

ALLIANCE FOR LUPUS RESEARCH, INC.

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

DECEMBER 31, 2010 AND 2009

ALLIANCE FOR LUPUS RESEARCH, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Alliance for Lupus Research, Inc.

We have audited the accompanying statements of financial position of Alliance for Lupus Research, Inc. (a not-for-profit corporation) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years 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 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 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 Alliance for Lupus Research, Inc. as of December 31, 2010 and 2009, 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.

Lutz + Carr, LLP

New York, New York
May 24, 2011

ALLIANCE FOR LUPUS RESEARCH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$ 5,493,285	\$ 5,269,792
Investments (Notes 1c and 4)	40,302,597	42,374,955
Unconditional promises to give (Notes 1d and 6)	184,987	377,444
Prepaid expenses and other current assets	52,455	82,706
Land and building held for resale (Note 8)	3,600,000	3,600,000
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	89,512	98,196
Security deposit	<u>93,408</u>	<u>93,408</u>
Total Assets	<u><u>\$49,816,244</u></u>	<u><u>\$51,896,501</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and other current liabilities	\$ 181,571	\$ 176,840
Research grants payable (Notes 1g and 10)	6,771,134	4,764,014
Deferred rental income	28,572	-
Capital lease obligation (Note 9)	<u>14,495</u>	<u>28,447</u>
Total Liabilities	<u>6,995,772</u>	<u>4,969,301</u>
Commitments (Notes 11 and 12)		
Net Assets		
Unrestricted		
Undesignated	4,268,828	4,964,900
Board designated endowment (Notes 2a and 5)	<u>9,604,161</u>	<u>-</u>
Total Unrestricted	13,872,989	4,964,900
Temporarily restricted (Note 2b)	<u>28,947,483</u>	<u>41,962,300</u>
Total Net Assets	<u>42,820,472</u>	<u>46,927,200</u>
Total Liabilities and Net Assets	<u><u>\$49,816,244</u></u>	<u><u>\$51,896,501</u></u>

See notes to financial statements.

ALLIANCE FOR LUPUS RESEARCH, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Changes in Unrestricted Net Assets		
Revenue and Support from Operations		
Contributions	\$ 3,214,777	\$ 4,563,887
Special events income	1,004,695	742,157
Less: Direct expenses benefiting contributors	(106,208)	(118,922)
Walkathon income	2,113,566	2,162,012
Less: Direct expenses	(18,198)	(55,195)
Dividend and interest income	1,354,291	66,279
Realized loss on sale of investments	(21,614)	(4,722)
Unrealized gain (loss) on investments	(9,973)	24,827
Rental income (Note 8)	340,206	332,171
Less: Rental expenses	(91,683)	(77,322)
Realized loss on sale of land held for resale (Note 8)	-	(435,511)
Merchandise sales, net	445	-
	<u>7,780,304</u>	<u>7,199,661</u>
Net assets released from restrictions		
Satisfaction of program restrictions	1,976,000	50,000
	<u>9,756,304</u>	<u>7,249,661</u>
Expenses		
Program Services		
Research	7,174,381	5,185,201
Scientific programs	649,657	857,156
Public policy	150,604	216,125
Total Program Services	<u>7,974,642</u>	<u>6,258,482</u>
Supporting Services		
Administration	859,760	834,271
Fundraising	1,617,974	1,579,451
Total Supporting Services	<u>2,477,734</u>	<u>2,413,722</u>
Total Expenses	<u>10,452,376</u>	<u>8,672,204</u>
Decrease in Unrestricted Net Assets from Operations	<u>(696,072)</u>	<u>(1,422,543)</u>
Non Operating Activity		
Net assets released from restriction	10,000,000	-
Unrealized loss on investments	(395,839)	-
	<u>9,604,161</u>	<u>-</u>
Increase (Decrease) in Unrestricted Net Assets	<u>8,908,089</u>	<u>(1,422,543)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	148,700	41,793,300
Unrealized loss on investments	(1,187,517)	-
Net assets released from restrictions	<u>(11,976,000)</u>	<u>(50,000)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>(13,014,817)</u>	<u>41,743,300</u>
Increase (decrease) in net assets	(4,106,728)	40,320,757
Net assets, beginning of year	<u>46,927,200</u>	<u>6,606,443</u>
Net Assets, End of Year	<u>\$42,820,472</u>	<u>\$46,927,200</u>

See notes to financial statements.

ALLIANCE FOR LUPUS RESEARCH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (4,106,728)	\$40,320,757
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	39,297	46,871
Donated securities	(222,062)	(39,798,434)
Loss on sale of investments	21,614	4,722
Unrealized (gain) loss on investments	1,593,329	(24,827)
Loss on sale of land held for resale	-	435,511
(Increase) decrease in:		
Unconditional promises to give	192,457	(156,279)
Prepaid expenses and other current assets	30,251	(15,793)
Security deposit	-	46,704
Increase (decrease) in:		
Accounts payable and other current liabilities	4,731	27,579
Deferred rental income	28,572	-
Research grants payable	2,007,120	(1,249,090)
Net Cash Used By Operating Activities	<u>(411,419)</u>	<u>(362,279)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	(30,613)	(13,689)
Purchase of investments	(2,069,361)	(2,549,396)
Proceeds from sale of investments	2,748,838	3,386,760
Proceeds from sale of land held for resale	-	732,000
Expenses related to land held for resale	-	(82,511)
Net Cash Provided By Investing Activities	<u>648,864</u>	<u>1,473,164</u>
Cash Flows From Financing Activities		
Payment of capital lease	<u>(13,952)</u>	<u>(13,430)</u>
Net increase in cash and cash equivalents	223,493	1,097,455
Cash and cash equivalents, beginning of year	<u>5,269,792</u>	<u>4,172,337</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,493,285</u>	<u>\$ 5,269,792</u>

See notes to financial statements.

ALLIANCE FOR LUPUS RESEARCH, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The Alliance for Lupus Research, Inc. (ALR) is a national, voluntary 501(c)(3) health organization based in New York City, and chaired by Robert Wood Johnson IV, a member of the founding family of Johnson & Johnson. The ALR is a Delaware nonprofit corporation, created on June 13, 1999. The ALR's mission is to support research into the prevention, treatment, and cure of systemic lupus erythematosus. Commonly known as lupus, this autoimmune disease affects an estimated 1.4 million Americans, ninety percent of whom are women. Lupus is the leading cause of death among women with autoimmune diseases who are in their childbearing years.

Since its founding in 1999, the ALR has committed approximately \$65 million to fund lupus research projects. All supporting services are funded by contributions from the Board of Directors. One hundred percent (100%) of all other donations to the ALR are available to support lupus research programs.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments to be cash equivalents, except for those short-term investments managed by the Organization's investment managers as part of their long-term investment strategies.

At December 31, 2010 and 2009, included in cash and cash equivalents is approximately \$3,366,000 and \$3,916,000, respectively, being held in interest bearing accounts.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Purchases and sales of investments reflected in the statement of cash flows are reported net of short-term investments with maturities of three months or less.

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. The fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels.

ALLIANCE FOR LUPUS RESEARCH, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****c - Investments (continued)**

Unadjusted quoted prices in active markets for identical assets and liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3 inputs.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. The investment managers use judgment in determining fair value of assets and liabilities. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

All of the Organization's investments are classified within Level 1 (prices in active markets for identical assets or liabilities) of the fair value hierarchy.

d - Unconditional Promises to Give and Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions 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 contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization uses the allowance method to determine uncollectible promises to give. Such allowance is based on prior years' experience and management's analysis of specific promises made.

e - Property and Equipment

Property, equipment and leasehold improvements are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets.

f - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

ALLIANCE FOR LUPUS RESEARCH, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2010 AND 2009****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - Grants Awarded**

Grants awarded are recognized as expenses in the period the award is made at fair value. Conditional grants are not recognized until the conditions are met.

The Organization revised its grant awards policy for Target Identification in Lupus (TIL) in 2010. TIL grants are awarded for a two year period with an optional non-competitive one year extension which is contingent on satisfactory progress reports. For all grants, the second year of the grant is no longer contingent upon satisfactory progress reports.

For 2010, Functional Genomics and Molecular Pathway grants were awarded prior to the Organization's policy change, therefore, year two payments are deemed conditional at December 31, 2010 (Note 10).

h - Estimates

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

i - Tax Status

Alliance for Lupus Research, Inc. is a not-for-profit corporation that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

Management evaluated all income tax positions, including the position that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income, and concluded that no disclosures relating to uncertain tax positions were required in the financial statements.

j - Subsequent Events

The Organization has evaluated subsequent events through May 24, 2011, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Assets**a - Board Designated Endowment**

The Board of Directors established a Board Designated Endowment for lupus research which will be funded by a \$40,000,000 contribution (Note 2b) as it is released from temporarily restricted net assets. In 2010, \$10,000,000 has been released from restriction and reclassified as Board Designated Endowment.

ALLIANCE FOR LUPUS RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 2 - Restrictions on Assets

b - Temporarily Restricted

Temporarily restricted net assets are restricted for future programs and periods.

In December 2009, the Organization received a \$40,000,000 contribution from an anonymous donor of which approximately \$39,800,000 was received in publicly traded common stock. Per agreement, the Organization is restricted to using only \$10,000,000 a year commencing in 2010. The contribution was recorded as an increase to temporarily restricted net assets and \$10,000,000 will be released from restriction on an annual basis from 2010 through 2013.

Note 3 - Concentration of Credit Risk

The Organization maintains its cash balances in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2010. Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of short-term investments. The Organization places its short-term investments with numerous financial institutions to limit the amount of credit exposure at any one financial institution.

Note 4 - Investments

Investments, which are all classified as Level 1 in the fair value hierarchy, consist of the following:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common Stocks	\$39,789,114	\$38,255,235	\$39,788,104	\$39,837,585
Short-Term Investments	<u>2,069,333</u>	<u>2,047,362</u>	<u>2,549,372</u>	<u>2,537,370</u>
	<u>\$41,858,447</u>	<u>\$40,302,597</u>	<u>\$42,337,476</u>	<u>\$42,374,955</u>

The Organization received a donation in December 2009 of the publicly traded common stock of one company. By agreement, the Organization was limited to selling the shares over the period 2010 through 2013 (Note 2). None of the common stock was sold in 2010 but in May 2011 approximately \$20,000,000 of the stock was sold.

ALLIANCE FOR LUPUS RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 5 - Endowment Funds

The Organization's endowment consists of a Board Designated Endowment which was established to fund research projects. The Board Designated Endowment consists solely of funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in the Organization's Board-Designated Endowment funds for the year ended December 31, 2010 are summarized as follows:

	<u>Board Designated Endowment Unrestricted</u>
Endowment funds, beginning of year	\$ -
Investment Return:	
Investment income	-
Net realized and unrealized depreciation	<u>(395,839)</u>
Total Investment Return	<u>(395,839)</u>
Release to board designated endowment	<u>10,000,000</u>
Endowment Funds, End of Year	<u>\$ 9,604,161</u>

The Organization is currently in the process of developing an investment policy. The Board of Directors has established a spending policy of 5% per year. Additional funds may be used for special research projects at the Board's discretion.

Note 6 - Unconditional Promises to Give

Unconditional promises to give consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Due within one year	\$184,987	\$ -	\$184,987	\$241,144
Due within five years	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
	184,987	-	184,987	391,144
Less: Discount to present value	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,700)</u>
Total, 2010	<u>\$184,987</u>	<u>\$ -</u>	<u>\$184,987</u>	
Total, 2009	<u>\$191,144</u>	<u>\$ 186,300</u>		<u>\$377,444</u>

Unconditional promises to give for periods due after one year are discounted to present value using a discount rate of 5%. Uncollectible promises are expected to be insignificant.

ALLIANCE FOR LUPUS RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 7 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2010</u>	<u>2009</u>
Furniture, fixtures and equipment	3-5 years	\$162,858	\$159,257
Computer equipment	3-5 years	150,562	139,621
Leasehold improvements	Life of lease	<u>31,101</u>	<u>15,030</u>
		344,521	313,908
Less: Accumulated depreciation		<u>(255,009)</u>	<u>(215,712)</u>
		<u>\$ 89,512</u>	<u>\$ 98,196</u>

Depreciation expense for the years ended December 31, 2010 and 2009 was \$39,297 and \$46,871, respectively.

Note 8 - Land and Building Held for Resale

In December 2006, the Organization received a donation of land and building with an appraised value of \$3,600,000. The building is fully leased with a net rental income of approximately \$20,000 per month. This property is listed for sale.

In September 2008, the Organization received a donation of real property consisting of four lots of land with an appraised value of \$1,085,000. These lots were sold in 2009, resulting in a loss of \$435,511.

Note 9 - Capital Lease Obligation

The Organization acquired a telephone system under a lease which meets the definition of a "capital lease".

The future minimum lease payments under the capital lease obligation are as follows:

Year ending December 31, 2011	\$14,796
Less: Interest portion	<u>(301)</u>
Total Liability	<u>\$14,495</u>

ALLIANCE FOR LUPUS RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 10 - Research Grants Payable

Research grants payable are due as follows:

	<u>2010</u>	<u>2009</u>
Due within one year	\$5,329,073	\$4,764,014
Due within five years	<u>1,507,420</u>	<u>-</u>
	6,836,493	4,764,014
Less: Discount to present value	<u>(65,359)</u>	<u>-</u>
	<u>\$6,771,134</u>	<u>\$4,764,014</u>

Research grants payable for periods due after one year are discounted to net present value using a discount rate of 3%.

Note 11 - Commitments

a - The Organization leases office space under a lease which provides for minimum annual payments as follows:

<u>Year Ending December 31,</u>	
2011	\$315,395
2012	344,872
2013	355,218
2014	365,875
2015	376,851
Thereafter through December 31, 2016	388,156

Rent expense for the years ended December 31, 2010 and 2009 was \$358,130 and \$346,893 respectively.

b - The Organization has entered into agreements for Functional Genomics and Molecular Pathways in SLE grants totaling \$682,810. These awards will be available upon completion of satisfactory progress reports and successful fulfillment of benchmarks set in collaboration with advisors from the Organization.

c - The Organization has commitments for consulting services through 2014. The total commitments are as follows:

<u>Year Ending December 31,</u>	
2011	\$395,950
2012	265,650
2013	273,900
Thereafter through March 31, 2014	69,000

ALLIANCE FOR LUPUS RESEARCH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

Note 12 - Employee Benefit Plan - Defined Contribution Plan

The Organization maintains a defined contribution retirement plan ("the Plan"). The Organization contributes up to 4% of each employee's eligible compensation and at the Organization's discretion, makes a discretionary contribution between 4% and 7% of the employee's eligible compensation depending on years of service. The contributions are subject to limitations as stated in relevant provisions of the Internal Revenue Code. Total contributions to the plan for the years ended December 31, 2010 and 2009 were \$93,727 and \$116,583, respectively.

Note 13 - Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The Organization achieves certain educational goals for its science program during its walkathon promotional events by providing informational discussions and materials regarding lupus research. The cost of conducting those joint activities include joint costs that are not directly attributable to either the program component or the fundraising component of the activities. Those joint costs were allocated as follows:

	<u>2010</u>	<u>2009</u>
Fundraising	\$103,002	\$123,537
Science programs	<u>25,750</u>	<u>30,884</u>
Total	<u>\$128,752</u>	<u>\$154,421</u>

ADDITIONAL INFORMATION



**INDEPENDENT AUDITORS' REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
Alliance for Lupus Research, Inc.

Our report on our audits of the basic financial statement of Alliance for Lupus Research, Inc. for 2010 and 2009 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the year ended December 31, 2010 with comparative totals for 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lutz + Carr, LLP

New York, New York
May 24, 2011

ALLIANCE FOR LUPUS RESEARCH, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR 2009

	Program Services			Supporting Services			2010	2009	
	Research	Scientific Programs	Public Policy	Total	Administration	Fundraising	Total Expenses	Total Expenses	
Salaries	\$ 364,633	\$287,996	\$ 34,567	\$ 687,196	\$ 366,192	\$ 611,555	\$ 977,747	\$ 1,664,943	\$1,720,065
Payroll taxes and fringe benefits	100,931	79,718	9,568	190,217	101,362	169,280	270,642	460,859	479,129
Total Personnel Expenses	465,564	367,714	44,135	877,413	467,554	780,835	1,248,389	2,125,802	2,199,194
Peer reviewed research awards	6,297,788	-	-	6,297,788	-	-	-	6,297,788	4,327,493
Professional fees and contract services	146,115	34,463	78,000	258,578	105,974	158,705	264,679	523,257	456,165
Occupancy	81,963	64,736	7,770	154,469	82,313	137,468	219,781	374,250	362,307
Printing and publications	16,863	13,941	-	30,804	5,435	144,020	149,455	180,259	174,284
Staff and volunteer travel	12,968	23,504	-	36,472	14,583	90,641	105,224	141,696	210,707
Meetings and conferences	22,666	95,772	-	118,438	9,128	4,440	13,568	132,006	161,960
Walkathon promotional events and location expenses	-	-	-	-	-	103,002	103,002	103,002	123,537
Postage, shipping and delivery	1,796	5,684	-	7,480	5,972	66,446	72,418	79,898	108,450
Management information systems	84,025	15,528	17,813	117,366	44,533	48,205	92,738	210,104	226,721
Supplies	168	638	-	806	23,689	4,824	28,513	29,319	34,548
Data processing and accounting services	14,034	-	-	14,034	64,770	17,556	82,326	96,360	94,215
Branding and design	-	2,700	-	2,700	163	7,313	7,476	10,176	25,787
Telephone	7,803	7,104	740	15,647	7,836	14,346	22,182	37,829	48,750
Insurance	4,680	3,697	444	8,821	4,700	7,850	12,550	21,371	21,045
Licenses and fees	4,551	3,595	431	8,577	4,571	7,634	12,205	20,782	21,680
Equipment lease	4,606	3,638	437	8,681	4,625	7,723	12,348	21,029	20,997
Dues and subscriptions	-	-	-	-	4,047	2,032	6,079	6,079	4,315
Professional development	-	-	-	-	623	190	813	813	1,812
Interest expense	185	146	18	349	186	309	495	844	1,366
Miscellaneous	-	-	-	-	415	-	415	415	-
Total expenses before depreciation	7,165,775	642,860	149,788	7,958,423	851,117	1,603,539	2,454,656	10,413,079	8,625,333
Depreciation	8,606	6,797	816	16,219	8,643	14,435	23,078	39,297	46,871
Total Expenses, 2010	<u>\$7,174,381</u>	<u>\$649,657</u>	<u>\$ 150,604</u>	<u>\$7,974,642</u>	<u>\$ 859,760</u>	<u>\$1,617,974</u>	<u>\$2,477,734</u>	<u>\$10,452,376</u>	
Total Expenses, 2009	<u>\$5,185,201</u>	<u>\$857,156</u>	<u>\$ 216,125</u>	<u>\$6,258,482</u>	<u>\$ 834,271</u>	<u>\$1,579,451</u>	<u>\$2,413,722</u>		<u>\$8,672,204</u>

See independent auditors' report on additional information.