in nets assets	**117,819**	**172,408**	**290,227**	(656,263)	1,377,990	721,727
Net Assets:						
Beginning	**4,932,920**	**1,377,990**	**6,310,910**	5,589,183	-	5,589,183
Ending	**$ 5,050,739**	**$ 1,550,398**	**$ 6,601,137**	$ 4,932,920	$ 1,377,990	$ 6,310,910

See Notes to Financial Statements.

buildOn, Inc.

Statement of Functional Expenses
Year Ended December 31, 2011

	Program Services				Supporting Services		
	International Building Schools	U.S. After-School	International Community Education	Total	Management and General	Fund-Raising	Total
Salaries and wages	$ 843,861	$ 2,126,300	$ -	$ 2,970,161	$ 114,393	$ 440,484	**$ 3,525,038**
Payroll taxes and benefits	160,406	551,855	-	712,261	24,763	72,634	**809,658**
	1,004,267	2,678,155	-	3,682,422	139,156	513,118	**4,334,696**
Construction cost	1,008,830	-	-	1,008,830	-	-	**1,008,830**
Contractor fees	445,347	161,543	962	607,852	12,049	10,565	**630,466**
Professional fees	1,628	-	-	1,628	171,351	4,575	**177,554**
Occupancy costs	78,235	314,768	-	393,003	14,296	63,063	**470,362**
Conference and meetings	5,274	141,033	27,044	173,351	2,103	65,910	**241,364**
Travel	127,173	584,481	11,304	722,958	2,111	34,421	**759,490**
Insurance	819	42,146	-	42,965	41,618	-	**84,583**
Postage	479	3,394	-	3,873	306	9,609	**13,788**
Printing and publications	5	911	-	916	3,500	30,545	**34,961**
Repairs and maintenance	43,993	933	1,384	46,310	19	107	**46,436**
Supplies	10,908	6,563	833	18,304	592	3,339	**22,235**
Telephone and communications	21,860	12,590	1,412	35,862	6,563	899	**43,324**
Stipends	511	29,542	9,100	39,153	-	60	**39,213**
Depreciation	22,402	-	-	22,402	665	-	**23,067**
Miscellaneous	7,853	10,715	257	18,825	9,265	48,789	**76,879**
Total program activities and support services	2,779,584	3,986,774	52,296	6,818,654	403,594	785,000	**8,007,248**
Direct cost of donor benefit	-	-	-	-	-	418,530	**418,530**
Bad debt expense	-	-	-	-	69,077	-	**69,077**
Total	**$ 2,779,584**	**$ 3,986,774**	**$ 52,296**	**$ 6,818,654**	**$ 472,671**	**$ 1,203,530**	**$ 8,494,855**

See Notes to Financial Statements.

buildOn, Inc.

Statement of Functional Expenses
Year Ended December 31, 2010

	Program Services				Supporting Services		
	International Building Schools	U.S. After-School	International Community Education	Total	Management and General	Fund-Raising	Total
Salaries and wages	$ 645,382	$ 1,836,058	$ 878	$ 2,482,318	$ 83,171	$ 289,669	$ 2,855,158
Payroll taxes and benefits	118,870	460,844	-	579,714	12,449	39,375	631,538
	764,252	2,296,902	878	3,062,032	95,620	329,044	3,486,696
Construction cost	763,199	-	-	763,199	-	-	763,199
Contractor fees	309,955	17,479	1,092	328,526	28,485	5,468	362,479
Professional fees	20,354	-	-	20,354	27,114	-	47,468
Occupancy costs	89,175	367,310	-	456,485	-	45,858	502,343
Conference and meetings	3,743	111,485	8,263	123,491	1,199	10,375	135,065
Travel	78,525	389,240	10,694	478,459	1,269	31,497	511,225
Insurance	364	29,373	-	29,737	39,098	-	68,835
Postage	625	3,109	-	3,734	681	14,838	19,253
Printing and publications	38	810	-	848	104	57,504	58,456
Repairs and maintenance	17,189	3,703	5,139	26,031	-	109	26,140
Supplies	7,357	7,507	7,670	22,534	1,598	6,758	30,890
Telephone and communications	17,211	8,856	935	27,002	5,651	919	33,572
Stipends	5,039	37,318	8,530	50,887	-	-	50,887
Depreciation	21,571	475	-	22,046	-	190	22,236
Miscellaneous	14,368	7,274	174	21,816	5,972	57,397	85,185
Total program activities and support services	2,112,965	3,280,841	43,375	5,437,181	206,791	559,957	6,203,929
Direct cost of donor benefit	-	-	-	-	-	335,471	335,471
Bad debt expense	-	-	-	-	112,107	-	112,107
Total	$ 2,112,965	$ 3,280,841	$ 43,375	$ 5,437,181	$ 318,898	$ 895,428	$ 6,651,507

See Notes to Financial Statements.

buildOn, Inc.

Statements of Cash Flows
Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows From Operating Activities:		
Increase in net assets	**$ 290,227**	$ 721,727
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	**23,067**	22,236
Donated securities	**-**	(52,355)
Net depreciation (appreciation) in fair value of investments	**129,854**	(230,549)
Bad debt provision	**69,077**	112,107
Changes in assets and liabilities:		
Increase in contributions receivable	**(217,122)**	(339,970)
Increase in other current assets	**(10,713)**	(4,071)
(Increase) decrease in prepaid expenses	**(10,048)**	6,287
Increase in accounts payable and accrued expenses	**49,408**	213,404
Net cash provided by operating activities	**323,750**	448,816
Cash Flows From Investing Activities:		
Purchase of investments	**(460,827)**	(48,604)
Proceeds from sale of investments	**358**	73,105
Purchase of equipment	**(161,762)**	(55,679)
Proceeds from sale of equipment	**728**	2,801
Net cash used in investing activities	**(621,503)**	(28,377)
Net (decrease) increase in cash and cash equivalents	**(297,753)**	420,439
Cash and Cash Equivalents:		
Beginning	**2,026,261**	1,605,822
Ending	**$ 1,728,508**	$ 2,026,261

See Notes to Financial Statements.

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Organization: buildOn, Inc. (the "Organization") is a not-for-profit corporation headquartered in Stamford, Connecticut. The Organization was established in 1991 with a defined mission to enhance education and empower youth in the U.S. to make a positive difference in their communities while helping people of developing countries increase their self-reliance through education.

In line with this mission, the Organization engages primarily urban youth through after-school programs and in their classrooms. The Organization integrates global education presentations into social studies classes, and through its after-school programs students contribute intensive community service while helping to build schools in developing countries around the world.

Over the past 18 years, the Organization has constructed and completed 444 schools, 60 of which were completed during 2011, in the following locations: Mali (172), Nepal (82), Nicaragua (75), Malawi (54), Bolivia (8), Haiti (32), India (3), Brazil (2), Senegal (15) and the United States (1). The majority of the Organization's revenues are generated by donations from individuals, corporations, and foundations, which are used to aid in the construction of schoolhouses in remote villages around the world. Ownership of the schools is transferred to the local communities in which they are built upon the completion of construction.

Basis of Financial Statements: The accompanying financial statements have been prepared on an accrual basis of accounting and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, statement of functional expenses and a statement of cash flows and that net assets are classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding the use of such assets.

The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets: These net assets represent resources over which the board of directors has discretionary control to use for operations, or which have been designated by the Organization's board of directors to function as an endowment. Such amounts are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets: Net assets resulting from contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or the satisfaction of purpose restrictions are recorded in temporarily restricted net assets. When donor-imposed restrictions expire, 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 statements of activities as net assets released from restrictions. However, donor-restricted support whose restrictions are met in the same reporting period are reported as unrestricted support.

Revenue Recognition: Contributions, including unconditional promises to give, are recognized in the statements of activities as revenue upon receipt of cash or an unconditional pledge. This revenue is recorded net of any resulting direct donor benefit. Additionally, the Organization recognizes revenue and expenses associated with donated goods and services, which are discussed further in Note 2.

Cash and Cash Equivalents: Cash and cash equivalents consist of amounts held in various bank accounts and short-term securities with maturities at the date of purchase less than three months.

Concentration of Market and Credit Risks: The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

The Organization maintains a majority of its cash in bank deposit and interest plus savings accounts with primarily two financial institutions, and balances in these accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk associated with such accounts

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

In order to control market risk, the Organization has an investment committee that oversees its investment portfolio and performs an ongoing evaluation of its investment manager. The Organization also routinely monitors the market risk of its investment portfolio via asset allocation formulas. Approximately 99% of the Organization's investments are held by one investment manager and custodian.

Investments: Investments are reported at fair value. Fair value is 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. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses resulting from the change in the market value of investments are included in the statements of activities.

Return on investments is reported as increases in unrestricted net assets unless the donor has explicitly stipulated that income earned is to be used for a specific purpose, in which case, investment income is reported as increases in temporarily restricted net assets.

Fair Value Measurements: The Organization applies Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America, and applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 sets out a fair value hierarchy and defines fair value 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. The fair value hierarchy is defined as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. The types of investments in Level 1 generally include listed equities.

Level 2: Inputs other than quoted prices within Level 1 are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active. Investments in this category generally include corporate debt, U.S. government debt, and less liquid securities such as securities traded on certain foreign exchanges. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments in this category generally include equity and debt positions in private companies.

Contributions and Other Receivables: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Equipment and Depreciation: Equipment is stated at cost or, for donated equipment, at fair value at the date of the gift, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from two to seven years.

Note 1. Nature of Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates: The preparation of the 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes: The Internal Revenue Service (the "IRS") has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and the State of Connecticut has determined that the Organization is exempt from state income tax. As a not-for-profit entity, the Organization is subject to unrelated business income tax ("UBIT"), if applicable. For the tax years ended December 31, 2011 and 2010, the Organization did not owe any UBIT.

Management has evaluated the Organization's tax positions and has concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. Generally, the Organization is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2008.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events: The Organization evaluated subsequent events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through July 12, 2012 the date the financial statements were available for issuance.

Note 2. Donated Goods and Services

Land contributed for site development is subsequently contributed back to the local community in which the school is constructed. Accordingly, such amounts are excluded from both revenue and expenses, as land is administered by the Organization solely to construct the school.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Labor associated with site development (including school construction) is recognized in the statements of activities as revenue in the period received. Contributed labor was $295,048 and $231,119 for 2011 and 2010, respectively, and is included as both operating revenue and operating expenses within the statements of activities. All in-kind donations are recorded at their fair value at the time the donation is made.

The Organization occupies donated office space and facilities valued at $449,983 and $483,720 for 2011 and 2010, respectively. These donations have been reported in operating revenue as in-kind donations and in operating expenses as donated goods and services, and are allocated to the program and supporting services benefited. The Organization also received $581,061 and $191,945 for 2011 and 2010, respectively, in donated legal and accounting services, airfare, printing and other goods and services. These contributions have similarly been reported as in-kind donations and included in operating expenses as donated goods and services. These donations were recorded at fair value for 2011 and 2010.

Note 3. Investments and Fair Value Measurements

The Organization's investments measured at fair value on a recurring basis, all of which are classified as Level 1, consist of the following at December 31, 2011 and 2010:

	2011	2010
Mutual Funds:		
U.S. equities	**$ 2,146,862**	$ 1,966,567
Fixed income	**936,629**	778,780
International equities	**523,994**	560,875
Small-cap value equities	**258,689**	227,279
Common stock	**-**	2,058
Total	**$ 3,866,174**	$ 3,535,559

The Organization's dividend income of $60,827 and $48,604 for 2011 and 2010, respectively, was comprised of dividends received on mutual funds and is reported as nonoperating revenue within the statements of activities. The net (depreciation) appreciation in fair value of investments, which consists of net realized losses of $1,699 in 2011 and $293 in 2010 and net unrealized (losses) gains of $(128,155) in 2011 and $230,842 in 2010, is reported as nonoperating revenue. The remaining other income, comprised of bank interest and other miscellaneous income, is included on the statements of activities within operating revenue as interest and other income.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. Below are the valuation techniques used by the Organization to measure different financial instruments at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Investments in securities traded on a national securities exchange are stated at the last reported sales price on the day of valuation. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Investments in mutual funds are valued based on the last reported bid price provided by broker-dealers.

Note 4. Contributions Receivable

At December 31, 2011 and 2010, contributions receivable, which consist of unconditional promises (pledges) to give cash or other assets, are expected to be collected within the next fiscal year and are reported net of an allowance for uncollectible receivables of $45,000 and $53,000 at December 31, 2011 and 2010, respectively.

Note 5. Equipment

The Organization's equipment at December 31, 2011 and 2010 is summarized as follows:

	2011	2010
Vehicles	**$ 275,818**	$ 155,725
Computers and other equipment	**49,081**	20,391
Other fixed assets	**28,212**	15,961
Total equipment, at cost	**353,111**	192,077
Less accumulated depreciation	**(109,903)**	(86,836)
	$ 243,208	$ 105,241

Note 6. Board-Designated Endowment

The Organization has no donor-restricted endowment funds. The Organization's endowment consists of one board-designated endowment fund established to provide for the long-term stability of the Organization as designated by the board of directors to function as an endowment. In accordance with accounting principles generally accepted in the United States of America, net assets associated with board-designated endowment funds are classified and reported as unrestricted net assets based on the absence of donor-imposed restrictions. Endowment net assets consist of dividends and interest and investments at fair value, which are reported on the statements of financial position.

Interpretation of Relevant Law - The board of directors of the Organization has accepted legal counsel's interpretation that the Connecticut Prudent Management of Institutional Funds Act ("CTPMIFA") requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as endowment net assets (a) the original value of donor-restricted gifts, (b) the original value of subsequent donor-restricted gifts, and (c) accumulations to the donor-restricted gifts made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The donor-restricted gifts are classified as endowment net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by CTPMIFA.

In accordance with CTPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate board-designed unrestricted endowment funds: (a) the duration and preservation of the fund, (b) the purposes of the organization's board-designated endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, (f) other resources of the organization, and (g) the investment policies of the organization.

The investment objectives for the management of the fund of the Organization acting as an endowment (the "Endowment Fund" / "Board-Designated Endowment") are to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets against inflation. Subject to the ultimate approval of the board of directors, these objectives shall be implemented and monitored by the investment committee. The general policy shall be to diversify investments within both equity and fixed income securities to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment style.

The Endowment Fund income under this investment policy shall be defined on a total return basis, i.e. including realized and unrealized gains/losses. The exact amount of total withdrawals made in a year shall be as set forth in the Organization's budget as approved annually by the board of directors.

Note 6. Board-Designated Endowment (Continued)

The following represents the Organization's board-designated endowment fund and the changes in the board-designated endowment fund as of and for the years ended December 31, 2011 and 2010:

	2011	2010
Board-designated endowment net assets, January 1	**$ 3,533,502**	$ 3,254,056
Dividend income	**60,827**	48,604
Transfer adding to board-designated endowment	**400,000**	-
Net (depreciation) appreciation in fair value of investments*	**(128,155)**	230,842
Board-designated endowment net assets, December 31	**$ 3,866,174**	$ 3,533,502

* Net (depreciation) appreciation in fair value of investments consists of net unrealized (losses) gains of $(128,155) in 2011 and $230,842 in 2010. The remainder of net realized losses of $1,699 in 2011 and $293 in 2010 are unrelated to the investments in the Organization's board-designated endowment fund. Refer to Note 3 for further discussion.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following as of December 31, 2011 and 2010:

	2011	2010
International building schools	**$ 1,049,323**	$ 754,000
U.S. after-school	**501,075**	623,990
	$ 1,550,398	$ 1,377,990

During fiscal year 2011, the Organization reclassified certain contributions from unrestricted to temporarily restricted due to certain donors communicating their intent to restrict their contributions for the building of schools in 2011. The donors change caused the Organization to reclassify unrestricted net assets in the amount of $163,200 to temporarily restricted net assets during fiscal year 2011 and is presented as other changes in net assets in the statement of activities.

Net assets were released from restrictions due to the satisfaction of time and purpose restrictions during the years ended December 31, 2011 as follows:

	2011
International building schools	**$ 825,200**
U.S. after-school	**623,990**
	$ 1,449,190

There were no temporarily restricted net assets in 2009, therefore there were no releases from temporarily restricted during 2010.