stockman kast ryan + co
LLP

USAFA ENDOWMENT, INC.

Financial Statements

For the Year Ended December 31, 2011

And

Independent Auditors' Report

USAFA ENDOWMENT, INC.

TABLE OF CONTENTS

stockman kast ryan + co
LLP

INDEPENDENT AUDITORS' REPORT

Board of Directors
USAFA Endowment, Inc.
Colorado Springs, Colorado

We have audited the accompanying statement of financial position of USAFA Endowment, Inc. (the Organization) as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements, and in our opinion dated April 25, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 USAFA Endowment, Inc. as of December 31, 2011 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.

Stockman Kast Ryan + Co., LLP

March 19, 2012

Certified Public Accountants and Business Advisors | 102 N. Cascade Avenue, Suite 400, Colorado Springs, CO 80903
www.skrco.com
telephone: (719) 630-1186
facsimile: (719) 630-1187

USAFA ENDOWMENT, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011 (with comparative totals for 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	$ 2,275,261	$ 6,721,586
Investments	8,207,774	4,357,437
Promises to give, net	17,246,039	12,368,419
Prepaid expenses	52,045	21,725
Beneficial interest in split-interest agreement	165,928	208,242
Property and equipment, net	51,673	51,373
TOTAL ASSETS	$ 27,998,720	$ 23,728,782
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 192,994	$ 2,388,341
Gift commitments	454,349	6,611,592
TOTAL LIABILITIES	647,343	8,999,933
NET ASSETS		
Unrestricted	1,363,277	353,670
Temporarily restricted	25,988,100	14,375,179
Total net assets	27,351,377	14,728,849
TOTAL LIABILITIES AND NET ASSETS	$ 27,998,720	$ 23,728,782

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011			2010
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	$ 2,434,441	$ 14,086,290	$ 16,520,731	$ 14,575,525
Net realized and unrealized gains (losses) on investments	(1,105)	(268,284)	(269,389)	341,810
Interest and dividends	1,916	132,388	134,304	105,343
Change in value of split-interest agreement		(42,314)	(42,314)	15,425
Other	(1,777)		(1,777)	14,858
Net assets released from restrictions	2,295,159	(2,295,159)		
Total	4,728,634	11,612,921	16,341,555	15,052,961
EXPENSES				
Program services	1,559,104		1,559,104	11,731,517
Supporting services:				
Fund raising	1,611,199		1,611,199	1,257,899
General and administrative	548,724		548,724	493,529
Total expenses	3,719,027	—	3,719,027	13,482,945
CHANGE IN NET ASSETS	1,009,607	11,612,921	12,622,528	1,570,016
NET ASSETS, Beginning of year	353,670	14,375,179	14,728,849	13,158,833
NET ASSETS, End of year	$ 1,363,277	$ 25,988,100	$ 27,351,377	$ 14,728,849

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011				
		Supporting Services			
	Program Services	Fund Raising	General and Administrative	Total	2010 Total
EXPENSES					
Programs:					
Superintendent's discretion	$ 336,762			$ 336,762	$ 322,610
Center for Character and Leadership Development	221,735			221,735	183,160
Martinson Just-in-Time Teaching	190,713			190,713	190,000
Class of '70 – Southeast Asia Pavilion	150,000			150,000	
In-kind football travel	103,683			103,683	103,778
Scowcroft Professorship	95,956			95,956	68,993
Holaday Athletic Center	94,962			94,962	10,343,573
Dean's fund for academics	92,197			92,197	
Academy graduates	54,273			54,273	148,848
Class of '76 – World Trade Center exhibit	50,000			50,000	
Senior Military Scholar	40,000			40,000	
Aeronautics Department	30,000			30,000	
Class of '63 – Kiosk project	11,222			11,222	23,431
Cadet International					110,000
Warrior Remembrance for Coaching Excellence					100,000
Athletics	19,349			19,349	38,715
Law Department					30,019
Jannetta Lectureship in War, Literature and Arts	10,000			10,000	19,500
Unmanned Aerial Systems					18,600
Other	58,252			58,252	22,668
Salaries and benefits		$ 880,253	$ 392,898	1,273,151	912,330
Professional fundraising		140,392		140,392	126,597
Travel		121,763	7,915	129,678	76,584
Printing and copying		107,648	117	107,765	128,754
Conferences and meetings		69,578	32,557	102,135	126,873
Occupancy		52,740	35,245	87,985	86,000
Payroll taxes		60,724	21,420	82,144	55,529
Postage and shipping		57,659	316	57,975	41,716
Supplies		22,106	465	22,571	10,537
Software		13,986	5,086	19,072	8,459
Depreciation		10,202	7,886	18,088	15,228
Accounting fees			17,843	17,843	67,096
Promotion and entertainment		12,530		12,530	2,065
Bank charges		6,735	5,195	11,930	22,506
Other		54,883	21,781	76,664	78,776
TOTAL	$ 1,559,104	$ 1,611,199	$ 548,724	$ 3,719,027	
PERCENT OF TOTAL	42%	43%	15%	100%	
COMPARATIVE TOTALS – 2010	$ 11,731,517	$ 1,257,899	$ 493,529		$ 13,482,945
PERCENT OF TOTAL – 2010	87%	9%	4%		100%

See notes to financial statements.

USAFA ENDOWMENT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 (with comparative totals for 2010)

	2011	**2010**
OPERATING ACTIVITIES		
Change in net assets	$ 12,622,528	$ 1,570,016
Adjustments to reconcile change in net assets to net cash provided (used in) by operating activities:		
Net realized and unrealized (gains) losses on investments	269,389	(341,810)
Change in value of split-interest agreement	42,314	(15,425)
Depreciation	18,088	15,228
Contributions of investments	(3,728,044)	(2,982,735)
Changes in operating assets and liabilities:		
Promises to give	(4,877,620)	(5,303,752)
Prepaid expenses	(30,320)	(10,117)
Accounts payable and accrued expenses	(2,195,347)	2,331,122
Gift commitments	(6,157,243)	6,611,592
Net cash provided by (used in) operating activities	(4,036,255)	1,874,119
INVESTING ACTIVITIES		
Purchases of investments	(3,457,942)	(4,301,135)
Proceeds from sales of investments	3,066,260	5,970,861
Purchases of property and equipment	(18,388)	(34,474)
Net cash provided by (used in) investing activities	(410,070)	1,635,252
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,446,325)	3,509,371
CASH AND CASH EQUIVALENTS, Beginning of year	6,721,586	3,212,215
CASH AND CASH EQUIVALENTS, End of year	$ 2,275,261	$ 6,721,586

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — USAFA Endowment, Inc. (the Organization), a nonprofit corporation, was organized under the laws of the State of Delaware in July 2007. The mission of the Organization is to provide private funding to support the programs and capital needs of the United States Air Force Academy (the Academy) in Colorado Springs, Colorado. The Organization works actively to identify and to cultivate key relationships with current and potential Academy donors to support the Academy's strategic development priorities.

The founders of the Organization believe that a foundation, singularly charged with the abiding stewardship of donated funds and constituted in such a way as to ensure the permanency and efficacy of the gift, is the most effective structure for providing this support for the Academy. The founding donors have established a restricted fund which is a principal source of funding for the operating expenses of the Organization, now and for the future. This Founding Director Fund will enable all other program donations to be used exclusively for their intended purpose and no fees or deductions of any kind are assessed on restricted gifts. Investment gains will also accrue entirely for the benefit of the donor's intended charitable purpose.

The founding principles of the Organization include no fees on restricted contributions, stewardship in perpetuity for the Organization's management and administrative needs, transparency in financial reporting and a positive and supportive approach to the Academy.

Basis of Presentation — The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represents the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represents resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets as of December 31, 2011 and 2010.

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

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

Cash and Cash Equivalents —The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents.

Investments — Investments are recorded at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Earnings on investments are recognized as an increase in unrestricted or temporarily restricted net assets according to the nature of the restrictions on the original gift. Donated investments are recorded at fair market value on the date of donation.

Promises to Give - Unconditional promises to give are recognized in the period received. Promises to give are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted discount rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Organization uses the allowance method to account for uncollectible promises to give. The allowance is based on historical experience and management's analysis of individual promises.

Beneficial Interest in Split-Interest Agreement — The Organization is designated as a remainder beneficiary under a charitable remainder trust. Under the terms of this agreement, the income beneficiaries (or their estate) receive distributions for a given term. At the end of the term, assets remaining in the trust, which represent the remainder interest of the Organization, will be transferred to the Organization. The Organization is neither the trustee nor does it exercise any control over the assets. The beneficial interest in these assets has been recorded at the present value of the estimated future benefits to be received.

Property and Equipment — All acquisitions of property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized at cost. Donated assets are recorded at fair market value on the date of the donation. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets, ranging from five to seven years.

Gift Commitments — Unconditional promises made by the Organization are recorded as a gift commitment liability and program services expense in the period the promise is made. Conditional promises are recognized when the conditions on which they depend are substantially made.

Contributions — Contributions received are recorded as increases in non-restricted, temporarily restricted, or permanently restricted net assets, depending on the existence and nature of any donor restrictions.

Contributed Goods, Services and Facilities — Donated material and equipment 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization records contribution revenue for certain services received at the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.

For the years ended December 31, 2011 and 2010, the Organization received private airplane services in the amount of $103,683 and $103,778, respectively, which were used for program services and donated materials of $32,455 and $21,014, respectively.

Functional Allocation of Expenses — The cost of providing various program services and other activities has been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting expense categories based on management's estimates.

Income Taxes — The Organization is a qualified organization exempt from federal income taxes under the provisions of §501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Reclassifications — Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through March 19, 2012, the date the financial statements were available for issuance.

2. AGREEMENTS WITH THE ASSOCIATION OF GRADUATES

In November 2009, the Organization and the Association of Graduates of the United States Air Force Academy (the "AOG"), entered into a Memorandum of Understanding (the "MOU") to establish a collaborative, comprehensive friendraising and fundraising process designed to raise increasing levels of charitable support for the Academy and to better serve the needs of the graduate community.

In connection with the MOU, effective January 1, 2010, the Organization and the AOG entered into an Operating Support Contract (the "Contract"). Pursuant to the principal provisions of the Contract, the Organization agreed to:

- Provide operating support of $600,000 per year (the Annual Operating Support) to the AOG during the calendar years 2010 and 2011. The Annual Operating Support will be paid monthly, commencing January 2010, in the amount of one-third of the total unrestricted annual fund revenue for the current month, but not less than $35,000 per month.
- Pay the AOG 25% of any unrestricted annual fund gifts received above a total amount of $1,900,000 received by the Organization during the calendar year. Payment is to be made within 45 days following year-end.
- Pay the AOG $86,000 per year for services provided, to include rent of office space, furniture and equipment, data entry services, information technology support for hardware and software system and utilities. Payment is to be made in equal monthly installments during 2010 and 2011.

In 2010, the Organization received $1,990,440 in unrestricted annual fund gifts from donors and, accordingly, the AOG received a total of $622,610 in Annual Operating Support for 2010 from the Organization, all of which was received by the AOG in 2010. Because the 2011 Annual Operating Support commitment of $600,000 was unconditional, the Organization also recorded a gift commitment to the AOG as of December 31, 2010 relating to this 2011 commitment. In 2011, the

Organization received $1,954,858 in unrestricted annual fund gifts from donors, resulting in Annual Operating Support to the AOG of $613,715. The AOG received $551,462 during 2011 resulting in a remaining commitment to the AOG of $62,253 as of December 31, 2011 (see Note 7).

The MOU also provides for a Joint Coordinating Committee (JCC) comprised of four voting members, two members each from the respective Boards of Directors of the Organization and the AOG. The MOU requires the Organization to distribute, in accordance with the recommendations of the JCC and based upon documented needs, an additional 25% of any unrestricted annual fund gifts received in excess of $1,900,000 annually during each of the years 2010 and 2011. As a result of this commitment, the Organization could have been required to distribute up to $22,610 for 2010, as requested by the JCC; however, because the JCC had not established the specific amount that would be distributed and to whom, no distribution will be made relating to this provision of the MOU for 2010. For 2011, the Organization has requested and expects that the JCC allocation of 25% of excess annual fund gifts of $13,715 will be distributed to the Academy; accordingly, the Organization has recorded such amount as a gift commitment to the Academy (as discussed below).

The MOU requires the Organization to make annual gifts of $300,000 to the Academy in both 2010 and 2011 from the Organization’s first $1,900,000 of unrestricted annual fund gifts. The Organization is also required to distribute to the Academy 25% of any unrestricted annual fund gifts received in excess of $1,900,000 received during each of 2010 and 2011. As a result of this commitment, the accompanying statements of financial position as of December 31, 2011 and 2010 include gift commitments to the Academy of $313,715 and $322,610, respectively, which are available to be distributed to the Academy upon its request. A gift commitment to the Academy of $13,715 has also been recorded related to the requested 2011 JCC allocation discussed above (see Note 7). A gift commitment was not recorded in 2010 for the 2011 gift to the Academy since the 2011 gift was contingent upon the amount of unrestricted annual fund gift receipts to be achieved in 2011 by the Organization.

In December 2011, the Organization and the AOG entered into a new MOU. The new MOU is effective on January 1, 2012 and remains in effect for a minimum of two years. In the event a new MOU is not agreed upon by December 31, 2013 the baseline and split of annual funds will revert to the original MOU dated November 25, 2009. Either party may terminate the new MOU with 60 days written notice.

Pursuant to the new MOU, of the first $1,900,000 of unrestricted annual fund receipts, the AOG will receive $600,000 per year, the Organization will receive $1,000,000, and the Academy will receive $300,000 at the direction of the Academy. Annual fund receipts in excess of $1,900,000 will be treated as follows: 45% retained by the Organization, 45% distributed to the AOG, and 10% distributed to the Academy.

Pursuant to the provisions of the new MOU and effective January 1, 2012, the Organization and the AOG entered into a new Operating Support Contract (the 2012 Contract), which provides for an increase from $86,000 to $90,000 in the amount that the Organization will pay the AOG annually for services to be provided. Payment is to be made in equal monthly installments during 2012.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Mutual funds and common stocks are valued based on quoted market prices. Certificates of deposit are stated at cost which approximates fair value. See Note 5 regarding the valuation of the beneficial interest in split-interest agreement.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets stated at fair value as of December 31:

	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
2011:				
Investments:				
Bond mutual fund	$ 3,618,290	$ 3,618,290		
Domestic equity mutual funds	2,956,111	2,956,111		
International equity mutual fund	1,592,248	1,592,248		
Certificate of deposit	41,125		$ 41,125	
Total investments	8,207,774	8,166,649	41,125	
Beneficial interest in split-interest agreement	165,928			$ 165,928
Total assets at fair value	$ 8,373,702	$ 8,166,649	$ 41,125	$ 165,928

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2010:				
Investments:				
Bond mutual fund	$ 1,608,383	$ 1,608,383		
Domestic equity mutual funds	1,464,468	1,464,468		
International equity mutual fund	1,216,861	1,216,861		
Certificate of deposit	40,899		$ 40,899	
Domestic common stocks	26,826	26,826		
Total investments	4,357,437	4,316,538	40,899	
Beneficial interest in split-interest agreement	208,242			$ 208,242
Total assets at fair value	$ 4,565,679	$ 4,316,538	$ 40,899	$ 208,242

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended December 31, 2011 and 2010:

	Beneficial Interest in Split-Interest Agreement
Balance, January 1, 2010	$ 192,817
Change in value of split-interest agreement	15,425
Balance, December 31, 2010	208,242
Change in value of split-interest agreement	(42,314)
Balance, December 31, 2011	$ 165,928

4. PROMISES TO GIVE

Unconditional promises to give consist of the following at December 31:

	2011	2010
Due in less than one year	$ 6,145,849	$ 4,607,911
Due in one to five years	11,117,948	8,499,686
Due thereafter	901,459	65,092
Total	18,165,256	13,172,689
Discount to net present value of estimated cash flows	(919,217)	(804,270)
Promises to give, net	$ 17,246,039	$ 12,368,419

Management has estimated the expected future cash flows relating to promises to give and discounted the expected future cash flows to net present value using a risk-adjusted discount rate of 1.6%.

5. BENEFICIAL INTEREST IN SPLIT-INTEREST AGREEMENT

The Organization is the beneficiary of a charitable remainder unitrust (the Trust). One of the Trustees of the Trust is also a member of the Organization's Board of Directors.

Under the terms of the trust, payments are to be made to the two donors during their lifetimes, or to the donor's estate following the death of the second donor, for a total period of 20 years. The annual payments equal 8% of the net fair value of the trust assets valued as of the first business day of each trust taxable year. The present value of the Organization's future benefits is calculated using a discount rate of 5.5%, which is equal to the targeted annual investment return on the assets in the trust. The Organization's beneficial interest in this remainder trust at the net present value is $165,928 and $208,242 at December 31, 2011 and 2010, respectively.

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2011	2010
Office equipment	$ 60,145	$ 41,757
Software	20,974	20,974
Other	22,972	22,972
Total	104,091	85,703
Less accumulated depreciation	52,418	34,330
Total	$ 51,673	$ 51,373

7. GIFT COMMITMENTS

The Organization's gift commitments consist of the following at December 31:

	2011	2010
Payable to the Academy (see Note 2)	$ 327,430	$ 322,610
Payable to the AOG (see Note 2)	62,253	600,000
Holaday Athletic Center		5,684,938
Other	64,666	4,044
Total	$ 454,349	$ 6,611,592

During 2010, the Organization made an unconditional promise to construct the Holaday Athletic Center, an indoor athletic training facility, to give to the Academy. The Academy provided $5 million of donated funds towards the costs of construction. Construction expenditures during 2011 and 2010 were included in program services expense. As of December 31, 2010, the Organization recorded a gift commitment of $5,684,938 representing the estimated costs to complete the facility of $8,684,938 less $3 million remaining to be provided by the Academy. The facility was completed in 2011.

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets may be expended for the following purposes at December 31:

	2011	2010
Supporting services:		
Founding Director Fund	$ 8,222,475	$ 8,239,306
USAFA Endowment Fund	542,146	
Program services:		
Center for Character and Leadership Development and related programs	13,923,098	4,759,023
Academic programs	1,366,827	590,302
Athletic programs	674,808	418,290
Holaday Athletic Center	493,962	
Academy programs	339,320	67,420
Other funds	425,464	300,838
Total	$ 25,988,100	$ 14,375,179

9. CONCENTRATIONS

The Organization maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits.

As of December 31, 2011, approximately 16% and 15% of promises to give were from two individual donors. During 2011, the Organization received approximately 21%, 10% and 10% of its contributions from three individual donors.

As of December 31, 2010, approximately 25% of promises to give were from one donor. During 2010, the Organization received approximately 34% and 14% of its contributions from two individual donors.

10. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2011 and 2010, the Organization received $2,520,345 and $10,209,582, respectively, of contributions from members of its Board of Directors (including promises to give). Board members accounted for $6,502,317 and $10,792,236 of outstanding promises to give (before the discount to net present value) as of December 31, 2011 and 2010, respectively.

11. RETIREMENT PLAN

The Organization has adopted a SEP-IRA defined contribution retirement plan for its employees. Full-time employees are eligible for participation in the plan effective on the first day of the month following the date of their employment. Subject to federal limitations, the Organization makes a contribution, determined each pay period, of 11.1% of the employee's non-retirement compensation. For the years ended December 31, 2011 and 2010 the Organization's total contributions were $113,781 and $74,111, respectively.