

18 Units

INITIAL INVESTMENT OFFERING
\$18,000,000



empowering urban talent to reach their potential

The purpose of this Series A SEGUE offering is to support the expansion of Year Up into major markets across the United States and to build a sustainable, scalable national program model.

Series A SEGUE Units are perpetual with no due date. There is no provision for ongoing cash returns on the units. The underwriter believes that investors will enjoy perpetual intangible rewards from the knowledge that they have participated in the expansion of a venture that will: (1) bring material social and economic improvements to disconnected youth in U.S. inner cities, and (2) generate a significant Social Return on Investment (SROI) in the form of increased tax revenues and reductions in social costs such as welfare, child support and the criminal justice system. An individual purchase of a Series A SEGUE Unit may receive a deduction of federal and state income taxes. Investments may be tax deductible.



empowering urban talent to reach their potential

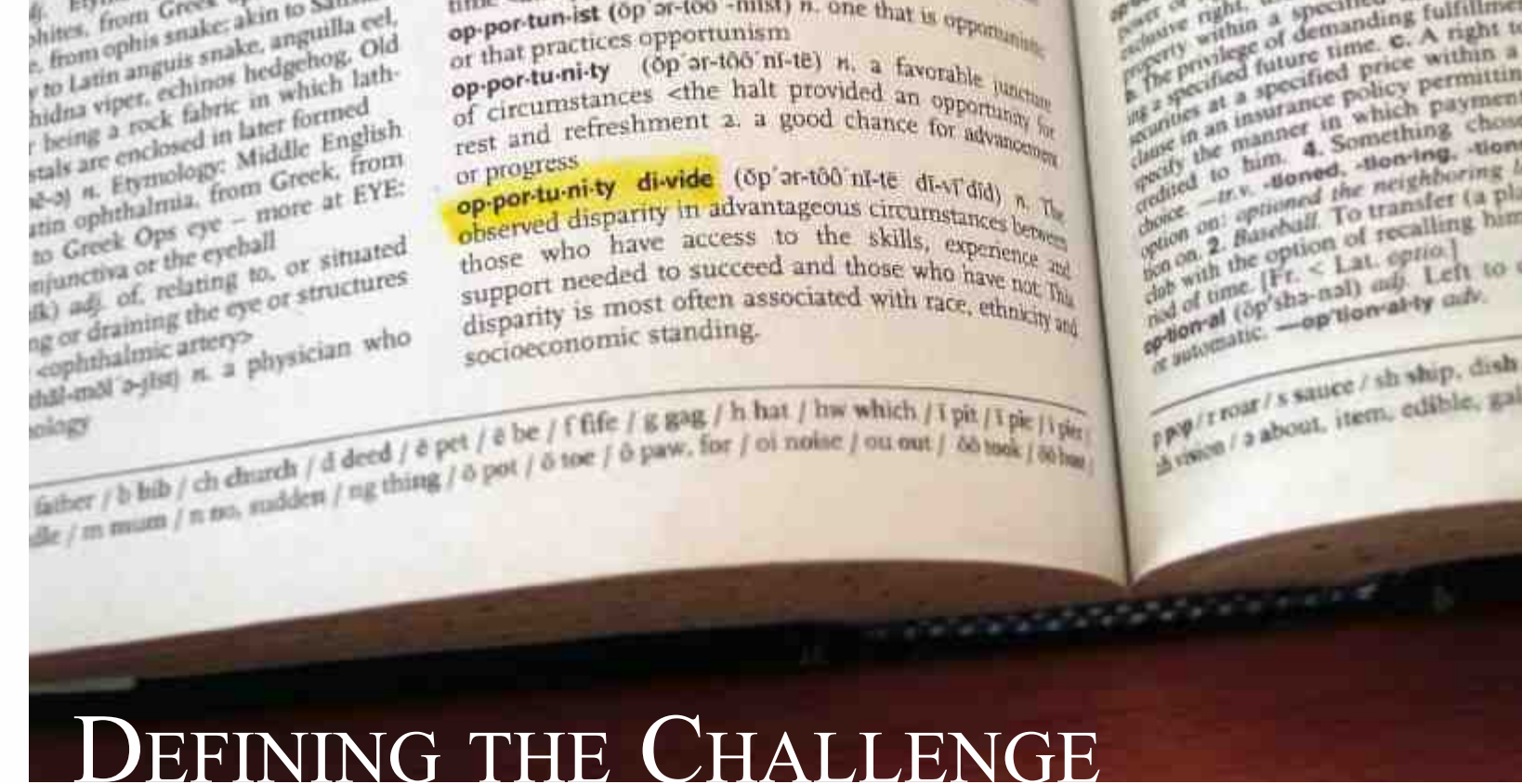
18 Units Amount per Unit: \$1,000,000			
	Unit Price (1)	Expenses of Offering (2)	Proceeds to Year Up (3)
Per Unit	\$1,000,000	- 0 -	\$1,000,000
Total	\$18,000,000	- 0 -	\$18,000,000

- (1) At the start of the offering, \$4,000,000 had been subscribed.
- (2) Out-of-pocket expenses have been paid by The Genesis Group. Year Up's cost is limited to officers and employees providing information to assist in the preparation of this prospectus and participating in interviews with potential partners.
- (3) This offering is subject to an over-allotment. Year Up, at its discretion, may increase the offering by four units or \$4,000,000.

This memorandum has been prepared with attention to the guidelines generally accepted in the securities industry. This offering is not required to be registered with the Securities and Exchange Commission or any state regulatory body, nor has it been reviewed or approved by any government agency.



The date of this prospectus is May 5, 2007



DEFINING THE CHALLENGE

OPPORTUNITY

- The country's fastest growing demographic groups (Latinos and African Americans) are receiving the least amount of education
- More than 40% of public high school students who manage to graduate are unprepared for either college courses or anything beyond an entry-level job
- Less than 10% of low-income individuals ever earn a college degree
- By 2035, the United States will be a majority minority country

DIVIDE

- The "livable wage" job market is demanding higher levels of skill from its workforce
- 40% of all jobs in the US require the use of technology and on average pay 45% more than jobs that do not require the use of technology
- The minimum wage is not a livable wage in most American cities
- By 2015, 8 out of 10 jobs will require some form of post-secondary education

MISSION

To close the Opportunity Divide by providing urban young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education.

IMPACT

- Serves low-income, urban young adults, ages 18-24
- Learning sites in Boston, New York City, Providence and Washington, D.C.
- More than 800 graduates now working in leading companies across the Northeast
- Will serve more than 500 students in 2007
- Will have over 10,000 alumni by 2016

RESULTS

- 83% student retention
- 100% placement of qualified students into apprenticeships
- 90% of apprentices meet or exceed apprenticeship partners expectations
- 85% employment rate within 4 months of graduation
- \$14.75/hr average wage
- 43% college enrollment
- 65% college acceptance



CLOSING THE OPPORTUNITY DIVIDE



STATE STREET

“State Street's partnership with Year Up has become an integral component of our strategic plan to grow a pipeline of future IT employees. Year Up's program brings enormous value to its corporate partners and has a measurable impact on the lives of urban young adults.”

Joseph Antonellis
Chief Information Officer
State Street Corporation

“If there was another name for Year Up to be known as, it would be ‘Opportunity.’ Opportunity is the best word to describe Year Up, because that is what I found there. Year Up gave me the opportunity to show people what I was able to do and to demonstrate how hard I could work in order to get what I wanted and needed. I am proud to say that I am now a full-time employee at State Street Corporation as a result of my hard work and responsibility that I've taken throughout the time I've been working here.”

JUAN TEJADA



Class of July 2006
PC Lab Technician
State Street Corporation

Bank of America 

“Year Up is addressing a critical need in our community - namely, they help our youth gain the skills they need to both compete in the marketplace and support our region's economy. Bank of America is honored to work in partnership with an organization that is very capably delivering on that laudable goal and we are pleased to take advantage of the extraordinary talent within the pool of Year Up apprentices.”

Robert E. Gallery
President
Bank of America Massachusetts

“Attending Year Up made me realize that everything is possible – that once I set a goal for myself, I can achieve it. I learned that I can have a successful career and follow my dreams, as well as be a mom. I just needed the proper technical training and someone to help me recognize my own potential. My goal now is to be a role model for other young women, to show them what Year Up taught me – that you can have a successful life and reach your potential.”

SHERLEY TORRES



Class of July 2004
National Platform Support Agent
Bank of America

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perot**systems**[®]

“As a technology service provider, our IT staff is the face of our company. It is critical that we attract and retain the best-qualified people for these jobs. Year Up provides the training and pipeline of talent to address this critical need while offering unparalleled opportunities to their students.”

John King
Vice President & Co-Founder
Perot Systems

“At Year Up I learned as much as I could about IT. I overcame my fear of public speaking, learned what it meant to be responsible, and began communicating my thoughts more clearly and effectively. My apprenticeship at Perot was a motivating experience and I am grateful for the opportunity to work and learn from such a talented team. I am now building upon my skills and plan to expand my passion for IT by hopefully managing my own IT team of professionals some day and, with any luck, my own software development company.”

BRYAN HOLSTON



Class of July 2006
Deskside Support Technician
Perot Systems

YEAR UP GROWTH PLAN AND CAPITAL REQUIREMENTS

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I. EXECUTIVE SUMMARY

Year Up, a 501(c)(3) charitable organization, is an innovative workforce development program that serves disconnected young adults from major urban areas. Year Up is based on a simple premise: if young adults from urban communities are challenged and supported to learn real job skills and gain hands-on work experience in a corporate environment, they're more likely to get livable-wage jobs and go on to college.

In its five-year history, Year Up's growth trajectory has been steep. It has increased its annual operating budget from \$700,000 in 2001 to \$8.3 million in 2006. From a class of 22 students in 2001, it is on track to reach over 500 young adults by the close of 2007. Year Up now operates in five sites: Boston, Cambridge, Providence, New York City, and Washington, DC. It has developed unique partnerships with institutions of higher education to provide its students with up to 18 college credits upon graduation. And, it has developed a network of more than 60 corporate partners; companies that support Year Up's apprenticeship program, which currently accounts for over 40% of Year Up's operating revenue.

Year Up's model works. In its first six years, Year Up has served over 800 at-risk young adults. Over 83% of its students have completed the intensive program. More than 85% of Year Up graduates secure full-time employment earning an average wage of nearly \$15/hour (equivalent to \$30,000 annual salary) within four months of graduation. Currently 43% of Year Up alumni are attending college, most while working full-time. Year Up is providing real opportunities for urban young adults to demonstrate their potential and, at the same time, partnering with corporations to provide them with a new source of talent.

After six years of honing its model and proving that the model works in multiple locations, Year Up is ready to complete the second phase of its strategic growth plan. During this second phase, Year Up seeks to strengthen the operational structure of its four metropolitan area locations, open operations in four additional cities, and grow to serve over 1,600 students annually. During this time, Year Up will also look to further develop its recurring revenue streams – apprenticeship revenue, public funding and Year Up Scholars donations – so that all Year Up sites are on a clear path to financial sustainability by 2011.

After its next five years of growth, the groundwork will be laid for the third phase of its strategic growth plan. From 2012-2016, Year Up will implement a strategy to reach students across twenty other major metropolitan areas and continue to build valuable social networks for its growing alumni base. During this period, Year Up will also focus more heavily on influencing three of the systemic factors that contribute to the problem of disconnected young adults: poor quality workforce training; limited corporate engagement; and inadequate public policy. Specifically, Year Up will provide technical assistance to other workforce development programs to implement its model, change the way corporations recruit and retain talent, and lobby state and federal policymakers for increased government funding of high-quality, performance based workforce development programs.

To reach its ambitious goals for the next five years, Year Up seeks to raise \$18 million in growth capital. This capital will allow Year Up to pursue five key initiatives and to expand its risk capital reserves. Those five initiatives are: 1. **Demonstrate Long-Term Sustainability**, 2. **More Than Quadruple the Number of Students Served**, 3. **Fully Establish a National Operations Platform**, 4. **Refine the Model and Document Impact**, and 5. **Create a National Replication Vehicle and Strategy**. With this investment of growth capital, Year Up will be on the way to seeing its ultimate vision of urban young adults living up to their potential for stable, successful, economically self-sufficient lives.

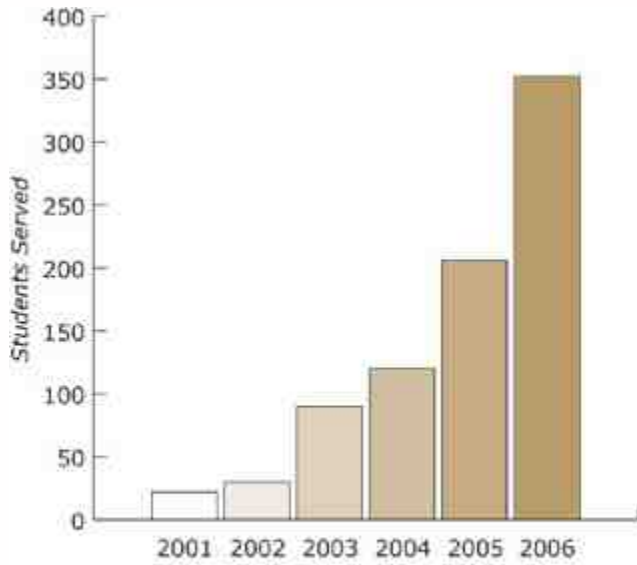
"Year Up is right in every way. It's right for Citizens, because we get access to a group of motivated, well-trained colleagues. It's right for the students, because they get a chance to gain skills and to earn their way to success. And it's right for the community, because it brings the power of free enterprise to solving social issues."

*- Bill Wray,
CIO, Citizens Financial Group*

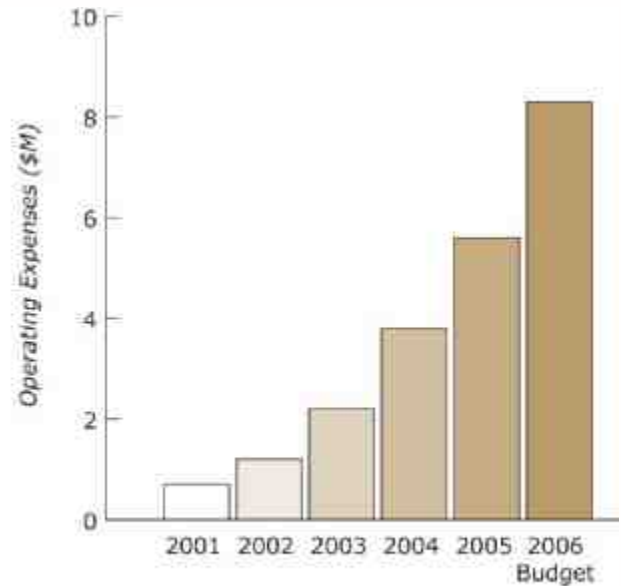
II. SUMMARY CONSOLIDATED FINANCIAL DATA

Year Up maintains its records in accordance with generally accepted accounting principles applicable to philanthropic organizations. The following financial data ties into financial statements issued for the years 2001 – 2005 and board-approved budgeted figures for 2006.

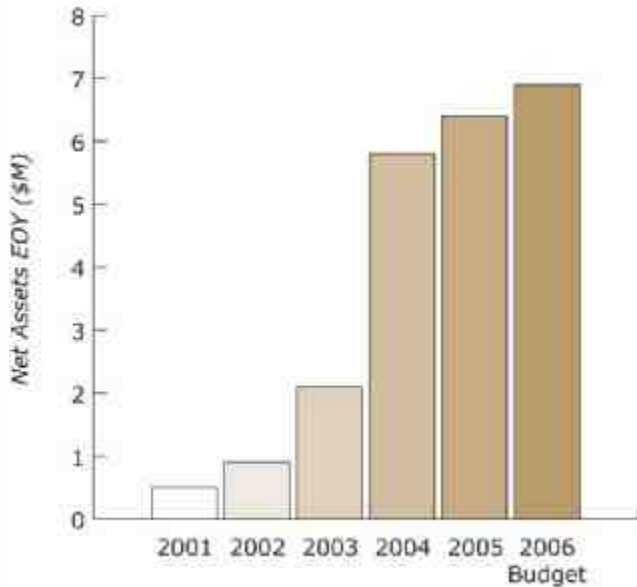
Number of Students Served



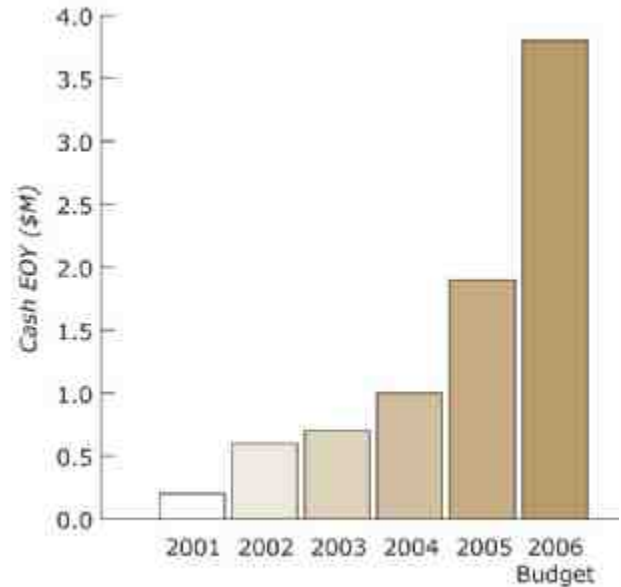
Operating Expenses



Net Assets



Cash



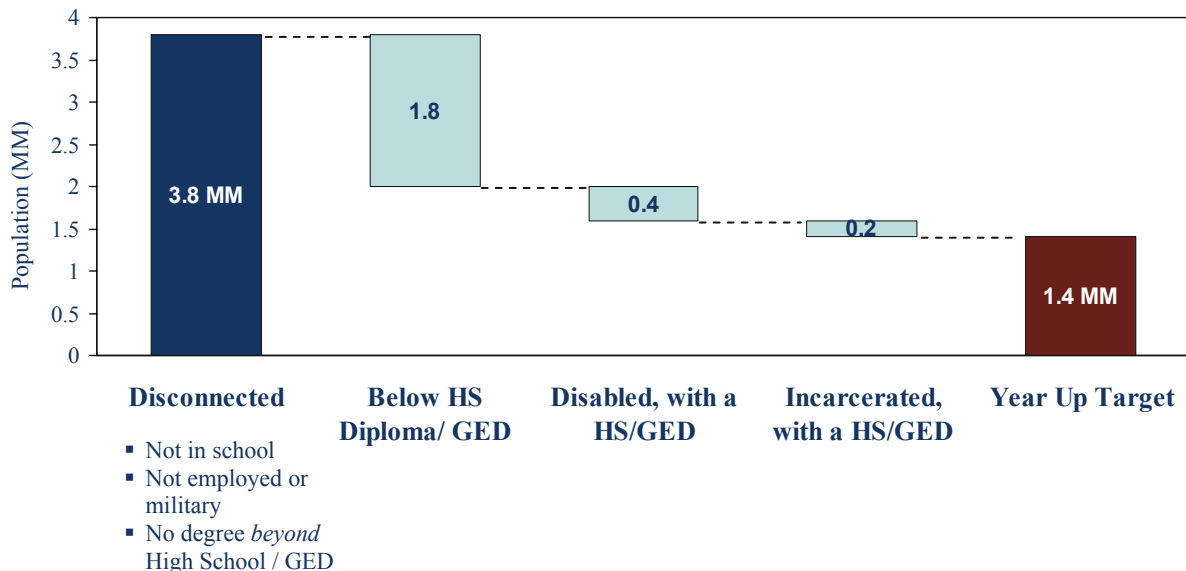
III. THE CHALLENGE: DISCONNECTED YOUNG ADULTS

A recent Annie E. Casey Foundation report (Kids Count Data Book, 2004) estimated that 3.8 million youth in this country, 236,000 of them in New York State alone, have not progressed beyond a high school diploma and are neither employed nor enrolled in postsecondary education. Youth experiencing this “disconnection” from the economic mainstream make up nearly 15% of all 18-24 year olds, and illustrate the magnitude of a national “opportunity divide” that is getting worse. Without proper guidance and opportunities, these young adults will continue to face enormous challenges in transitioning from high school to higher education and family-supporting careers. Some will enter college only to become discouraged and drop out; others will cycle in and out of job training and adult education programs, never getting beyond low-paying jobs with little prospect of advancement.

Compounding the problem is the fact that most new jobs, and virtually all jobs that offer wages sufficient to support a family, require at least some education and training beyond high school, even at the entry-level (Carnevale and Reich 2000). Even one year of postsecondary education increases lifetime earnings by 5 to 15 percent per year. Concurrently, the widespread application of computer technology has changed labor requirements across industries (Autor, Levy and Murnane 2001). Nearly every sector is experiencing demand for “knowledge workers,” who have both up-to-date technical know-how, and also are able to communicate effectively, solve problems and learn rapidly as technology changes. While knowledge jobs may involve greater levels of skill than the routine jobs, what distinguishes them even more is the degree of professionalism expected of workers in better jobs as opposed to the dead-end ones.

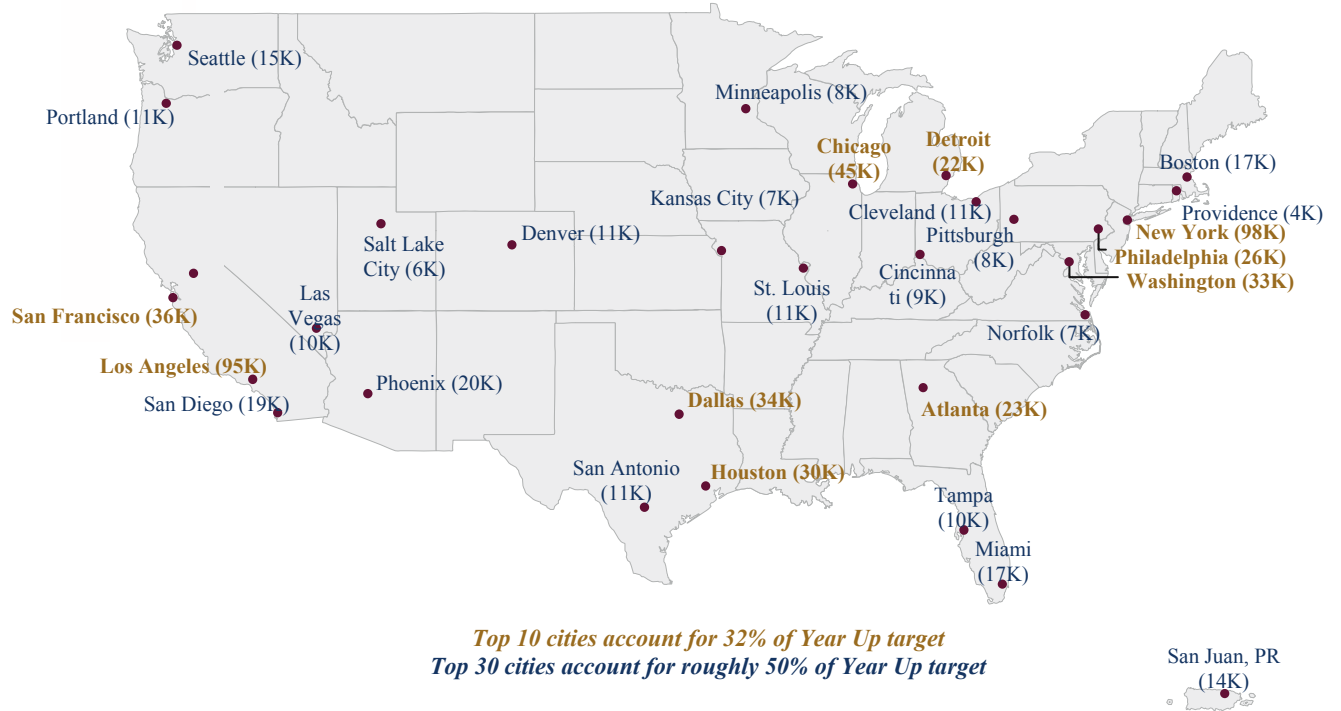
The challenge is further compounded by the fact that most corporations have not generally considered urban young adults without college degrees as a viable source of talent for these knowledge jobs. Furthermore, the family, community and social networks that aid many young adults in finding high quality employment and education opportunities often do not exist for Year Up’s target population.

Year Up’s National Target Population: 1.4 Million Young Adults



Approximately 1.4 million disconnected young adults have graduated from high school or have obtained a GED. These young people constitute Year Up’s target market. Of these, about 700,000 live in the country’s 30 largest urban centers.

Year Up’s Target Cities



IV. OUR RESPONSE: THE YEAR UP SOLUTION

As a Big Brother volunteer while working on Wall Street, Year Up founder Gerald Chertavian noted that urban young adults, who are talented, motivated and smart didn't have a path into the mainstream. In his Harvard Business School admissions essays, Gerald wrote about starting a school that would fix the Opportunity Divide that so many urban young adults face. In 1999, after selling the software firm he had co-founded, he broke out those old essays and began work to launch Year Up. The Year Up model is an innovative one – a model that not only serves students well, but also serves corporations equally as well, and creates levers for longer-term systemic impact. The Year Up model is one that can, and will, bridge this country's Opportunity Divide.

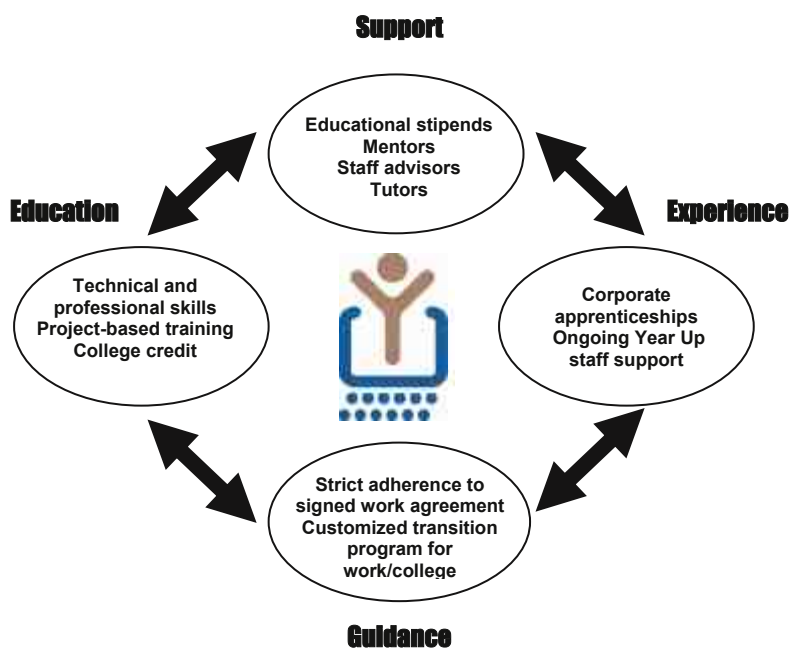
Serving Students with High Support and High Expectations

The Year Up program combines four elements: support, guidance, education and experience. Unlike many traditional programs, Year Up places a particular emphasis on support and guidance, as it believes a supportive environment builds confidence and helps students confront issues that could derail their achievements. Year Up provides students with staff advisors, mentors, and tutors. Each student earns an educational stipend during the intensive one-year program, and a signed contract guides professional behavior and ensures accountability.

Education. During the first six months, students learn marketable Desktop Support/IT Helpdesk or Investment Operations skills. In order to stay ahead of an evolving market, it is exploring other training areas such as call center functions, branch banking and healthcare services. Professional communications skills provide the

practical capabilities that enable students to succeed in business and academic settings. Year Up students also partner with institutions of higher education to earn up to 18 college credits upon graduation. Year Up's ability to grant college credit as part of an in-depth training program has received national recognition.

Experience. After completing this training, students are placed in six-month apprenticeships with leading companies such as Bank of America, Freddie Mac, CVS/pharmacy, BlueCross BlueShield, Perot Systems, State Street Corporation, and Fidelity Investments. This gives students the opportunity to apply their skills, gain experience and broaden their industry contacts. Apprenticeships



provide corporate partners with a valued service: pre-trained, pre-screened entry-level talent. By demonstrating their ability to perform well during apprenticeships and full-time positions, our students and graduates are positively changing perceptions about where talent lies in urban areas. More than 85% of Year Up’s corporate apprenticeship partners have renewed their commitment to future classes of Year Up apprentices.

Guidance. Year Up’s high expectation, high support program includes signed work contracts to emphasize high expectations for quality work and professional behavior. A customized transition program provides students with the skills needed for academic success and career development as they continue with full-time employment and higher education.

Support. A supportive and consistent environment builds confidence, encourages better learning and helps create a path for a young person’s journey to success. Year Up surrounds its students with extensive resources to support them during and after the program. Staff members act as student advisors, meeting with students weekly to discuss professional and personal issues. Each student is assigned a mentor from the business community to further support his or her development. Weekly guest speakers provide career and life perspectives and often act as part of the students’ professional network. Tutors, practice interviewers and job coaches offer additional support and assistance with college applications and resumes.

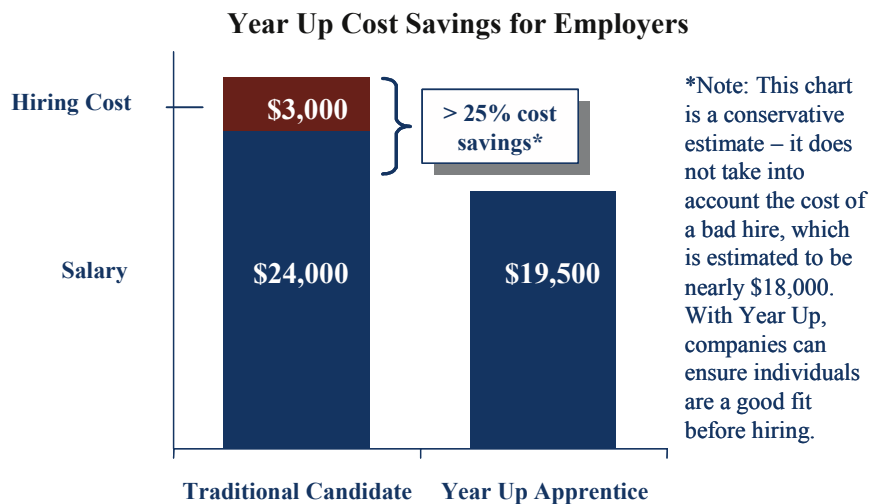
During the apprenticeship and after graduation, Year Up’s Career and Alumni Services provides support in job placement, career development, higher education, and alumni network development. As students graduate from the program, they become members of Year Up’s Alumni Association which is creating a network of professionals that provides deep and lasting support for future graduates as they begin to establish and further their careers.

Alumni represent the future of Year Up. As emerging young professionals, alumni form a support network for future classes of Year Up students, acting as mentors and providing job leads and career advice. Year Up’s Alumni Association is a graduate-led organization that elects its own officers. 44% of alumni report that they keep in touch with more than five classmates and more than 75% have participated in at least one post-graduation event.

Through tools such as a student-built alumni website and semi-annual newsletters, the Alumni Association provides job opportunities and organizes workshops, humanitarian efforts and reunions. Its mission is to create a community of professionals that provides deep and lasting support for future graduates as they begin to establish their careers.

Serving Corporate Partners

Year Up provides corporate partners with a cost-effective, reliable source of pre-trained, pre-screened potential entry-level employees. Year Up works with its partners to ensure that the apprenticeship program meets their need for entry-level knowledge workers. By screening and training every student, Year Up saves companies significant recruiting time and resources. Continued hands-on support for students throughout their apprenticeships increases a company’s



productivity without requiring substantial time on the part of their managers.

More than 85% of Year Up’s corporate partners continue to renew their commitment to future classes. By demonstrating their ability to perform well during apprenticeships and full-time positions, Year Up students and graduates are positively changing corporate perceptions about low-income workers from diverse backgrounds.

Year Up currently works with more than 60 corporate partners in Greater Boston, Providence, Metro Washington, DC and New York City. The organization’s primary point of contact with these organizations is at the CEO, COO or CIO (Chief Information Officer) level. In general, these organizations have 500+ employees and exist in a wide range of industries, including financial services, professional services, media, technology, healthcare, biotech, education, government, nonprofit, retail and manufacturing.

Year Up’s Partial List of Corporate Partners

<p>Education/Government/Non-profit</p> <p>Boston University Bright Horizons City of Boston City of Providence Commonwealth of Massachusetts Harvard University Massachusetts Institute of Technology Princeton Review Rhode Island Economic Development Corporation State of Rhode Island</p> <p>Financial Services</p> <p>Bain Capital Bank of America BlackRock Blue Cross Blue Shield Citigroup Citizens Bank Eaton Vance Fidelity Investments</p>	<p>Freddie Mac Investors Bank and Trust JPMorgan Chase Lehman Brothers Marsh & McLennan Merrill Lynch MFS Investment Management Providence Equity Partners Putnam Investments State Street Corporation Textron Financial Corporation Thomson Financial</p> <p>Professional Services</p> <p>Abt Associates Aquent Bain & Company Digitas TAC Worldwide WilmerHale</p> <p>Media & Technology</p> <p>CBS4 Houghton Mifflin NBC10</p>	<p>Pegasystems Perot Systems Radio One</p> <p>Retail & Manufacturing</p> <p>Dunkin Brands CVS/pharmacy Gillette (Proctor & Gamble) Staples Stop and Shop</p> <p>Healthcare & Biotech</p> <p>Boston Medical Center Children's Hospital Inova Health System Lifespan Medstar Partners HealthCare</p> <p>Other</p> <p>Boston Celtics FW Webb Gilbane</p>
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V. YEAR UP RESULTS AND IMPACT

Management Dashboard: Year Up tracks its overall program outcomes using a “Management Dashboard” to monitor progress with the staff and Board. The scorecard tracks 19 metrics in seven key program areas: student pipeline cultivation, consistent student support, teaching marketable skills, providing quality service to partners, student success, staff recruitment and retention, and sustainable program infrastructure. The Bridgespan Group considers Year Up’s Quarterly Dashboard to be an industry best practice.

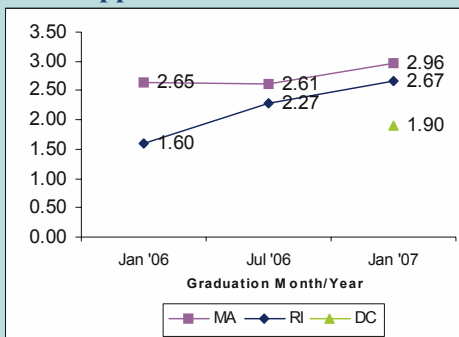
Example from Year Up’s Management Dashboard – 2 of 19 metrics

Key:

- G** • Green means that the area is performing on target
- Y** • Yellow means caution and further attention and analysis is warranted
- R** • Red means there are significant concerns and follow-up is a priority

Metric:

Average Number of Apprentices Per Partner



Comments & Rules:

Consolidation among major partners in Boston and Providence continues.

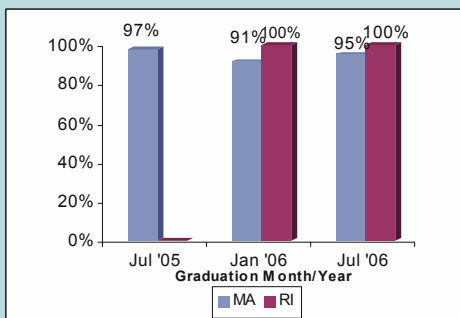
In Boston, six major partners account for 53% of all apprenticeships.

- G** • ≥ 4 apprentices per partner
- Y** • $2 < \text{apprentices per partner} < 4$
- R** • Apprentices per partner ≤ 2

Metric:

Satisfaction with Year Up

Question: Based on this apprentice’s performance, would you continue relationship with Year Up?



Comments & Rules:

Apprenticeship partners remain generally satisfied with Year Up relationship.

Survey data for most recent class will be available in fall.

- G** • Yes $\geq 90\%$
- Y** • $85\% < \text{Yes} < 90\%$
- R** • Yes $\leq 85\%$

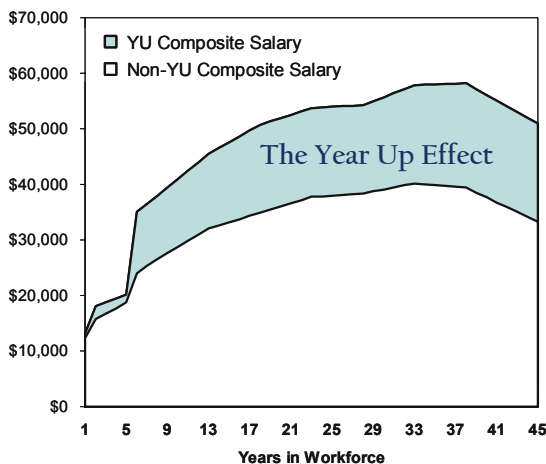
Student Results. Year Up tracks student outcomes along a number of measures outlined below and there are specific goals in each area:

Student Results	Measures	Goal	Actual
Placement in 6 month apprenticeships	Apprenticeship placement rate	100%	100%
Positive apprenticeship feedback	Apprenticeship partner surveys	≥ 85% meet/exceed expectations	90%
Program retention	Graduation rate	≥ 80%	83%
Placement in full/part-time or contract positions	% of students placed within four months of graduation	≥ 85%	85%
College Acceptance	% of students accepted to college within one year of graduation	≥ 50%	65% (43% currently attending)
Significant earning potential	Average wage level	≥ \$15.00/hour	\$14.75/hour

Progress toward meeting all of the above benchmarks will be tracked in Year Up’s national operations meetings and quarterly board meetings, with Executive Directors reporting on their progress. Data will come from a company-wide tracking system that is already in place but is being enhanced.

External Evaluation. Year Up is currently in the process of selecting an external evaluator to design and implement a multi-year study of Year Up’s impact. The field of potential evaluators currently under consideration includes three of the nation’s leading nonpartisan, social policy research organizations: Abt Associates, MDRC, and Urban Institute. Through a partnership with the Non-Profit Finance Fund, Year Up will explicitly focus on the site sustainability issues addressed by this project; we will share results with investors as they become available.

Economic benefits. Year Up’s graduates produce a substantial economic benefit in terms of tax contributions alone. An MIT consulting team has conservatively estimated that the Year Up program boosts a graduate’s lifetime income by \$423,000 in net present value terms, resulting in an additional \$134,000 in tax revenues. This number does not yet reflect reductions in social costs such as welfare, child support and the criminal justice system. An investment of \$6.6 million over Year Up’s first five classes alone has translated to \$61.1 million in increased expected lifetime earnings and \$19.4 million in incremental tax revenue (2003 MIT Sloan Study).



The Year Up Effect:
In net present value terms, Year Up boosts a student’s lifetime earnings by \$423K, resulting in \$134K in additional taxes.

Return on Investment:
Year Up’s First 5 Classes
 Total amount invested:
\$6.6 Million
 Total NPV of increased lifetime earnings for Year Up graduates:
\$61.1 Million
 Total NPV of additional tax revenue generated by Year Up graduates:
\$19.4 Million

Year Up Recognition

Year Up's track record of results and student success stories continue to attract local and national attention.

Time, April 2007

The New York Sun, January 2007

Providence Monthly, January 2007

NECN, December 2006

NEWYORKBUSINESS.COM, December 2006

NYC Timeout Magazine, December 2006

The Jim Vincent Show, December 2006

The City, November 2006

Boston Business Journal, October 2006

The Boston Globe, May 2004, October 2006

Jobs for the Future, The Career Advancement Portfolio,

July 2006

News Channel 8, June 2006

Washington Afro-American Newspapers, June 2006

Jobs for the Future Case Study, January 2006

City Journal, Winter 2006

Viacom Media Campaign, Winter/Summer 2006

ABC6, September 2005, January 2005

Sundays with Liz Walker, June 2005

The Providence Journal, April 2005

The Providence American, March 2005

Fortune Small Business, March 2005

Fast Company, January 2005

The Christian Science Monitor, December 2004

The Boston Herald, September 2004

Vertitude.com, June 2004

WCVB-Channel 5 CityLine, June 2004

The Boston Globe, May 2004

Imagen Hispana, April 2004

Providence Journal, April 2004

Providence Business News, March 2004

New Century Philanthropy, Winter 2003

Business Week, September 2003

New England Political Review, March 2004

Boston Metro, December 2002

WCVB-Channel 5 Chronicle, October 2002

Mass High Tech, June 2001



Fast Company and Monitor Group
Social Capitalist Award
January 2005 & 2007



Champions of Freedom:
Archie Jr. Williams Technology Award
May 2005



Commonwealth Corporation's Excellence
in Partnership Awards:
Dr. Stanley Z. Koplik Commitment to Learning Award
June 2004



The Manhattan Institute Social Entrepreneurship Award
Fall 2003

VI. COMPETITION

Within the field of job training for the post-high school population, only a small handful of organizations share some components of Year Up’s model. As Year Up has expanded into new markets, we have researched other similar programs. All of these programs provide much needed opportunities for young people who would otherwise be left out of the economic mainstream. None of them, however, combine the four components of the Year Up program – support, guidance, education and experience – in the same way, with consistent, replicable outcomes. Year Up provides a unique combination of the following:

- Technical skills training applicable to entry-level jobs that pay in excess of \$14/hour
- Professional skills and business communications training
- 6-month apprenticeship program that funds in excess of 40% of operating expenses with 60+ partners
- Strong employer engagement, buy-in and collaboration
- Student stipend throughout the program tied to a contract
- Proven behavior management system
- Opportunity to earn up to 18 college credits
- Staff advisors and mentors
- Career and alumni services
- Excellent results in apprenticeship performance, job placement, income and college placement
- Scalable model that has grown from 22 students to 352 students in 5 years across 4 cities.

Organization	Program	Comparison to Year Up
Byte Back Washington, DC www.byteback.org	Byte Back founded in 1997 to provide hands-on computer training to the Washington, DC community, enabling economically disadvantaged people to acquire computer skills. With a community computer training center in Northeast Washington, Byte Back seeks to close the "digital divide," the gap that exists between those who have access to computers and computer training, and those who do not.	Byte Back’s IT training program for youth is a small program, with a total of approximately 50 youth graduates since 2000.
NPower New York New York, NY www.npowerny.org	NPower NY’s mission is "to ensure all nonprofits can use technology to better serve their communities." NPower NY’s "Technology Service Corps" was an innovative addition to the model, providing an opportunity for young people (18-25) to develop technology skills at the same time that the organization was assisting other nonprofit organizations.	The TSC program is much shorter in duration than Year Up (12 weeks, including a 4-week apprenticeship) and the class sizes are much smaller (8 students). The focus on nonprofit clients limits the income stream from internships.
Per Scholas New York, NY www.perscholas.org	Per Scholas “brings computers to low-income children and families at the lowest possible cost, trains community residents to gain employment as computer technicians and provides environmentally responsible recycling of end-of-life computer equipment.” Since 1996, Per Scholas has trained 1,000 people in a 15-week program, including a paid apprenticeship.	The Per Scholas program does not focus on the young adult population. The age range is 18-55; less than 20% of participants are under the age of 24. Program also not as focused on meeting specific needs of corporations.
i.c. stars Chicago, IL www.icstars.org	Serves Chicago-area urban young adults, ages 18 – 27, with HS diploma/GED and a track record of 6 months of consecutive work experience. Participants spend four months in teams of 3–4 working to solve client business problems and build prototype web applications. Graduates are prepared for work in apprenticeships and entry-level technology positions. Program currently serves 40 – 50 students annually.	Program started around same time as Year Up with very similar mission. Key difference is its smaller scale. Also, due to high-intensity schedule and long hours, program requires that applicants have demonstrated success in the workforce before coming to i.c. stars.

VII. GROWTH PLAN

Phase I – Getting Things Right: 2000 – 2006

Year Up has been uniquely successful in helping disconnected young urban adults to move into the economic mainstream. Over the past six years, Year Up has:

- ✓ Grown from serving 22 students annually to serving 352 in 2006;
- ✓ Proven that the model can achieve scale while maintaining quality;
- ✓ Replicated the model to multiple cities; and
- ✓ Formed partnerships with over 60 corporations.

We are proud of what we have accomplished in “Phase I” of our growth and are inspired by the achievements of our graduates. However, much remains to be done. The 352 young adults that Year Up served in 2006 represent a small fraction of the total need -- 1.4 million disconnected young adults with high school degrees or GEDs.

In order to have an impact on a meaningful portion of this population, we believe the following must happen:

- Training and support must be made available to significantly more disconnected young adults.
- Corporations must be convinced that urban youth without college degrees represent an untapped source of high-quality entry-level employees, and thus increase their recruiting from this population.
- Urban young adults must have a greater number of successful role models who help raise the expectations of what they can achieve, and provide the social networks and support to help them achieve it.
- Federal and State governments must recognize that funding workforce development programs aimed at disconnected young adults is a tremendous investment.

This can only be accomplished by a dramatic increase in the number of disconnected young adults and corporations that are touched by a program like Year Up. To achieve this, we have constructed, with the help of the Monitor Group consulting firm, an ambitious plan for the next two phases of our growth.

Phase II – Showing Proof Points: 2007 - 2011

Our primary goals in Phase II are to significantly increase the number of young adults directly impacted by Year Up’s programs, and to achieve those milestones critical for our next phase of growth:

- Demonstrate that the model can work at scale and can be sustained in cities across the country.
- Generate stronger evidence of both short-term direct impact (providing disconnected youth with a path to long-term economic sustainability and social networks) and longer-term systemic impact (changing corporate recruiting perceptions, assisting other workforce development programs to implement the Year Up model and influencing public policy).
- Create the organizational capabilities and strategy for further growth through both Year Up operated sites and affiliates or franchises.

With these overall goals in mind, specific objectives for growth during this phase are:

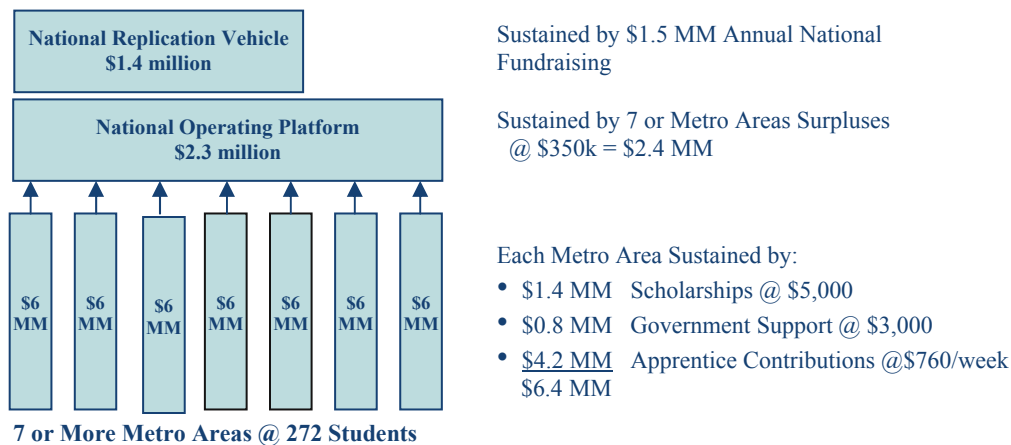
- Expand Year Up program from 3 to 7 metro areas¹, and from 350 to 1,600 students served annually
- Attain sufficient scale in each metro area for
 - ✓ Financial sustainability of the site;
 - ✓ Measurable changes in corporate perceptions in that metro area; and
 - ✓ Year Up Alumni to have a measurable impact on number of role models and social networks in communities with large numbers of disconnected young adults.
- Build the national infrastructure required for scale.
- Refine our model and document its impact.
- Create a replication strategy for Phase III.

To achieve these objectives, Year Up will pursue the following five key initiatives.

1. Demonstrate Long-Term Sustainability

During Phase II, Year Up will demonstrate clearly that our operating model can be scaled in an economically sustained way.

Long Term Sustainability Model



¹ Note: For financial purposes, Massachusetts and Rhode Island are considered one “metro area” operation here, as the Boston/Cambridge and Providence sites may ultimately have several combined functions including development, apprenticeship partner relationship management and alumni services.

Enterprise Perspective. Long-term, our \$2.3 million per year National Operating Platform will be sustained by surplus revenues from operations in each of 7 or more metro areas (7 Metro Areas * \$350,000 Surplus = \$2.45 million). Thereafter, each additional metro area location, once mature, will enhance our ability to finance continued growth internally. Separately, our \$1.4 million per year National Replication Vehicle will be sustained by ongoing fundraising efforts at the national level. We feel confident that the National Replication Vehicle will be attractive to a wide range of funders, and that disciplined revenue pipeline management techniques will yield at least \$1.4 million per year of reliable revenues towards its ongoing operation.

By the end of Phase II, we expect 3 of our 7 metro area operations to achieve or exceed the \$350,000 surplus goal, and for the remaining 4 metro area operations to demonstrate clear trajectory towards the goal. Combined, the 7 metro areas will, by 2011, make a net contribution of \$.7 million towards the \$2.3 million annual National Operating Platform budget and be on track to cover the entire \$2.3 million budget by 2013.

By the end of Phase II, we also expect to fully cover the expense of our National Replication Vehicle with a strong pipeline of well-diversified and ongoing funding commitments, generated by a four-person development department at the national level.

Site Perspective. At maturity, each Year Up metro area operation will serve at least 272 students per year, 218 of which will go on to become apprentices. Each metro area will incur about \$6 million per year in expenses, offset by three local and inherently repeatable sources of revenue, generating a total net surplus of about \$350,000 per year:

- Apprenticeship Contributions from Corporate Partners. (70% coverage of site level expenses) As discussed above, our targeted \$760 per week presents a better-than-market exchange of value to our corporate partners, especially when the benefits of avoiding recruitment expense and avoiding “bad hires” are taken into account. Presently, 45 of our 60+ corporate partnerships contribute at the targeted level or above. Overall, an 8% boost in the average weekly rate will be required in order to achieve the \$760 per week system-wide target for 2011.
- Scholarships from Local Philanthropists. (22% coverage of site level expenses) Each \$5,000 Year Up Scholarship unlocks the opportunity for another young person to participate in the Year Up program. At the scaled-up level of 272 students per year, this translates into \$1.4 million of annual support per metro area, raised by a four-person local fundraising operation. We expect local philanthropic support to arise from a diverse combination of individual, foundation and corporate relationships and feel confident that 100% ongoing Scholarship coverage can be achieved within three years for each metro area. In early 2006, Year Up formally launched the Year Up Scholars program in Boston and now 54% of Boston students are covered by this program. Year Up Scholars efforts in other markets are in their early phases of development.
- Per Student Public Support. (13% coverage of site level expenses) Initial research suggests that government workforce development programs often provide amounts in excess of \$5,000 per student, and that Year Up’s efficient, evidence-based program will likely compete effectively for public support. However, given our lack of experience in this arena and given the likelihood that government funding relationships will take several years to establish, we have limited our 2011 public support target to \$3,000 per Year Up student.

2. More Than Quadruple Students Served

By 2011, we will expand the Year Up program from 3 to 7 metropolitan areas, and from 352 to 1,600 students served annually.

- Examine Boston and Rhode Island sites to ensure that we are taking advantage of opportunities for combined operations and efficiency. Certain functions may be combined into one “Metro Area” operation, including development, apprenticeship partner relationship management and alumni services.
- Deepen the existing Boston, Rhode Island, Washington D.C. and New York programs from 352 students served to 888 students served.
- Launch four new metropolitan area operations: one in 2008, two in 2009 and one in 2010. By 2011, serve 714 students in these sites. Launching a new site requires significant research into local funding sources, corporate and community partners, and the urban population Year Up serves. As in the past, we plan to carry out the initial screening of key “site suitability” factors via consulting teams that match local business school students with strategy consulting firms.
- In each site, build a pipeline of diversified local revenue from apprenticeships, public sources, individuals, corporations and foundations. Overall, generate a combined site surplus of \$.7 million in 2011.

3. Fully Establish National Operations Platform

Year Up will continue to build a national infrastructure that will ensure consistent quality across sites, share innovations, and preserve culture.

- Select and implement a national contact system for efficiently managing Year Up’s interlocking network of fundraising, volunteer, and employer contacts.
- Develop a student and alumni database for tracking and comparing balanced scorecard metrics across sites.
- Upgrade IT infrastructure to support the communications and collaboration needs of a national organization – voice/data system, intranet, WAN and server improvements.
- Promote brand awareness through development of key national partnerships (professional apparel outfitter, technology provider, etc.) and targeted media campaigns.
- Roll out HR systems to enable the efficient hiring, development and retention of talented staff. Plans include new initiatives such as a middle-manager training program and a “re-tooling” course for instructors teaching new market-oriented curriculum modules.

4. Refine Model and Document Impact

To improve quality, measure impact and increase efficiencies, it will be critical to continue exploring Year Up’s levers of change and fine-tuning the model’s scalable units.

- Design and conduct a nationally recognized external evaluation study to measure direct and indirect program impact.
- Implement a standardized assessment tool for admissions and progress monitoring
- Launch two new curriculum areas (such as call-center customer service or medical coding) to meet market demands.
- Explore strategies to continue lowering cost/student ratios while preserving quality.
- Pilot a local “satellite site” model to serve communities surrounding Metro Boston area (such as Merrimack Valley, Worcester, etc.).
- Add new Alumni Association services to cost-effectively serve growing graduate pool.

5. Create National Replication Vehicle and Strategy

Implementing the appropriate replication model via a separate entity will enable rapid, high-quality national expansion.

- Build on initial Monitor consulting team analysis with in-depth research on potential structures for national replication (franchise, affiliate, fully-owned, etc.).
- Identify “essential elements” that must be consistent across sites and document core best practices within a “Site-in-a-Box” tool.
- Select replication model, develop business plan, and recruit staff tasked with driving broader national expansion.

Phase III – Furthering the Cause: 2012-2016

By achieving our objectives in Phase II, we believe that Year Up will be positioned to increase our impact even more dramatically in Phase III. During this period Year Up will focus more heavily on influencing three of the systemic factors that contribute to the problem of disconnected young adults: poor quality workforce training, limited corporate engagement and inadequate public policy. Specifically, during Phase III, we hope to:

- Serve over 5,000 students annually in Year Up programs (both ‘company-owned’ and affiliates/franchises) in 25 cities across the country;
- Significantly impact corporate hiring practices through national partnerships with more than 25 major corporations, and local relationships with more than 200 employers;
- Have more than 10,000 Year Up alumni serving as role models for disconnected youth in their community, and providing a robust and valuable support network; and
- Bring about policy changes that contribute to meeting the needs of disconnected youth, by improving government funded workforce development programs, increasing grants/loans for programs like Year Up, and creating incentives for corporations to provide opportunities to these young adults.

Our Revolution: By the year 2016...

- 1** There will be *10,000 Year Up alumni* with the skills, experience, support, and network needed to reach their true potential.
- 2** *25 cities** will have programs that will give urban young adults the *opportunity* to develop the skills, experiences and relationships to enter a *living wage career and higher education*.
- 3** *Urban young adults* across America will know that people from their community can acquire the skills, experiences and relationships to enter a living wage career and higher education.
- 4** *Businesses* across America will realize that many *entry level professional jobs* can be performed by *qualified/trained graduates* from work force development programs as well as or better than college graduates.
- 5** Federal and state *governments* will recognize funding work force development programs as an extraordinary investment and *will fund work force development organizations, corporate incentives and loan/grant programs*.

**Top 25 cities with disconnected young adults*

Challenges

While Year Up is confident that we have a thoughtful, achievable growth plan, we recognize that growth will not come without challenges. The key challenges expected in meeting these ambitious growth targets relate to funding ongoing program costs of Year Up sites and maintaining exceptionally high program quality. Funding ongoing program costs will depend upon the continued development of three recurring revenue streams – corporate apprenticeship contributions, public funding, and Year Up Scholars donations. Maintaining program quality will depend upon the continued development of the infrastructure, processes and human capital required to achieve Year Up’s mission. The development of all of these key financial and programmatic elements is well underway, though a few specific factors that we must consistently track and consider are outlined below:

- **Changes in the Economy** – Apprenticeship revenue is so critical to the Year Up model that changes to the economic climate can impact the willingness of corporate partners to take significant numbers of students. Year Up’s flexible model allows us to add new high-growth areas of curriculum to increase the number of entry-level jobs.
- **Apprenticeship Placement Requirements**– Increasingly, our corporate apprenticeship partners are requiring criminal background checks and drug tests for individuals interested in working with them. These additional precautions can present challenges in placing our at-risk student population.
- **Student Retention Rate** – Year Up does not expect to have retention consistently above 85% as this would mean that we were likely accepting students with less significant challenges. Part of our mission is to reach more deeply into categories of student risks. That said, keeping retention at acceptable levels (we have set a target of 80%) is critical to our financial model and will require continuing high levels of student support and recognition of behavioral patterns to facilitate early intervention.
- **Shifting Political Environment** – Elections and legislative action can change dramatically, so public funding is a challenge. We are working to build out a broad base of supporters in both legislative and executive branches. We’ve seen that this can work in Massachusetts, with growth of \$300k in 2004 to \$700k in 2006 in MA. We will also pursue legislative options outside of annual appropriations. Our plan for sustainability does not expect public funding to consistently cover in excess of 20% of our operating costs.
- **Ongoing Human Capital Development** – Identifying, developing and retaining the appropriate human capital is time-intensive and costly. Year Up looks for staff members who are not only highly competent in their primary job function, but believe strongly in its mission and are able to work well with a diverse group of young people in a flexible environment while being able to handle multiple roles.

VIII. GROWTH CAPITAL REQUIREMENTS

Once the 7 metro area operating model has been achieved, Year Up will be financially self-sustaining and even able to self-finance a modest rate of continued growth. During Phase II, however, we will be operating with fewer than 7 mature metro area operations, and we will be launching new sites at a rapid rate. Thus, a one-time infusion of \$19.8 million in Phase II growth capital is required, \$18 million of which will be raised at the national enterprise level, and \$1.8 million of which will be raised as local launch capital.

(In the absence of rapid continued growth, Phase II is designed to yield a close-to-self-sustaining operation. Phase III will likely merit another infusion of growth capital, however, so that Year Up can continue to grow quickly.)

Growth Capital Consumption

	2007	2008	2009	2010	2011
Ordinary Revenue	\$9.8	\$14.1	\$18.3	\$27.3	\$36.4
Ordinary Expense	(\$12.5)	(\$15.8)	(\$21.1)	(\$31.0)	(\$38.1)
Operating Deficit	(\$2.7)	(\$1.7)	(\$2.8)	(\$3.7)	(\$1.7)
One-time Expenditures	(\$0.7)	(\$1.1)	(\$1.0)	(\$0.6)	(\$0.4)
Risk Reserve Expansion	(\$0.5)	(\$0.4)	(\$0.6)	(\$1.1)	(\$0.8)
Growth Capital Consumed	(\$3.9)	(\$3.2)	(\$4.4)	(\$5.4)	(\$2.9)

On track to break even by 2013, assuming no additional sites

\$19.8 Million in Growth Capital
\$ 1.8 million raised locally
\$18.0 million raised at enterprise level

Outlined below, are possible uses of the \$18 million of enterprise-level Phase II growth capital:

- New Site Launches. (\$3-\$4.5 million) Each Year Up site takes four years to reach break even in a new metro area. Since local revenue growth lags local expenses somewhat, a one-time infusion of \$1.2 million in growth capital is required for each metro area operation to reach self-sustaining operations. In each site, \$.4 million of this capital will be pre-raised locally. The remainder will be drawn down from our \$18 million pool of enterprise-level Phase II growth capital. During Phase II, our 3 existing metro area operations will draw down \$1.0 million from the pool and 4 new launches will draw down a total of \$2.9 million.
- National Operating Platform & National Replication Vehicle. (\$5-\$7 million) Two aspects of scaling require that growth capital be used temporarily to subsidize operations at the national level. First, the 7 metro area operations that will ultimately sustain the National Operating Platform have not yet reached maturity. And second, we have not yet ramped up our national fundraising capacity to levels that will be needed to sustain our \$1.4 million per year National Replication Vehicle. By the end of Phase II, the 7 metro area operations will be nearing maturity, and national fundraising capacity will be fully developed. In the meantime, a draw-down of \$6.9 million from the pool will be required.

- One-time Investments. (\$3-\$4 million) Several one-time investments will be made during Phase II, requiring the use of growth capital. These include investments towards:
 - third-party evaluation (\$1 million)
 - student/alumni database construction (\$.29 million)
 - new curriculum development (\$.25 million)
 - contact management system (\$.19 million)
 - standardized student assessment methodology (\$.17 million)
 - growth related capital expenditures (\$1.70 million)
 - IT and telephony upgrades (\$.17 million)
 - management training (\$.13 million)

- Expansion of Risk Capital Reserve. (\$3-\$4 million) Year Up’s sustainability requires that enough risk capital be on hand to withstand the inevitable financial shocks we are likely to encounter over the years. We expect to emerge from 2006 with over \$4 million of cash on hand, just under \$1 million of which is designated as growth capital. This cash reserve exceeds our 2006 budget projections and becomes the foundation for a long-term risk capital reserve. Our growth plan targets a risk capital reserve of \$6.4 million by the end of 2011, equal to approximately 17% of our annual operating budget at that time. This amount is less than our long-term risk reserve target of 50%. However, we anticipate that another round of enterprise growth capital may be raised in 2011, which will provide ample risk capital coverage in the coming years.

Accounting for the \$18 Million Year Up 2007 Growth Capital Investment

All financial flows associated with Year Up’s growth capitalization will be monitored and reported using the SEGUESM (Sustainable Enhancement Grant) methodology developed by the Nonprofit Finance Fund, a certified Community Development Financial Institution based in New York City, with seven offices nationwide. The SEGUESM methodology, designed to provide philanthropic investors with an equity-like experience, incorporates the following features:

- Maintenance of Capitalization Table. Year Up will maintain a definitive list of Series A SEGUE Investors, identifying their names, contact information and invested amounts. This roster will not be altered unless a new Investor is added, or an existing Investor alters their commitment.

- Communication of SEGUE Investors. Year Up will provide each Investor with the definitive list of other SEGUE Investor identities. Any change in the roster of Investors or amounts invested by each will be communicated promptly to all Investors. Each Investor will be offered the option to be listed as “Anonymous” on this shared communication.

- New Sub-Account. Year Up will establish a new Temporarily Restricted sub-account, called “Series A SEGUE”, which will be tracked and reported upon as part of Year Up’s standard internal financial reporting.

- Permissible Flows: Series A SEGUE Temporarily Restricted Sub-Account. May be increased only by temporarily restricted funder commitments that are explicitly identified as Series A SEGUE. New dollars may not be added to this sub-account if they are related to Investor commitments made on any date following the official Close of the Series A SEGUE. As specified by Investors, all releases from this sub-account must be directed to uses specified in the Series A SEGUE Summary of Principal Terms.
- Communication of Series A SEGUE Sub-Account Inflows and Outflows. Investors will regularly be informed, at a summary level, of all annual inflows and outflows from the Series A SEGUE Sub-account.
- Accounting Treatment for Subsequent Capital Funding. Any subsequent rounds of Year Up SEGUE funds will be accounted for using Series A SEGUE accounting methods similar to those used for the first round, but tracked separately, using a separate temporarily restricted sub-account.
- Exhaustion of Growth Capital Funds Before Use of Subsequent Growth Capital Funds. Subsequent rounds of enterprise-level growth capital may be raised at any time. However, subsequently raised funds may not be used unless and until all Series A SEGUE proceeds have been fully exhausted.

Investing in Year Up's Growth Capital Investment

- Investment: The word "Investment" refers to non-revocable and unconditional contributions to Year Up that are entirely charitable in nature and will generate no financial returns to the investor.
- Investment Offering: Up to 22 million non-assignable Series A SEGUE Units, at \$1.00 per unit.
- Series A SEGUE Unit: A Unit is defined as a formal mechanism by which Year Up recognizes the roles played by philanthropic investors who provide equity-like capital required to produce a Year Up enterprise that is fully self-sustaining under its chosen long-term business model for ongoing revenue generation. Holding Series A SEGUE units does not constitute equity (e.g. ownership) in Year Up, Inc. Investors receive no governance authority. Investors hold no Board seats, unless formally invited by Year Up to join the Board for reasons unrelated to the SEGUE investment.
- Restrictions on Investment Proceeds: Year Up's use of Series A SEGUE proceeds is, until May 15, 2012, restricted as follows:
 - At the end of each fiscal year, Year Up will provisionally calculate its Change in Unrestricted Net Assets "*as if*" no releases were to be made from temporarily restricted Series A SEGUE funds.
 - If this provisional calculation yields a positive Change in Unrestricted Net Assets of magnitude greater than or equal to 10% of the fiscal year's Operating Expenses, then Series A SEGUE funds will not, in that fiscal year, be used.
 - Otherwise, Series A SEGUE funds will be used towards achieving a positive Change in Unrestricted Net Assets for the fiscal year of magnitude up to (but not more than) 10% of the fiscal year's Operating Expenses.
 - The calculations above will be based upon audited financial statements.
 - Beginning May 16, 2012, and thereafter, use of any remaining Series A SEGUE proceeds is not subject to donor-imposed restrictions.

APPENDIX

- A – WHAT PEOPLE ARE SAYING ABOUT YEAR UP
- B – YEAR UP MANAGEMENT TEAM
- C – BOARD OF DIRECTORS AND ADVISORY BOARDS
- D – PRO-FORMA FINANCIALS: 2007 – 2011
- E – YEAR UP COST STRUCTURE

APPENDIX A – WHAT PEOPLE ARE SAYING ABOUT YEAR UP

“The best investment we can make for Boston’s future is to create the skilled workforce employers need and to invest in our young people so that they can compete for the jobs of tomorrow. That’s why programs like Year Up are critical.”

Thomas M. Menino, Mayor of Boston

“This is an important, exciting and proven way to transform the lives of our young adults, giving them education, experience and guidance, and putting them on the fast-track of some of today’s leading career choices. Based on the incredible achievements of the Boston and Cambridge programs, we know this works and we are delighted the young men and women of Providence will now have the same opportunity.”

David N. Cicilline, Mayor of Providence

“Year Up has demonstrated that it has the ability to deliver a high-quality program that makes an enormous impact on the lives of our urban youth and provides immense value for corporations. We are committed to our relationship with them and look forward to their continued growth.”

David Fike, Chief Technical Officer, Marsh & McLennan

“With an innovative program model, Year Up’s vision of empowering our urban youth is both ambitious and attainable. Their rapid growth is a reflection of its remarkable and measurable success.”

Joseph Smialowski, Executive Vice President, Freddie Mac

“Year Up has changed my life in many ways. They helped me open doors, so that I could live a better life and provide for my daughter. After a great apprenticeship at Textron, I was hired full-time as a Data Security Coordinator. No matter what the situation, the staff never gave up, or let me give in, when times were rough. It always helps to have a little more support and they provided that for me. It’s nice to know that I can still walk through the doors, either for conversation or for help, and that they’ll always welcome me with open arms.”

Devy Rodriguez, 2006 Year Up Providence graduate

“After graduating from high school with no college to look forward to and only a part-time job, I couldn’t see the possibilities of having a better life. At the very young age of 17, I became a father. I wanted to provide a better life for my child than I had experienced. However, I didn’t have any guidance through the process and the challenges became even greater when we had a second child. With the help of Year Up, I discovered the motivation to succeed and the opportunity to financially support my family. Now, my future looks bright. I have great technical, communication, and speaking skills to help me in the work environment. I am now working full-time as a Trading Application Support Specialist at State Street Corporation.”

Carlos Torres, 2005 Year Up Boston graduate

APPENDIX B – YEAR UP MANAGEMENT TEAM

Management Team

Gerald Chertavian, *Founder and CEO*

Born and raised in Lowell, MA, Gerald Chertavian combined his entrepreneurial skills and his passion for working with urban young adults to found Year Up in 2000. Year Up is recognized by Fast Company and The Monitor Group as one of the top 25 organizations in the nation using business excellence to engineer social change. Gerald's commitment to working with urban youth spans more than 20 years. He has actively participated in the Big Brother mentoring program since 1985 and was recognized as one of New York's outstanding Big Brothers in 1989.

The recipient of the 2003 Social Entrepreneurship Award by the Manhattan Institute and the 2005 Freedom House Archie R. Williams, Jr. Technology Award, Gerald has been featured in many publications, including The Boston Globe, The Boston Herald, BusinessWeek, Fortune Small Business, and The Christian Science Monitor. He currently serves as a Trustee of Cambridge College, Bowdoin College and the Boston Foundation is on the Board of Advisors for the Harvard Business School Social Enterprise Club, New Sector Alliance, Boston Scholars and Adolescent Consulting Services.

Gerald earned a B.A. in Economics, Phi Beta Kappa, summa cum laude, from Bowdoin College and an M.B.A., with honors, from Harvard Business School. He began his career on Wall Street as an officer of the Chemical Banking Corporation and then moved on to become the head of marketing at Transnational Financial Services in London. Gerald co-founded Conduit Communications in 1993 and fostered its growth to \$20M in annual revenues and more than 130 employees in London, Amsterdam, New York and Boston. From 1993 to 1998, Conduit ranked as one of England's fastest growing companies. Following the sale of Conduit to i-Cube in 1999, Gerald turned his full attention to opportunities for others.

Sue Meehan, *Chief Operating Officer*

Sue comes to Year Up with extensive operational and organizational development experience. As Chief Operating Officer of Share Group, Inc., Sue helped build the premier telefundraising firm for progressive nonprofits, growing the company from start-up to 500 employees and \$20 million in sales in 10 years. Before joining Share, Sue was a budget director for the Dukakis-Bentsen Presidential Campaign, a campaign manager for a Massachusetts State Representative race, and an organizer for the Tax Equity Alliance of Massachusetts. Sue started her career as an Admissions and Financial Aid Officer for Harvard College. She holds a Master of Public Administration from the Kennedy School of Government at Harvard University and a BA from Colby College.

Tynesia Boyea Robinson, *Executive Director, Washington, DC*

Tynesia comes to Year Up with a wide range of experience in IT, six sigma and international business development. Tynesia has worked in several business units at General Electric and was most recently the integration manager for a Mexican mortgage bank acquisition. In this role, she was responsible for integrating processes, policies, and over 200 employees into GE Mortgage Insurance. In addition to her work responsibilities, Tynesia was the community service chair for the GE African-American Forum and has been dedicated to young adults through mentoring and church youth groups. Tynesia graduated with a dual degree in Electrical Engineering and Computer Science from Duke University and an MBA from Harvard Business School.

Lisette Nieves, *Executive Director, New York City*

Prior to joining Year Up, Lisette worked as a consultant to nonprofit organizations in strategic planning, program development and management and as an instructor in Graduate Studies of Public Administration at Brooklyn

College. She is the former Chief of Staff for the New York City Department of Youth and Community Development (DYCD), an agency that is responsible for funding more than one thousand community-based organizations. Prior to DYCD, Lisette was the Director for Special Projects at the After-School Corporation where she designed forums for superintendents and principals, as well as pilot youth mentoring programs in local high schools. Lisette has also worked at the Upper Manhattan Empowerment Zone, where she served as Director of Grants Management. She is interested in cultivating leadership in the nonprofit sector and previously was a recruiter with a nationally recognized executive search firm. Clients have included Save the Children USA, Net Day, University of Minnesota and others. Prior to consulting, Lisette was a Senior Program Officer for the Corporation for National Service, overseeing AmeriCorps programs in the Northeast. She has served as a board member of Jumpstart (a national early childhood education program), a Trustee of her alma mater, Brooklyn College, the Board Chair of the East Harlem Block Schools and a board member of Girls Can. Lisette is a Rhodes Scholar (1992) and a graduate of the Woodrow Wilson School of Public Affairs.

Casey Recupero, *Executive Director, Boston*

Casey comes to Year Up with a wide range of experiences strengthening nonprofit organizations in the U.S. and in Africa. Most recently, Casey spent more than 4 years as a Program Officer at World Education, Inc., where he designed and supported capacity building programs for grassroots organizations overseas. With a portfolio that included programs focusing on HIV/AIDS peer education for Ghanaian youth, small business development in South Africa, and education reform in Malawi, Casey has a unique perspective on the myriad challenges facing disadvantaged populations. Prior to his career in international development, Casey directed a mentoring program for first-year students at Harvard, served on the College's Board of Freshman Advisors, and collaborated on research at the Kennedy School's Hauser Center for Nonprofit Organizations. Casey has a BA in Anthropology and African Studies from Harvard College.

Sara Strammiello Enright, *Executive Director, Providence*

Sara contributes a mix of IT, business and economic development experience to Year Up. Most recently, Sara was at the Initiative for a Competitive Inner City (ICIC), a nonprofit research and consulting firm focused on urban economic development. At ICIC she led a research project examining the workforce practices of leading inner city businesses. Prior to ICIC, Sara held business development and strategy positions at AltaVista, and was a management consultant with Deloitte Consulting where she participated in software implementations and operations consulting. Sara also has extensive experience working with urban youth and young adults through the Boys & Girls Club, Tutoring Plus and the Deloitte Youth Scholar Program. Sara has a BA in Chemistry from Dartmouth College and an MBA from Harvard Business School.

APPENDIX C – BOARD OF DIRECTORS AND ADVISORY BOARDS

National Board of Directors

Year Up's thirteen member Board of Directors meets a minimum of four times annually. It assists the Year Up team in areas such as strategic direction, fundraising, financial control and overall corporate governance.

- **Eileen Brown**, *Founder and Chancellor*, Cambridge College
- **Gerald Chertavian**, *Founder and CEO*, Year Up
- **Tim Dibble (Chairman)**, *Managing General Partner*, Alta Communications
- **Andrea Feingold (Treasurer)**, *Founder and Partner*, Feingold O'Keeffe Capital
- **Peter Handrinos (Secretary)**, *Senior Partner*, WilmerHale
- **Archie Jones**, *Vice President of Business Development*, Kenexa
- **James Pallotta**, *Partner and Principle Portfolio Manager*, Tudor Investment Corporation
- **Paul Salem**, *Co-Founder and Senior Managing Director*, Providence Equity Partners
- **Joseph Smialowski**, *Executive Vice President*, Freddie Mac
- **Richard Smith**, *Chairman*, Neiman Marcus Group, *Co-Chair*, Smith Family Foundation
- **Gail Snowden**, *Chief Financial Officer and Treasurer*, The Boston Foundation
- **Craig Underwood**, , *Craig Underwood Consulting, LLC*

Emeritus Trustee

Pamela Trefler, *Chairman*, Trefler Foundation

National Technical Advisory Board

The Technical Advisory Board consists of senior technical executives who provide Year Up with current data on the technical skills that are most in demand for IT positions. Year Up uses this information to modify its curriculum to meet market demand.

- **Eric Bedell**, *Co-Head*, Monitor Software; *Founder and Publisher*, "This Web Day"
- **Craig Burlingame**, *Chief Information Officer*, Trial Court of Massachusetts
- **Robert Eisenberg**, *Former President*, Navisite
- **David Fike**, *Chief Technical Officer*, Marsh & McLennan Companies
- **Mary Finlay**, *Deputy Chief Information Officer*, Partners HealthCare Systems
- **Steve Gluckman**, *President*, Distributed Insight Associates
- **Chris Moody**, *President, Information Technology Division*, Aquent
- **Stephen Morin**, *Chief Information Officer*, TAC Worldwide
- **Patricia Randall**, *Senior Account Manager*, Kforce Professional Staffing
President, Boston Society of Information Management
- **James Ray**, *Partner*, McCready Manigold Ray & Company, Inc.

Regional Advisory Boards

Year Up establishes a Board of Corporate Advisors in each location to help develop relationships with apprenticeship partners and investors.

Massachusetts Advisory Board

- **Gary Beach**, *Publisher*, CIO Magazine
- **Chris Gabrieli**, *Chairman*, Massachusetts 2020
- **James Ireland Cash, Jr., Ph. D.** *The James E. Robison Professor of Business Administration, Senior Associate Dean, Chairman, HBS Publishing, Graduate School of Business Administration, Harvard University*
- **Wendell Knox**, *President and CEO*, Abt Associates
- **Martin J. Mannion**, *Managing Partner*, Summit Partners
- **John McQuillan**, *Chief Executive Officer*, Triumverate Environmental
- **John R. Muse**, *Chief Operating Officer and Partner*, Hicks, Muse, Tate and Furst
- **Brian Neirby**, *General Manager – New England*, Microsoft Corporation
- **Peter Quinn**, *Senior Vice President of Business Systems*, Bisys Group
- **John Simon**, *Co-Founder and Partner*, General Catalyst Partners
- **Jeff Taylor**, *Founder and CEO*, Eons, *Founder*, Monster.com

Rhode Island Advisory Board

- **Armeather Gibbs**, *Chief Operating Officer*, United Way of Rhode Island
- **Ted Fischer**, *Partner*, Bay Capital Advisors, LLC
- **David Martirano**, *General Partner*, the Point Judith Capital Partners
- **Paul Salem**, *Co-Founder & Senior Managing Director*, Providence Equity Partners
- **Donna Sams**, *Vice President - Customer Support*, CVS/pharmacy
- **William Wray**, *Chief Information Officer*, Citizens Financial Group

Washington, DC Advisory Board

- **John King**, *Vice President & Founder*, Perot Systems Corporation
- **Joseph Smialowski**, *Executive Vice President of Operations and Technology*, Freddie Mac

New York City Advisory Board

- **David Fike**, *Chief Technology Officer*, Marsh & McLennan
- **Charles D. Ellis**, *Greenwich Associates*, Harvard Partners '63

APPENDIX D – PRO-FORMA FINANCIALS 2007-2011*

Year Up Pro-Forma Financials (unaudited) (\$ Million)

	2007	2008	2009	2010	2011	Total
Number Served						
Students	506	606	834	1,296	1,602	4,844
Apprentices	341	438	566	858	1,164	3,367
Operating Revenue						
National Fundraising	\$ 0.5	\$ 1.0	\$ 1.5	\$ 1.5	\$ 1.5	
Local Apprentice Fees	6.4	8.4	10.8	16.2	22.5	
Local YU Scholarships	1.8	2.9	3.8	6.0	7.8	
Local Public Support	1.1	1.8	2.2	3.6	4.6	
Total Operating Revenue	9.8	14.1	18.3	27.3	36.4	
Operating Expense						
Replication Vehicle	0.1	0.5	0.9	1.3	1.4	
National Operating Platform	1.8	2.0	2.1	2.2	2.3	
Site Operations	10.6	13.3	18.1	27.5	34.4	
Total Operating Expense	12.5	15.8	21.1	31.0	38.1	
Operating Deficit	2.7	1.7	2.8	3.7	1.7	\$ 12.6
One-time Expenditures	0.7	1.1	1.0	0.6	0.4	\$ 3.8
Expansion of Cash Reserve	0.5	0.4	0.6	1.1	0.8	\$ 3.4
Total Deficit	3.9	3.2	4.4	5.4	2.9	\$ 19.8
Deployment of Growth Capital						
Local Launch Capital	0.2	0.2	0.6	0.6	0.2	\$ 1.8
2007 Year Up Growth Cap. Fund	3.7	3.0	3.8	4.8	2.7	\$ 18.0
Cash Balances						
Beginning	4.0	17.8	15.3	12.0	8.3	
Ending	17.8	15.3	12.0	8.3	6.4	
2007 Growth Fund Balances						
Beginning	1.0	14.3	11.3	7.5	2.7	
Ending	14.3	11.3	7.5	2.7	0.0	
Statistics						
\$ Operating Expense per Student	\$ 24,729	\$ 26,127	\$ 25,278	\$ 23,897	\$ 23,782	
(Excluding Replication Vehicle)	\$ 24,493	\$ 25,276	\$ 24,183	\$ 22,887	\$ 22,895	
% Growth in Students Served	44%	20%	38%	55%	24%	
% Growth in Operating Revenues	78%	45%	29%	49%	33%	
Ending Cash as a % of Oper. Exp.	143%	96%	57%	27%	17%	

*The prospective financial information included in this offering document has been prepared by, and is the responsibility of the Company's management. PricewaterhouseCoopers LLP has neither examined nor compiled the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report

accompanying this offering document relates to the Company's historical financial information. It does not extend to the prospective financial information and should not be read to do so.

This prospective financial information was not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

APPENDIX E – YEAR UP COST STRUCTURE

2011 Year Up Cost Structure: Mature Site Serving 272 Students

	<u>\$ Million Per Site</u>	<u>\$ Per Student</u>	<u>Percent</u>
Stipend	\$ 2.12	\$ 7,794	33%
Program Execution	\$ 2.76	\$ 10,147	43%
College Expense	\$ 0.10	\$ 368	2%
Local Fundraising	\$ 0.61	\$ 2,243	9%
Local Facilities	\$ 0.38	\$ 1,397	6%
National Overhead Allocation	\$ 0.46	\$ 1,691	7%
	<u> </u>	<u> </u>	<u> </u>
Total	\$ 6.43	\$ 23,640	100%
Total (Excluding Replication Veh.)	\$ 6.18	\$ 22,721	

