

Return of Organization Exempt From Income Tax

2010

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2010 calendar year, or tax year beginning, 2010, and ending, 20

Form 990 header section containing organization name (MT. AIRY, U.S.A.), EIN (22-2526396), address (6703 GERMANTOWN AVENUE, PHILADELPHIA, PA 19119), and principal officer (ANUJ GUPTA).

Part I Summary

Summary table with columns for Revenue, Expenses, and Net Assets or Fund Balances. Rows include mission statement, revenue breakdown, fundraising expenses, and total assets/liabilities.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature block containing signature of Anuj Gupta, Executive Director, dated 11/14/11.

Preparer information section including name (Eric A Strauss), firm name (WITHUM SMITH + BROWN, PC), and EIN (22-2027092).

May the IRS discuss this return with the preparer shown above? (see instructions) [X] Yes [] No

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2010)

ENVELOPE POSTMARK DATE NOV 16 2011

SCANNED DEC 16 2011

RECEIVED NOV 21 2011 IRS-OSC

TIP

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III X

1 Briefly describe the organization's mission.
TO PRESERVE, EMPOWER AND ADVANCE A VIBRANT AND DIVERSE MT. AIRY
SECTION OF PHILADELPHIA BY STIMULATING DEVELOPMENT RESPONSIVE TO THE
COMMUNITY'S NEEDS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses
Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses \$ 406,846. including grants of \$ _____) (Revenue \$ _____)
ACQUISTIION, REHABILITATION AND SALE OF ABANDONED BUILDINGS.
TENANTS INCLUDE OTHER EXEMPT ORGANIZATIONS INVOLVED IN COMBATING
COMMUNITY DETERIORATION, URBAN BLIGHT AND COMMUNITY EDUCATION.

4b (Code _____) (Expenses \$ 1,884,133. including grants of \$ _____) (Revenue \$ 132,014.)
COMMERCIAL COORIDOR REVITALIZATION - RENTAL OF COMMERCIAL AND
RESIDENTIAL ABANDONED BUILDINGS. TENANTS INCLUDE OTHER EXEMPT
ORGANIZATIONS INVOLVED IN COMBATING COMMUNITY DETERIORATION, URBAN
BLIGHT AND COMMUNITY EDUCATION.

4c (Code _____) (Expenses \$ 370,226. including grants of \$ _____) (Revenue \$ 678,256.)
PROPERTY MANAGEMENT - FOR COMMERCIAL AND RESIDENTIAL PROPERTY
OWNED, MAUSA ENSURES ROUTINE MAINTENANCE, RENT COLLECTION, UTILITY
AND TAX PAYMENTS BEING UP TO DATE, AND THAT THE PROPERTIES ARE IN
COMPLIANCE WITH RULES AND REGULATIONS.

4d Other program services (Describe in Schedule O.) ATTACHMENT 1
(Expenses \$ 209,718. including grants of \$ _____) (Revenue \$ _____)

4e Total program service expenses ▶ 2,870,923.

Part IV Checklist of Required Schedules

Table with 3 columns: Question number, Question text, Yes, No. Rows include questions 1 through 20b regarding organizational requirements and financial reporting.

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question number, Yes, No. Rows 21-38 detailing various organizational requirements and reporting obligations.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V.

Main form area containing questions 1a through 14b with corresponding Yes/No columns and input fields.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (17); 1b Enter the number of voting members included in line 1a, above, who are independent (16); 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? (X); 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? (X); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (X); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (X); 6 Does the organization have members or stockholders? (X); 7a Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body? (X); 7b Are any decisions of the governing body subject to approval by members, stockholders, or other persons? (X); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: a The governing body? (X); b Each committee with authority to act on behalf of the governing body? (X); 9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O (X).

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Table with 3 columns: Question, Yes, No. Rows include: 10a Does the organization have local chapters, branches, or affiliates? (X); 10b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?; 11a Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? (X); 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990; 12a Does the organization have a written conflict of interest policy? If "No," go to line 13 (X); 12b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (X); 12c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done (X); 13 Does the organization have a written whistleblower policy? (X); 14 Does the organization have a written document retention and destruction policy? (X); 15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?: a The organization's CEO, Executive Director, or top management official (X); b Other officers or key employees of the organization (X); If "Yes" to line 15a or 15b, describe the process in Schedule O (See instructions); 16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? (X); 16b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed PA,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply: [] Own website [X] Another's website [X] Upon request
19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ORGANIZATION 6703 GERMANTOWN AVE, SUITE 200 PHILADELPHIA, PA 19119 215-844-6021

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII. X

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ATTACHMENT 2										
(1) SYLVIA RENEE GALLIER-HOW BOARD MEMBER	1.00	X					0.	0.	0.	
(2) TED REED BOARD MEMBER	1.00	X					0.	0.	0.	
(3) AHSAN NASRATULLAH CO-PRESIDENT	1.00	X					0.	0.	0.	
(4) LESLIE SEITCHIK CO-PRESIDENT	1.00	X					0.	0.	0.	
(5) LESLIE BENOLIEL BOARD MEMBER	1.00	X					0.	0.	0.	
(6) SETH SHAPIRO VICE PRESIDENT	1.00	X					0.	0.	0.	
(7) CURTIS HAYNES TREASURER	1.00	X					0.	0.	0.	
(8) ANUJ GUPTA EXECUTIVE DIRECTOR	40.00	X		X			19,904.	0.	0.	
(9) MICHAEL COHEN VICE PRESIDENT	1.00	X					0.	0.	0.	
(10) NOEL EISENSTAT BOARD MEMBER	1.00	X					0.	0.	0.	
(11) DAN MUROFF BOARD MEMBER	1.00	X					0.	0.	0.	
(12) CLIFTON JONES BOARD MEMBER	1.00	X					0.	0.	0.	
(13) KAREEM THOMAS BOARD MEMBER	1.00	X					0.	0.	0.	
(14) AMANDA STEINBERG BOARD MEMBER	1.00	X					0.	0.	0.	
(15) HOWARD TREATMAN BOARD MEMBER	1.00	X					0.	0.	0.	
(16)										

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(17) -----										
(18) -----										
(19) -----										
(20) -----										
(21) -----										
(22) -----										
(23) -----										
(24) -----										
(25) -----										
(26) -----										
(27) -----										
(28) -----										
1b Sub-total							19,904	0	0	
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)							19,904	0	0	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **0**

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>		X
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 3		

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **2**

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d				
	e Government grants (contributions)	1e	1,977,710.			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	143,378.			
	g Noncash contributions included in lines 1a-1f \$					
	h Total. Add lines 1a-1f			2,121,088.		
Program Service Revenue	2a RENTAL INCOME	Business Code 531110	630,533.	630,533.		
	b PROGRAM INCOME	624100	132,014.	132,014.		
	c MANAGEMENT FEES	900099	47,723.	47,723.		
	d _____					
	e _____					
	f All other program service revenue					
	g Total. Add lines 2a-2f			810,270.		
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		0.		
4 Income from investment of tax-exempt bond proceeds			0.			
5 Royalties		(i) Real (ii) Personal				
6a Gross Rents						
b Less rental expenses						
c Rental income or (loss)						
d Net rental income or (loss)				0.		
7a Gross amount from sales of assets other than inventory		(i) Securities (ii) Other				
b Less cost or other basis and sales expenses						
c Gain or (loss)						
d Net gain or (loss)				0.		
8a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18		a	75,643.			
b Less direct expenses		b	54,419.			
c Net income or (loss) from fundraising events		ATCH. 4.		21,224.		21,244.
9a Gross income from gaming activities See Part IV, line 19		a				
b Less direct expenses	b					
c Net income or (loss) from gaming activities			0.			
10a Gross sales of inventory, less returns and allowances	a					
b Less cost of goods sold	b					
c Net income or (loss) from sales of inventory			0.			
Miscellaneous Revenue		Business Code				
11a MISCELLANEOUS INCOME	900099	4,861.	4,861.			
b _____						
c _____						
d All other revenue						
e Total. Add lines 11a-11d			4,861.			
12 Total revenue. See instructions			2,957,443.	815,131.	21,244.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
 All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the US See Part IV, line 21	0.			
2 Grants and other assistance to individuals in the US See Part IV, line 22	0.			
3 Grants and other assistance to governments, organizations, and individuals outside the US See Part IV, lines 15 and 16	0.			
4 Benefits paid to or for members	0.			
5 Compensation of current officers, directors, trustees, and key employees	19,904.	14,689.	4,434.	781.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.			
7 Other salaries and wages	428,124.	315,951.	95,372.	16,801.
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions).	0.			
9 Other employee benefits	35,316.	4,611.	29,838.	867.
10 Payroll taxes	40,817.	30,141.	8,580.	2,096.
11 Fees for services (non-employees)				
a Management	66,091.	44,281.	21,810.	
b Legal	9,314.	8,848.	466.	
c Accounting	86,670.	82,337.	4,333.	
d Lobbying	0.			
e Professional fundraising services See Part IV, line 17	0.			
f Investment management fees	0.			
g Other	1,823,235.	1,762,770.	60,465.	
12 Advertising and promotion	26,394.	8,974.	17,420.	
13 Office expenses	31,720.	20,935.	10,785.	
14 Information technology	0.			
15 Royalties	0.			
16 Occupancy	98,520.	66,008.	32,512.	
17 Travel	6,834.	4,100.	2,734.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0.			
19 Conferences, conventions, and meetings	0.			
20 Interest	225,037.	222,787.	2,250.	
21 Payments to affiliates	0.			
22 Depreciation, depletion, and amortization	136,352.	136,352.		
23 Insurance	23,339.	23,339.		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f if line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a <u>EQUIPMENT RENTAL & MAINTENAN</u>	38,582.	30,045.	8,537.	
b <u>POSTAGE & MAILING</u>	4,349.	565.	3,784.	
c <u>PRINTING</u>	15,161.	303.	14,858.	
d <u>REAL ESTATE TAXES</u>	7,788.	7,399.	389.	
e <u>UTILITIES</u>	33,041.	32,357.	684.	
f All other expenses	7,011.	1,531.	5,480.	
25 Total functional expenses. Add lines 1 through 24f	3,163,599.	2,818,323.	324,731.	20,545.
26 Joint Costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A) Beginning of year		(B) End of year	
Assets	1	Cash - non-interest-bearing	317,008.	1	175,404.
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net	128,071.	3	439,143.
	4	Accounts receivable, net	24,047.	4	50,675.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	5,656,248.		
		b Less accumulated depreciation	1,054,761.		
			4,543,759.	10c	4,601,487.
	11	Investments - publicly traded securities		11	
	12	Investments - other securities See Part IV, line 11		12	
	13	Investments - program-related See Part IV, line 11		13	
	14	Intangible assets		14	
15	Other assets See Part IV, line 11	195,106.	15	1,492,452.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	5,207,991.	16	6,759,161.	
Liabilities	17	Accounts payable and accrued expenses	116,844.	17	524,936.
	18	Grants payable		18	
	19	Deferred revenue	12,337.	19	0.
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	3,681,987.	23	3,934,731.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities Complete Part X of Schedule D	50,208.	25	1,238,281.
	26	Total liabilities. Add lines 17 through 25	3,861,376.	26	5,697,948.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	1,346,615.	27	1,061,213.
	28	Temporarily restricted net assets		28	
	29	Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	Total net assets or fund balances	1,346,615.	33	1,061,213.	
34	Total liabilities and net assets/fund balances	5,207,991.	34	6,759,161.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI. X

1	Total revenue (must equal Part VIII, column (A), line 12)	1	2,957,443.
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,163,599.
3	Revenue less expenses. Subtract line 2 from line 1	3	-206,156.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,346,615.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-79,246.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,061,213.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII.

		Yes	No
1	Accounting method used to prepare the Form 990. <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both. <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	X	
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.	X	

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization

MT. AIRY, U.S.A.

Employer identification number

22-2526396

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I
 - b Type II
 - c Type III - Functionally integrated
 - d Type III - Other
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

	Yes	No
11g(i)		
 - (ii) A family member of a person described in (i) above?

	Yes	No
11g(ii)		
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(iii)		
- h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2010

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2006, (b) 2007, (c) 2008, (d) 2009, (e) 2010, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2006, (b) 2007, (c) 2008, (d) 2009, (e) 2010, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc; 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 2 columns: Line number, Percentage. Rows include: 14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f)) 14%; 15 Public support percentage from 2009 Schedule A, Part II, line 14 15%; 16a 33 1/3% support test - 2010; 16b 33 1/3% support test - 2009; 17a 10%-facts-and-circumstances test - 2010; 17b 10%-facts-and-circumstances test - 2009; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")	239,386	404,921.	391,005.	646,465.	2,121,088.	3,802,865.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	2,908,084.	3,988,771.	2,063,228.	894,935.	810,270.	10,665,288.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	3,147,470.	4,393,692	2,454,233.	1,541,400.	2,931,358.	14,468,153.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6)						14,468,153

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6.	3,147,470.	4,393,692.	2,454,233.	1,541,400.	2,931,358.	14,468,153.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	393.	577.	9.	0.		979.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	393.	577.	9.	0.		979.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)	17,814.	27,713.	9,851.	53,104.	26,085.	134,567.
13 Total support. (Add lines 9, 10c, 11, and 12)	3,165,677.	4,421,982	2,464,093.	1,594,504.	2,957,443.	14,603,699.
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f)).	15	99.07%
16 Public support percentage from 2009 Schedule A, Part III, line 15.	16	99.10%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f)).	17	.01%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	.01%

19a 33 1/3% support tests - 2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

Part IV **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Also complete this part for any additional information. (See instructions).

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2010

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Attach to Form 990. See separate instructions.

Name of the organization MT. AIRY, U.S.A.

Employer identification number 22-2526396

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes No, 6 Did the organization inform all grantees...

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

Form for Conservation Easements. Includes checkboxes for: Preservation of land for public use, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution... 2a Total number of conservation easements, 2b Total acreage restricted by conservation easements, 2c Number of conservation easements on a certified historic structure, 2d Number of conservation easements included in (c) acquired after 8/17/06, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No, 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year \$, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? Yes No, 9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

Form for Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items, b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenues included in Form 990, Part VIII, line 1 \$, (ii) Assets included in Form 990, Part X \$, 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenues included in Form 990, Part VIII, line 1 \$, b Assets included in Form 990, Part X \$.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a Public exhibition, b Scholarly research, c Preservation for future generations, d Loan or exchange programs, e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

b If "Yes," explain the arrangement in Part XIV and complete the following table

Table with 2 columns: Description, Amount. Rows: 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance

2a Did the organization include an amount on Form 990, Part X, line 21?

b If "Yes," explain the arrangement in Part XIV.

Part V Endowment Funds. Complete if organization answered "Yes" to Form 990, Part IV, line 10

Table with 6 columns: Description, (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment, b Permanent endowment, c Term endowment

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

Table with 2 columns: Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b

- (i) unrelated organizations, (ii) related organizations, b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Table with 5 columns: Description of investment, (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)).

Part VII Investments - Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
Total. (Column (b) must equal Form 990, Part X, col (B) line 12) ▶		

Part VIII Investments - Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col (B) line 13) ▶		

Part IX Other Assets. See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) RESTRICTED DEPOSITS	19,745.
(2) CONSTRUCTION OF PROPERTY	139,241.
(3) DUE FROM RELATED PARTY	1,333,466.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 15) ▶	1,492,452.

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) SECURITY DEPOSITS	56,418.
(3) DUE TO RELATED PARTIES	1,181,863.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col (B) line 25) ▶	1,238,281.

2. FIN 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

Table with 10 rows and 2 columns. Row 1: Total revenue (Form 990, Part VIII, column (A), line 12) 2,957,443. Row 2: Total expenses (Form 990, Part IX, column (A), line 25) 3,163,599. Row 3: Excess or (deficit) for the year Subtract line 2 from line 1 -206,156. Row 4: Net unrealized gains (losses) on investments. Row 5: Donated services and use of facilities. Row 6: Investment expenses. Row 7: Prior period adjustments. Row 8: Other (Describe in Part XIV). Row 9: Total adjustments (net) Add lines 4 through 8. Row 10: Excess or (deficit) for the year per audited financial statements Combine lines 3 and 9 -206,156.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Table with 5 main rows and sub-rows. Row 1: Total revenue; gains, and other support per audited financial statements 2,957,443. Row 2: Amounts included on line 1 but not on Form 990, Part VIII, line 12. Sub-rows 2a-2d. Row 2e: Add lines 2a through 2d. Row 3: Subtract line 2e from line 1 2,957,443. Row 4: Amounts included on Form 990, Part VIII, line 12, but not on line 1. Sub-rows 4a-4b. Row 4c: Add lines 4a and 4b. Row 5: Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12) 2,957,443.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Table with 5 main rows and sub-rows. Row 1: Total expenses and losses per audited financial statements 3,242,845. Row 2: Amounts included on line 1 but not on Form 990, Part IX, line 25. Sub-rows 2a-2d. Row 2e: Add lines 2a through 2d. Row 3: Subtract line 2e from line 1 3,242,845. Row 4: Amounts included on Form 990, Part IX, line 25, but not on line 1. Sub-rows 4a-4b. Row 4c: Add lines 4a and 4b. Row 5: Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18) 3,242,845.

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

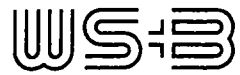
SEE PAGE 5

Part XIV Supplemental Information (continued)

FIN 48 FOOTNOTE

SCHEDULE D, PART XIV

MT. AIRY USA, INC., WAGON WHEEL, LLC, MT. AIRY SPECIAL SERVICES DISTRICT, LLC, MONTANA, LLC, AND MOUNT AIRY TRANSIT VILLAGE, INC. ADOPTED THE PRONOUNCEMENT RELATED TO INCOME TAXES EFFECTIVE JANUARY 1, 2009 AND THERE WERE NO UNCERTAIN TAX POSITIONS AT THE DATE OF ADOPTION OR AT DECEMBER 31, 2009 FOR BOTH THE CURRENT YEAR ENDED AND ANY PREVIOUS YEARS OF OPERATIONS.



WithumSmith+Brown
A Professional Corporation
Certified Public Accountants and Consultants

MT. AIRY USA AND AFFILIATES
Consolidated Financial Statements
December 31, 2010 and 2009
With Independent Auditors' Reports

Mt. Airy USA and Affiliates
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December 31, 2010 and 2009

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Independent Auditors' Report

The Board of Directors,
Mt. Airy USA and Affiliates:

We have audited the accompanying consolidated statements of financial position of Mt. Airy USA and Affiliates as of December 31, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These consolidated financial statements are the responsibility of Mt. Airy USA and Affiliates' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mt. Airy USA and Affiliates 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 21, 2011 on our consideration of Mt. Airy USA and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements of Mt. Airy USA and Affiliates taken as a whole. The accompanying schedule of expenditures of Federal, state, and city awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *City of Philadelphia Subrecipient Audit Guide* is presented for the purpose of additional analysis, and is not a required part of the basic consolidated financial statements. In addition, the accompanying schedules are required by the *City of Philadelphia Subrecipient Audit Guide*, as follows; City of Philadelphia Office of Housing and Community Development (Section 4000)-Statements of Source and Status of Funds, Statements of Program Expenditures, Schedules of Program Income and Reconciliation Schedules. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

William Smith + Brown, PC

July 21, 2011

Mt. Airy USA and Affiliates
Consolidated Statements of Financial Position
December 31, 2010 and 2009

	2010	2009
Assets		
Current assets		
Cash	\$ 341,258	\$ 566,641
Grants and contract receivables	439,143	128,071
Rent receivables	5,746	10,849
Accounts receivable	44,937	13,198
Restricted deposits	20,694	16,451
Construction of property held for sale	1,106,466	899,279
Total current assets	<u>1,958,244</u>	<u>1,634,489</u>
Property and equipment, net	5,058,273	5,000,545
Other assets		
Settlement escrow	--	35,000
Intangible leased assets, net	141,363	148,287
Total other assets	<u>141,363</u>	<u>183,287</u>
	<u>\$ 7,157,880</u>	<u>\$ 6,818,321</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term debt	\$ 1,325,556	\$ 1,464,366
Lines of credit	413,844	239,153
Accounts payable and accrued expenses	525,492	117,106
Deferred revenue	--	12,337
Federal income taxes payable	13,000	12,000
Total current liabilities	<u>2,277,892</u>	<u>1,844,962</u>
Long-term debt, net of current portion	3,315,357	3,094,896
Tenants' security deposits	56,418	50,208
Total liabilities	<u>5,649,667</u>	<u>4,990,066</u>
Net assets		
Unrestricted	<u>1,508,213</u>	<u>1,828,255</u>
	<u>\$ 7,157,880</u>	<u>\$ 6,818,321</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Mt. Airy USA and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2010 and 2009

	2010		2009			
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Unrestricted	Total
Support and revenue						
Grants and contract	\$ 1,988,894	--	\$ 1,988,894	--	\$ 406,981	\$ 406,981
Contributions	143,378	--	143,378	--	266,884	266,884
Program income	132,014	--	132,014	--	81,659	81,659
Rental income	644,609	--	644,609	--	593,534	593,534
Sale of townhouses and condos	--	--	--	--	199,712	199,712
Management fee	8,200	--	8,200	--	9,319	9,319
Fundraising, net of direct costs of \$54,419 and \$53,695 at December 31, 2010 and 2009, respectively	21,224	--	21,224	--	35,589	35,589
Miscellaneous income	4,861	--	4,861	--	17,515	17,515
	<u>2,943,180</u>	<u>--</u>	<u>2,943,180</u>	<u>--</u>	<u>1,611,193</u>	<u>1,611,193</u>
Amounts released due to satisfaction of restriction	--	--	--	(265)	--	--
	<u>2,943,180</u>	<u>--</u>	<u>2,943,180</u>	<u>(265)</u>	<u>1,611,458</u>	<u>1,611,193</u>
Expenses						
Program services	2,883,157	--	2,883,157	--	1,491,410	1,491,410
Supporting services	371,922	--	371,922	--	182,278	182,278
Cost of townhouses and condos	--	--	--	--	293,424	293,424
	<u>3,255,079</u>	<u>--</u>	<u>3,255,079</u>	<u>--</u>	<u>1,967,112</u>	<u>1,967,112</u>
Provision for income taxes	(8,143)	--	(8,143)	--	(13,400)	(13,400)
Change in net assets	(320,042)	--	(320,042)	(265)	(369,054)	(369,319)
Net assets - beginning of year	<u>1,828,255</u>	<u>--</u>	<u>1,828,255</u>	<u>265</u>	<u>2,197,309</u>	<u>2,197,574</u>
Net assets - end of year	<u>\$ 1,508,213</u>	<u>\$ --</u>	<u>\$ 1,508,213</u>	<u>\$ --</u>	<u>\$ 1,828,255</u>	<u>\$ 1,828,255</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

Mt. Airy USA and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities		
Changes in net assets	\$ (320,042)	\$ (369,319)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Loss on sale of assets	--	95,260
Depreciation and amortization	143,276	140,578
Changes in assets and liabilities		
Grants and contract receivables	(311,072)	617,114
Rent receivables	5,103	(5,215)
Accounts receivable	(31,739)	289,712
Restricted cash	--	326
Restricted deposits	(4,243)	(509)
Construction of property held for resale	(207,187)	199,712
Settlement escrow	35,000	(35,000)
Accounts payable and accrued expenses	408,387	(232,446)
Federal income taxes payable	1,000	3,400
Deferred revenue	(12,337)	12,337
Tenant security deposits	6,210	(3,317)
Net cash provided by operating activities	<u>(287,644)</u>	<u>712,633</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(194,081)	(245,286)
Net cash used by investing activities	<u>(194,081)</u>	<u>(245,286)</u>
Cash flows from financing activities		
Proceeds from new long term debt	452,796	63,559
Payments on long term debt	(371,145)	(316,726)
Proceeds from line of credit	283,854	189,156
Payments on line of credit	(109,163)	--
Net cash used by financing activities	<u>256,342</u>	<u>(64,011)</u>
Net increase (decrease) in cash and cash equivalents	(225,383)	403,336
Cash and cash equivalents		
Beginning of year	<u>566,641</u>	<u>163,305</u>
End of year	<u>\$ 341,258</u>	<u>\$ 566,641</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 271,912</u>	<u>\$ 213,580</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**Mt. Airy USA and Affiliates
Consolidated Statements of Functional Expenses
Year Ended December 31, 2010**

	Neighborhood Programs				Program Services				Supporting Services			Total of Program and Supporting Services Expenses
	Housing Counseling	Neighborhood Programs	Total	Real Estate Development	Commercial Corridor Revitalization	Property Management	Total	General and Administrative	Fundraising	Total		
											Neighborhood Programs	
Salaries	\$ 90,759	\$ 52,076	\$ 142,835	\$ 206,809	\$ 56,872	\$ 14,403	\$ 420,919	\$ 115,302	\$ 20,312	\$ 135,614	\$ 556,533	
Payroll taxes	6,481	6,349	12,830	14,769	4,061	892	32,552	8,580	2,096	10,676	43,228	
Employee benefits	260	3,289	3,549	2,159	2,184	1,184	9,076	39,020	1,105	39,125	48,201	
	97,500	61,714	159,214	223,737	63,117	16,479	462,547	161,902	23,513	185,415	647,962	
Professional fees	3,291	1,414	4,705	11,558	1,810,224	3,015	1,829,502	96,275	--	96,275	1,925,777	
Equipment rental and maintenance	--	--	--	10,922	--	20,587	31,509	8,538	--	8,538	40,047	
Rent expense	--	--	--	20,046	--	2,421	22,467	10,931	--	10,931	33,398	
Utilities	--	--	--	13,786	--	18,618	32,404	684	--	684	33,088	
Supplies and miscellaneous	255	2,521	2,776	7,294	2,616	9,962	22,648	11,556	--	11,556	34,204	
Telephone	--	--	--	974	--	692	1,666	5,565	--	5,565	7,231	
Training	--	--	--	159	--	--	159	--	--	--	159	
Travel and lodging	2,166	673	2,839	441	456	29	3,765	2,537	--	2,537	6,302	
Advertising and promotion	122	--	122	1,245	7,535	460	9,362	18,277	--	18,277	27,639	
Insurance	--	3,587	3,587	9,591	--	10,193	23,371	--	--	--	23,371	
Management fees	--	6,043	6,043	1,887	--	14,273	22,203	10,873	--	10,873	33,076	
Postage and mailing	--	--	--	487	--	102	589	4,035	--	4,035	4,624	
Printing	--	--	--	36	185	14	235	14,962	--	14,962	15,197	
Real estate taxes	--	--	--	5,335	--	2,077	7,412	404	--	404	7,816	
Depreciation	--	--	--	6,924	--	136,352	143,276	--	--	--	143,276	
Interest expense	--	--	--	92,424	--	177,618	270,042	1,870	--	1,870	271,912	
	\$ 103,334	\$ 75,952	\$ 179,286	\$ 406,846	\$ 1,884,133	\$ 412,892	\$ 2,883,157	\$ 348,409	\$ 23,513	\$ 371,922	\$ 3,255,079	

The Notes to Consolidated Financial Statements are an integral part of this statement.

**Mt. Airy USA and Affiliates
Consolidated Statements of Functional Expenses
Year Ended December 31, 2009**

	Neighborhood Programs				Program Services				Supporting Services			Total of Program and Supporting Services Expenses
	Housing Counseling	Neighborhood Programs	Total	Commercial Corridor Revitalization	Real Estate Development	Property Management	Total	General and Administrative	Fundraising	Total		
Salaries	\$ 102,021	\$ 56,486	\$ 158,507	\$ 112,223	\$ 142,829	\$ 25,505	\$ 439,084	\$ 81,617	\$ 10,202	\$ 91,819	\$ 530,883	
Payroll taxes	7,418	5,676	13,094	8,160	10,386	1,854	33,494	5,934	742	6,676	40,170	
Employee benefits	12,837	6,537	19,374	14,120	17,972	3,209	54,675	10,269	1,284	11,553	66,228	
	122,276	68,699	190,975	134,503	171,187	30,568	527,233	97,820	12,228	110,048	637,281	
Professional fees	24,479	5,508	29,987	42,020	38,938	6,038	116,983	23,008	--	23,008	139,991	
Equipment rental and maintenance	3,287	658	3,945	3,452	22,639	41,612	71,648	3,429	--	3,429	75,077	
Facade program expense	--	--	--	169,942	--	--	169,942	--	--	--	169,942	
Rent expense	2,048	410	2,458	2,151	3,175	--	7,784	1,945	--	1,945	9,729	
Utilities	--	--	--	--	13,399	26,736	40,135	--	--	--	40,135	
Supplies and miscellaneous	3,592	1,328	4,920	3,775	7,887	6,743	23,325	14,205	--	14,205	37,530	
Telephone	1,850	370	2,220	1,943	4,224	1,288	9,675	2,852	--	2,852	12,527	
Training	609	228	837	435	431	6	1,709	1,088	--	1,088	2,797	
Travel and lodging	2,076	309	2,385	1,660	1,139	40	5,224	3,070	--	3,070	8,294	
Advertising and promotion	4,419	843	5,262	6,980	6,980	1,374	29,456	6,919	--	6,919	36,375	
Insurance	--	3,021	3,021	15,840	9,493	17,025	29,539	1,484	--	1,484	31,023	
Management fees	--	4,200	4,200	--	2,039	12,217	18,456	--	--	--	18,456	
Postage and mailing	838	163	1,001	860	1,309	204	3,374	2,239	--	2,239	5,613	
Printing	2,250	808	3,058	1,562	1,656	22	6,298	11,878	--	11,878	18,176	
Real estate taxes	--	--	--	--	1,564	45	1,609	--	--	--	1,609	
Depreciation	--	--	--	--	6,924	133,654	140,578	--	--	--	140,578	
Interest expense	38	8	46	84	77,037	136,377	213,544	36	--	36	213,580	
Bad debts	50,000	--	50,000	13,423	--	11,475	74,898	77	--	77	74,975	
	\$ 217,762	\$ 86,553	\$ 304,315	\$ 370,021	\$ 370,021	\$ 425,424	\$ 1,491,410	\$ 170,050	\$ 12,228	\$ 182,278	\$ 1,673,688	

The Notes to Consolidated Financial Statements are an integral part of this statement.

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

1. Organization's Purpose

Mt. Airy USA and Affiliates (the "Organization") is a nonprofit community development corporation, incorporated in 1980. The Organization's mission is to preserve, empower and advance a vibrant and diverse Mt. Airy by stimulating development responsive to the community's needs. We currently advance our mission through the following departmental programs: (1) housing counseling for first-time homebuyers and foreclosure prevention counseling, (2) real estate development of affordable housing and commercial properties, (3) business district revitalization, and (4) neighborhood organizing.

For the years ended December 31, 2010 and 2009, program revenues from housing counseling and real estate development represent amounts received under contracts with the City of Philadelphia Office of Housing and Community Development and the U.S. Department of Transportation passed through Pennsylvania Department of Transportation, program revenues from business development represent amounts received under contracts with the Pennsylvania Department of Community and Economic Development ("DCED") passed through the City of Philadelphia Commerce Department. Also, approximately 34 percent and 37 percent of rental revenues are from three tenants for the years ended December 31, 2010 and 2009, respectively.

Wagon Wheel, LLC. ("WW") is a limited liability company incorporated in 2002 under the laws of the Commonwealth of Pennsylvania with the purpose of holding real estate properties, managed by Mt. Airy USA, within Mt. Airy USA's service area.

Mount Airy Special Services District, LLC ("MASSD") is a limited liability company incorporated in 2002 under the laws of the Commonwealth of Pennsylvania with the purpose of managing and supporting revitalization activities along commercial corridors within Mt. Airy USA's service area.

Montana, LLC ("Montana") is a limited liability company incorporated in 2006 under the laws of the Commonwealth of Pennsylvania with the purpose of developing and selling affordable housing within certain sections of the Mt. Airy USA service area.

Mount Airy Transit Village, Inc. ("MATV") is a not for profit organization incorporated in 2007 under the laws of the Commonwealth of Pennsylvania. The primary purpose of Mount Airy Transit Village, Inc. is to acquire and renovate blighted properties in the Mt. Airy service area.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The basic consolidated financial statements present the consolidated statements of Mt. Airy USA, Inc., Wagon Wheel, LLC, Mt. Airy Special Services District, LLC, Montana, LLC, and Mount Airy Transit Village, Inc. All significant intercompany accounts and transactions have been eliminated in the basic consolidated financial statements. These companies are affiliated by means of overlapping Boards of Directors, management and financial interdependence.

Basis of Reporting

Financial reporting by not-for profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the years ended December 31, 2010 and 2009, the Organization had accounting transactions in the unrestricted net asset category, which represents net assets that are not subject to donor imposed restrictions and the temporarily restricted net asset category, which represents net assets that are subject to time or donor imposed restrictions.

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Revenue and Support Recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Organization accounts for those contract revenues which have been determined to be exchange transactions in the consolidated statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The Organization's program revenues received in advance of their usage are classified as liabilities in the consolidated statements of financial position and funds disbursed but not received in advance represent grants and contracts receivables. The Organization receives government awards on both a cost reimbursement basis and fee for service basis.

Other unrestricted revenues are obtained from rental income, management and program fees and interest income. These revenues are not restricted in their use and are used to offset program, management and general, and fundraising expenses which are not funded by contract budgets. Revenue from these sources are recognized when earned.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property, Equipment and Depreciation

Property and equipment purchases are recorded at cost, except for donated items which are recorded at fair value on the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Depreciable years for each major asset category are as follows:

Description	Estimated Life (Years)
Buildings	40
Buildings improvements	5-40
Office equipment	5-7

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

Advertising

Advertising costs are charged to expense as incurred. Total advertising costs were \$33,240 and \$36,375 for the years ended December 31, 2010 and 2009, respectively.

Use of Estimates

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

Accounts Receivable

The Organization provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Accounts receivable are unsecured. Accounts past due are individually analyzed for collectability. In addition, an allowance is provided for other accounts when a significant pattern of uncollectability has occurred. When all collection efforts have been exhausted, the accounts are written off. At December 31, 2010 and 2009, an allowance was not warranted.

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Valuation of Long-Lived Assets

In accordance with the provisions of accounting standards related to "Accounting for the Impairment or Disposal of Long-Lived Assets", the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these consolidated financial statements.

Functional Allocation of Expense

The costs of providing program and supporting services have been summarized on a functional basis based either on a direct costing method for charging expenses to each program or function, or on an allocation formula applied to certain costs that is consistent with the benefit derived by each program. Expenses are classified in the consolidated statements of functional expenses using the following classifications:

Real estate development, which is working to remove blight, push markets, and attract private investment to Mt. Airy's commercial corridors and residential neighborhoods through scattered-site residential rehab and large-scale mixed-use, as well as transit-oriented development.

Commercial corridor revitalization, which is working to improve the business climate along Mt. Airy's main street, Germantown Avenue, through streetscape and place-making improvements and the operation of Main Street program.

Neighborhood programs, which is working to improve the quality of life for neighbors through services, including housing counseling to first-time homebuyers and distressed homeowners; and neighborhood organizing efforts intended to build community leadership, neighborhood engagement, reduce the incidence of crime, and beautify the residential neighborhood.

3. Income Taxes

Mt. Airy USA, Inc. qualifies as a tax-exempt organization under existing provisions of the Internal Revenue Code Section 501(c)(3) and its income is not subject to Federal or state income taxes.

Mt. Airy Transit Village, Inc. qualifies as a tax-exempt organization under existing provisions of the Internal Revenue Code Section 501(c)(3) and its income is not subject to Federal or state income taxes. MATV has unrelated business income taxes payable due to the rental income obtained from the cell phone tower purchased in 2008. There are no deferred income tax assets or liabilities as of December 31, 2010 and 2009, respectively.

Wagon Wheel, LLC, Mt. Airy Special Services District, LLC, and Montana, LLC are limited partnerships, income and losses pass through to and are reportable by the partners individually.

Mt. Airy USA, Inc., Wagon Wheel, LLC, Mt. Airy Special Services District, LLC, Montana, LLC, and Mount Airy Transit Village, Inc. adopted the pronouncement related to income taxes effective January 1, 2009 and there were no uncertain tax positions at the date of adoption or at December 31, 2010 for both the current year ended and any previous years of operations. In addition the Organization has no income tax related penalties or interest for the periods reported in the financial statements.

4. Construction of Property Held for Resale

Construction of property held for resale consists of both soft costs and construction costs incurred in the process of constructing mixed-use property located in the Mt. Airy section of Philadelphia. These properties are being developed by both Mt. Airy USA and Mt. Airy Transit Village. The total costs through the years ended December 31, 2010 and 2009, amounted to \$1,106,466 and 899,279, respectively.

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

5. Property and Equipment

Property and equipment, shown net of accumulated depreciation at December 31, consists of the following:

	2010	2009
Land	\$ 162,400	\$ 162,400
Building and improvements	5,884,246	5,690,165
Office equipment	<u>66,388</u>	<u>66,388</u>
	6,113,034	5,918,953
Less Accumulated depreciation	<u>1,054,761</u>	<u>918,408</u>
	<u>\$ 5,058,273</u>	<u>\$ 5,000,545</u>

Maintenance, repairs and minor replacements are charged to operations as incurred. Depreciation expense for the years ended December 31, 2010 and 2009 amounted to \$143,276 and \$140,578, respectively.

6. Intangible Assets

Intangibles represent cell phone tower leases totaling \$141,363 and \$148,287 at December 31, 2010 and 2009, respectively. These intangibles will be amortized to expense over the term of the respective leases including renewals. Subsequent to year end the cell phone leases were amended, (see footnote 12), As a result the leases have been fully amortized during 2011.

7. Lines of Credit

The Organization has a \$250,000 secured operating line of credit with a bank, bearing interest of 4 5 percent, at the years ended December 31, 2010 and 2009 the outstanding loan balance was \$241,463 and \$239,153, respectively. The line of credit was obtained to meet the operating cash flow needs of the Organization and is collateralized by certain buildings and improvements.

In addition the Organization added a second secured line of credit with a bank for acquisition and construction costs in 2010, in the amount of \$470,000 and bearing interest of 6 percent. At the year ended December 31, 2010 and 2009 the outstanding loan balance was \$172,381. The line is collateralized by the acquired buildings and improvements.

8. Long-Term Debt

A summary of long-term debt obligations at December 31, is as follows:

	2010	2009
Mortgage payable in monthly installments of \$2,242 including interest fixed at 6.5 percent through February 2010; balloon payment including interest due in February 2010; collateralized by certain building and improvements held for rental and the assignment of the related lease. Final payment made in February 2010.	\$ --	\$ 189,881
Mortgage payable in monthly installments of \$15,128 including interest fixed at 6.25 percent; final payment due December 2032; collateralized by certain building and improvements held for rental and the assignment of the related lease.	2,150,430	2,201,149

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

	2010	2009
Mortgage payable in monthly installments of \$432 including interest fixed at 6.375 percent; final payment due April 2018; collateralized by certain building and improvements held for rental and the assignment of the related lease. Note was paid off February 2010.	--	33,471
Note payable in monthly installments of \$1,618 including interest fixed at 7.0 percent; final payment due December 2018; collateralized by certain building and improvements held for rental and the assignment of the related lease.	119,599	130,225
Note payable in monthly installments of \$1,105 including interest fixed at 3.0 percent, through December 2018; balloon payment due January 2019; collateralized by certain building and improvements	202,881	209,941
Note payable incurred for the acquisition and construction of the Pelham Professional Buildings The note is due upon the sale of the buildings, the note bears no interest and is collateralized by certain building and improvements.	125,000	125,000
Note payable in monthly installments of \$3,972 including interest fixed at 3.25 percent, through December 2022; collateralized by certain building and improvements.	473,059	504,996
Note payable in monthly installments of interest only at the annual rate of the LIBOR rate plus 2.5 percent through December 2010. Effective December 1, 2010 the loan was extended, the annual interest rate is 6.0% fixed through December 1, 2011 and is payable in full at that time. The loan is collateralized by certain building and improvements.	463,500	463,500
Note payable in monthly installments of interest only at the annual rate of the LIBOR rate plus 2.75 percent through December 1, 2010. Effective December 1, 2010 the loan was extended, the annual interest rate is 6.0% fixed through December 1, 2011 and is payable in full at that time. The loan is collateralized by certain building and improvements	507,443	499,800
Note payable in monthly installments of \$1,188 including interest fixed at 6.5 percent; through May 2013, balloon payment is due June 2013, collateralized by certain building and improvements.	149,083	153,128
Note payable incurred for the construction of Walnut Lane due upon sale of the property, the note bears no interest and is collateralized by certain building and improvements. Final payment was made in April 2010.	--	48,171
Note payable incurred for the refinancing of the properties at 6700 Germantown Avenue and 29 East Phil Ellena Street, secured by those properties. Beginning April 1, 2010 the borrower will make interest and principal payments of \$2,031.87 per month for sixty months at a fixed interest rate of 6.250%. Beginning April 1, 2015 the payment will be \$2,008.13 per month for 59 months at a fixed interest rate of 6.125%, the final payment of \$279,504.45 is due March 1, 2020.	327,122	--

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

	2010	2009
Note payable incurred for the renovation of the building on E. Haines Street. The note is due upon the sale of the property, including interest at 0%, collateralized by this building and improvements.	47,174	--
Note payable incurred for the renovation of the building on Colonial Street. The note is due upon the sale of the property, including interest at 0%, collateralized by this building and improvements.	33,264	--
Note payable incurred for the renovation of the building on Knox Street. The note is due upon the sale of the property, including interest at 0%, collateralized by this building and improvements.	<u>42,358</u>	<u>--</u>
	4,640,913	4,559,262
Less: Current portion of long-term debt	<u>1,325,556</u>	<u>1,464,366</u>
	<u>\$ 3,315,357</u>	<u>\$ 3,094,896</u>

The total interest costs incurred during the years ended December 31, 2010 and 2009 were \$276,929 and \$213,580, respectively.

Maturities of the mortgage note in each of the next five years are as follows:

Year	Amount
2011	\$ 1,325,556
2012	112,180
2013	118,618
2014	125,057
2015	131,917
Thereafter	<u>2,827,585</u>
	<u>\$ 4,640,913</u>

9. Commitments and Contingencies

Financial awards from Federal, State and local governmental entities in the form of grants may be subject to additional audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date

10. Concentration of Credit Risk

Financial investments which potentially subject the Organization to concentrations of credit risk consist of cash and grants and contracts receivables. In an attempt to limit credit risk, the Organization places all funds with high quality financial institutions. At various times throughout the year, the Organization had cash balances in excess of FDIC insurance coverage. Concentration of credit risk with respect to grants and contracts receivable is limited due to the relatively large number of grants and funding sources comprising the Organization's receivable.

Mt. Airy USA, Inc. and Affiliates rent commercial real estate on yearly leases. The minimum future rentals for existing non cancelable operating leases at December 31, 2010, assuming renewals, are approximately \$372,000.

Mt. Airy USA and Affiliates
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

11. Other Matters

Certain amounts were reclassified at December 31, 2009 to conform to the presentation at December 31, 2010. The reclassifications had no effect on net assets at December 31, 2009.

12. Subsequent Events

The Organization has evaluated subsequent events occurring after the consolidated statement of financial position date through the date of July 21, 2011 which is the date the consolidated financial statements were available to be issued. Based on this evaluation, the Organization has that the following subsequent event as has occurred which requires disclosure in the consolidated financial statements.

MATV is the owner of certain property that is leased under two agreements of which one is a ground lease and the second lease is for a cell tower. (See note 6) In May 2011, these leases were amended to extend the lease term for 49 years. The amended lease agreements included a one-time payment totaling \$1,750,000 with a purchase option of one dollar.

Mt. Airy USA and Affiliates
Schedule of expenditures of Federal, State and City Awards
December 31, 2010 and 2009

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Award Period</u>	<u>Expenditures</u>
<u>Federal awards:</u>				
<u>U.S. Department of Transportation</u>				
Pass-through Pennsylvania Department of Transportation Streetscape Program	20.205	067571	01/14/2010-Open	\$ 1,810,224
Total CFDA 20.205				<u>1,810,224</u>
<u>U.S. Department of Housing and Urban Development</u>				
<u>Direct Programs:</u>				
Comprehensive Housing Counseling	14.169	10-0321-157	10/01/10-09/30/11	10,244
Comprehensive Housing Counseling	14.169	09-0321-110	10/01/09-09/30/10	28,608
Comprehensive Housing Counseling	14.169	09-0323-024	10/01/09-09/30/10	6,375
Total CFDA 14.169				<u>45,227</u>
<u>Pass-through Philadelphia Office of Housing and Community Development</u>				
Housing Counseling	14.218	11-20276	09/01/10-08/31/11	37,397
Housing Counseling	14.218	10-20335	09/01/09-08/31/10	40,700
Total CFDA 14.218				<u>78,097</u>
Total Federal awards				<u>1,933,548</u>
<u>State awards:</u>				
<u>Pennsylvania Department of Community and Economic Development</u>				
Pass-through Philadelphia Department of Commerce Main Street Program	N/A	0521090-04	04/15/09-04/14/10	8,284
Total				<u>\$ 1,941,832</u>

See independent Auditors' Report
Notes to Schedule of Expenditures of Federal, State and City Awards are an integral part of this schedule.

Mt. Airy USA and Affiliates
Notes to the Schedule of Expenditures of Federal, State and City Awards
December 31, 2010 and 2009

1. General Information

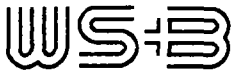
The accompanying schedule of expenditures of Federal, state and city awards presents the activities of all the Federal, state and city award programs of Mt Airy USA and Affiliates. All financial awards received directly from Federal, state and city agencies as well as financial awards passed through other governmental agencies or not-for-profit organizations are included on the schedule.

2. Basis of Accounting

The accompanying schedule of Federal, state and city awards is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to Federal, state and city funding agencies due to those reports being submitted on either a cash or modified accrual basis accounting.

3. Relationship to Basic Financial Statements

Federal, state and city award expenditures are reported on the statements of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the schedule of Federal, state and city awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.



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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors,
Mt. Airy USA and Affiliates:

We have audited the consolidated financial statements of Mt. Airy USA and Affiliates as of and for the year ended December 31, 2010, and have issued our report thereon dated July 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Mt. Airy USA and Affiliates' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mt. Airy USA and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Mt. Airy USA and Affiliates' internal control over financial reporting.

A deficiency exists in internal control when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, that in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mt. Airy USA and Affiliates' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Mt. Airy USA and Affiliates in a separate letter dated July 21, 2010.

This report is intended solely for the information and use of the audit committee, management of Mt. Airy USA and Affiliates and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Smith + Brown, PC

July 21, 2011



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**Report on Compliance with Requirements That Could Have a Direct
and Material Effect on the Federal Program and on Internal Control
Over Compliance In Accordance with OMB Circular A-133 and the
City of Philadelphia Subrecipient Audit Guide**

To the Board of Directors,
Mt. Airy USA:

Compliance

We have audited the compliance of Mt Airy USA and Affiliates with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *City of Philadelphia Subrecipient Audit Guide* that are applicable to its major Federal, state and city of Philadelphia programs for the year ended December 31, 2010. Mt Airy USAs' major Federal, state and city of Philadelphia programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal, state and city of Philadelphia programs is the responsibility of Mt Airy USAs' management. Our responsibility is to express an opinion on Mt Airy USAs' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*" and the *City of Philadelphia Subrecipient Audit Guide*. Those standards, OMB Circular A-133 and the *City of Philadelphia Subrecipient Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal, state or city of Philadelphia program occurred. An audit includes examining, on a test basis, evidence about Mt Airy USAs' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Mt Airy USAs' compliance with those requirements.

In our opinion, Mt Airy USA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal, state and city of Philadelphia programs identified in the accompanying schedule of findings and questioned costs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of Mt Airy USA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal, state and city of Philadelphia programs. In planning and performing our audit, we considered Mt Airy USAs' internal control over compliance with requirements that could have a direct and material effect on a major Federal, state and city of Philadelphia program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mt Airy USAs' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a Federal, state or city of Philadelphia program on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, that adversely affects the entity's ability to administer a Federal, state or city of Philadelphia program such that there is a reasonable possibility that there is a reasonable possibility that noncompliance with a type of compliance requirement of a Federal, state or city of Philadelphia program that is more than inconsequential will not be prevented or detected and corrected by the entity's internal control on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and Federal, state and city awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

William Smith + Brown, PC

July 21, 2011

Mt. Airy USA and Affiliates
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010 and 2009

Section 1 – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Control deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal and State Awards

Internal control over major programs:

Material weaknesses identified? No

Control deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

The following Federal programs were designated as major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section 2 – Financial Statement Findings

None reported.

Section 3 – Federal, State and City Award Findings and Questioned Costs

None reported.

Section 4 – Follow Up Prior Year Audit Findings

None reported.

**Mt. Airy USA
Office of Housing and Community Development (OHCD)
Statement of Program Expenditures – Contract Number 10-20335
Year Ended December 31, 2010**

Contract Categories	Project Budget			Accrued Expenditures Prior Year			Accrued Expenditures 01/01/10-12/31/10			Accrued Expenditures Cumulative		
	Other		Total Funds	Other		Total Funds	Other		Total Funds	Other		Total Funds
	CDBG Funds	Non-City Funds		CDBG Funds	City Funds		Non-City Funds	CDBG Funds		City Funds	Non-City Funds	
Direct personnel	\$ 37,800	\$ --	\$ 37,800	\$ 16,172	\$ --	\$ 16,172	\$ 23,572	\$ --	\$ 23,572	\$ 39,744	\$ --	\$ 39,744
Direct fringe benefit	6,534	--	6,534	1,658	--	1,658	2,751	--	2,751	4,409	--	4,409
Travel	--	--	--	--	--	--	--	--	--	--	--	--
Occupancy	15,156	--	15,156	7,278	--	7,278	7,878	--	7,878	15,156	--	15,156
Consumable supplies	11,510	--	11,510	5,010	--	5,010	6,499	--	6,499	11,509	--	11,509
Professional fees	--	--	--	--	--	--	--	--	--	--	--	--
Insurance	--	--	--	--	--	--	--	--	--	--	--	--
Operating sub total	71,000	--	71,000	30,118	--	30,118	40,700	--	40,700	70,818	--	70,818
Audit costs	--	--	--	--	--	--	--	--	--	--	--	--
Contract total	\$ 71,000	\$ --	\$ 71,000	\$ 30,118	\$ --	\$ 30,118	\$ 40,700	\$ --	\$ 40,700	\$ 70,818	\$ --	\$ 70,818

See Independent Auditor's report.

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Schedule of Program Income – Contract Number 10-20335
Year Ended December 31, 2010

There was no program income reported for the year ended December 31, 2010.

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Reconciliation Schedule – Contract Number 10-20335
Year Ended December 31, 2010

<u>Category</u>	<u>Amount Per Books and Records</u>	<u>Amount Per 08/31/10 Subrecipient Invoices</u>	<u>Difference</u>
Contract amount	\$ 72,675	\$ 72,675	\$ --
Program costs			
Current year	40,700	40,700	--
Cumulative	70,818	70,818	--
Funds drawn down			
Current year	63,376	63,376	--
Cumulative	<u>63,376</u>	<u>63,376</u>	<u>--</u>
Balance of advance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditor's report.

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Statement of Source and Status of Funds - Contract Number 11-20276
Year Ended December 31, 2010

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non-City Funds</u>	<u>Total</u>
Total contract (Final Authorized Budget)	\$ 68,500	\$ --	\$ --	\$ --	\$ 68,500
Less:					
Funds drawn down - prior fiscal years	--	--	--	--	--
Funds drawn down - current year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total funds drawn down	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Funds still available for draw down	68,500	--	--	--	68,500
Total funds drawn down	--	--	--	--	--
Add: Program income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total funds received	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Less:					
Program income expended					
Funds applied - prior fiscal years	--	--	--	--	--
Funds applied - current fiscal year	<u>37,397</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>37,397</u>
Total funds applied	<u>37,397</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>37,397</u>
Total funds due from funding source	<u>37,397</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>37,397</u>
Total funds available for disposition	<u>\$ 31,103</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 31,103</u>

See Independent Auditor's report

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Statement of Program Expenditures – Contract Number 11-20276
Year Ended December 31, 2010

Contract Categories	Project Budget			Accrued Expenditures Prior Year			Accrued Expenditures 09/01/10-12/31/10			Accrued Expenditures Cumulative			
	Other		Total Funds	Other		Total Funds	Other		Total Funds	Other		Total Funds	
	City Funds	Non-City Funds		City Funds	Non-City Funds		City Funds	Non-City Funds		City Funds	Non-City Funds		
Direct personnel	\$ 43,475	\$ --	\$ 43,475	\$ --	\$ --	\$ 21,933	\$ --	\$ 21,933	\$ 21,933	\$ --	\$ 21,933	\$ --	\$ 21,933
Direct fringe benefit	6,847	--	6,847	--	--	2,992	--	2,992	2,992	--	2,992	--	2,992
Travel	485	--	485	--	--	--	--	--	--	--	--	--	--
Occupancy	9,287	--	9,287	--	--	5,425	--	5,425	5,425	--	5,425	--	5,425
Consumable supplies	2,208	--	2,208	--	--	2,209	--	2,209	2,209	--	2,209	--	2,209
Professional fees	6,198	--	6,198	--	--	4,838	--	4,838	4,838	--	4,838	--	4,838
Insurance	--	--	--	--	--	--	--	--	--	--	--	--	--
Operating sub total	68,500	--	68,500	--	--	37,397	--	37,397	37,397	--	37,397	--	37,397
Audit costs	--	--	--	--	--	--	--	--	--	--	--	--	--
Contract total	\$ 68,500	\$ --	\$ 68,500	\$ --	\$ --	\$ 37,397	\$ --	\$ 37,397	\$ 37,397	\$ --	\$ 37,397	\$ --	\$ 37,397

See Independent Auditor's report

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Schedule of Program Income – Contract Number 11-20276
Year Ended December 31, 2010

There was no program income reported for the year ended December 31, 2010.

See Independent Auditor's report.

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Reconciliation Schedule – Contract Number 11-20276
Year Ended December 31, 2010

<u>Category</u>	<u>Amount Per Books and Records</u>	<u>Amount Per 12/31/10 Subrecipient Invoices</u>	<u>Difference</u>
Contract amount	\$ 72,675	\$ 72,675	\$ --
Program costs			
Current year	37,397	37,397	--
Cumulative	37,397	37,397	--
Funds drawn down			
Current year	--	--	--
Cumulative	--	--	--
Balance of advance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

See Independent Auditor's report

Mt. Airy USA
Office of Housing and Community Development (OHCD)
Statement of Source and Status of Funds – Contract Number 10-20335
Year Ended December 31, 2010

	<u>CDBG Funds</u>	<u>Program Income</u>	<u>Other City Funds</u>	<u>Non-City Funds</u>	<u>Total</u>
Total contract (Final Authorized Budget)	\$ 71,000	\$ --	\$ --	\$ --	\$ 71,000
Less:					
Funds drawn down - prior fiscal years	--	--	--	--	--
Funds drawn down - current year	<u>63,376</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>63,376</u>
Total funds drawn down	<u>63,376</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>63,376</u>
Funds still available for draw down	7,624	--	--	--	7,624
Total funds drawn down	63,376	--	--	--	63,376
Add: Program income	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total funds received	<u>63,376</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>63,376</u>
Less:					
Program income expended					
Funds applied - prior fiscal years	30,118	--	--	--	30,118
Funds applied - current fiscal year	<u>40,700</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>40,700</u>
Total funds applied	<u>70,818</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>70,818</u>
Total funds due from funding source	<u>7,442</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>7,442</u>
Total funds available for disposition	<u>\$ 182</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 182</u>

See Independent Auditor's report