

Return of Organization Exempt From Income Tax

2008

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 2008 calendar year, or tax year beginning 07/01, 2008, and ending 06/30, 2009

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization <u>CLASSROOM, INC.</u> Doing Business As _____ Number and street (or P.O. box if mail is not delivered to street address) Room/suite <u>245 FIFTH AVENUE - 20TH FLOOR</u> City or town, state or country, and ZIP + 4 <u>NEW YORK, NY 10016</u>	D Employer identification number <u>13-3666846</u>
	F Name and address of principal officer: <u>JANE CANNER</u> <u>245 FIFTH AVENUE - 20TH FLOOR NEW YORK, NY 10016</u>		E Telephone number <u>(212) 545-8400</u>
	I Tax-exempt status: <input checked="" type="checkbox"/> 501(c) (<u>3</u>) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		G Gross receipts \$ <u>6,199,473.</u>
	J Website: ▶ <u>WWW.CLASSROOMINC.ORG</u>		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
K Type of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: <u>1991</u>	M State of legal domicile: <u>NY</u>

Part I Summary

	1 Briefly describe the organization's mission or most significant activities: <u>CI DEVELOPS AND IMPLEMENTS INNOVATIVE CURRICULA DESIGNED TO ENGAGE STUDENTS WITH THE GREATEST NEEDS AND HELP THEM DEVELOP ACADEMIC SKILLS ESSENTIAL FOR SUCCESS IN SCHOOL AND THE WORKPLACE.</u>		
Activities & Governance	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	10
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	9
	5 Total number of employees (Part V, line 2a)	5	27
	6 Total number of volunteers (estimate if necessary)	6	
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	
	b Net unrelated business taxable income from Form 990-T, line 34	7b	
Revenue	8 Contribution and grants (Part VIII, line 1h)	Prior Year	Current Year
	9 Program service revenue (Part VIII, line 2g)	2,832,203.	2,518,678.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	1,174,432.	1,021,604.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	132,048.	-492,419.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	36,766.	13,657.
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	4,175,449.	3,061,520.
	14 Benefits paid to or for members (Part IX, column (A), line 4)		NONE
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		NONE
	16a Professional fundraising fees (Part IX, column (A), line 11e)	2,032,812.	2,334,047.
	b Total fundraising expenses, Part IX, column (D), line 25) ▶ <u>407,940.</u>		NONE
Expenses	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	2,130,834.	1,905,114.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	4,163,646.	4,239,161.
	19 Revenue less expenses. Subtract line 18 from line 12	11,803.	-1,177,641.
		Beginning of Year	End of Year
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	6,343,747.	5,347,196.
	21 Total liabilities (Part X, line 26)	608,348.	485,627.
	22 Net assets or fund balances. Subtract line 21 from line 20.	5,735,399.	4,861,569.

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. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here ▶ Jane Canner Date 10/15/09
 Signature of officer

▶ Jane Canner, President
 Type or print name and title

Paid Preparer's Use Only	Preparer's signature <u>Andri D. Floch CPA</u> Date <u>10/13/2009</u> Firm's name (or yours if self-employed), address, and ZIP + 4 <u>EISNER LLP</u> <u>750 THIRD AVENUE NEW YORK, NY 10017-2703</u>	Check if self-employed <input type="checkbox"/>	Preparer's identifying number (see instructions) EIN ▶ <u>13-1639826</u> Phone no. ▶ _____
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May the IRS discuss this return with the preparer shown above? (See instructions) Yes No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2008)

Part III Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

CI DEVELOPS AND IMPLEMENTS INNOVATIVE CURRICULA DESIGNED TO ENGAGE STUDENTS WITH THE GREATEST NEEDS AND HELP THEM DEVELOP ACADEMIC SKILLS ESSENTIAL FOR SUCCESS IN SCHOOL AND THE WORKPLACE.

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 \$ 2,232,074, including grants of \$) (Revenue \$ 1,021,604.)

PROGRAM INITIATIVES: COMPREHENSIVE PROGRAMS PROVIDE SCHOOL ADMINISTRATORS AND TEACHERS WITH TECHNICAL AND PEDAGOGICAL SUPPORT AS THEY USE CI'S PROGRAMS. THE PROGRAMS PROVIDE TEACHERS WITH PROFESSIONAL DEVELOPMENT THROUGH CUSTOMIZED WORKSHOPS AND ONSITE SUPPORT, OFFERING BEST PRACTICES FOR IMPLEMENTING CI'S PROGRAMS AND MAXIMIZING RESULTS.

4b (Code:) (Expenses \$ 876,370, including grants of \$) (Revenue \$ NONE)

CURRICULUM DEVELOPMENT: CREATION OF CURRICULA MATERIALS INCLUDING STUDENT WORKSHOPS, LESSON PLANS, ASSESSMENT MATERIALS, WEBSITE RESOURCES AND OTHER MATERIALS FOR TEACHERS TO SUPPORT IMPLEMENTATION OF PROGRAMS. IT ALSO INCLUDED THE CREATION OF INTERACTIVE COMPUTER-BASED SIMULATIONS OF REAL LIFE EXPERIENCES, WHICH FUNCTION AS SUPPLEMENTARY CURRICULA IN SCHOOLS AND COMMUNITY-BASED ORGANIZATIONS.

4c (Code:) (Expenses \$ 229,568, including grants of \$) (Revenue \$ NONE)

RESEARCH AND ASSESSMENT: RESEARCH FOR CURRICULUM DEVELOPMENT AND ENHANCING INSTRUCTIONAL MODELS. AS WELL AS PROVIDING EVIDENCE FOR THE EFFICACY OF OUR PROGRAM.

4d Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses ► \$ 3,338,012. (Must equal Part IX, Line 25, column (B).)

Part IV Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	X	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I		X
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II		X
5	Sections 501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If "Yes," complete Schedule C, Part III		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III		X
9	Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV		X
10	Did the organization hold assets in term, permanent, or quasi-endowments? If "Yes," complete Schedule D, Part V	X	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If "Yes," complete Schedule D, Parts XI, XII, and XIII	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E		X
14a	Did the organization maintain an office, employees, or agents outside of the U.S.?		X
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If "Yes," complete Schedule F, Part I		X
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Part II		X
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Part III		X
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? If "Yes," complete Schedule G, Part I		X
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II		X
19	Did the organization report more than \$15,000 on Part VIII, line 9a? If "Yes," complete Schedule G, Part III		X
20	Did the organization operate one or more hospitals? If "Yes," complete Schedule H		X
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? If "Yes," complete Schedule J	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25		X
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		X
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If "Yes," complete Schedule L, Part I		X
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If "Yes," complete Schedule L, Part III		X

Part IV Checklist of Required Schedules (continued)

		Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee:		
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i>		X
b	Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		X
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	X	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>		X
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>		X
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>		X

Part V Statements Regarding Other IRS Filings and Tax Compliance

Table with columns for question number, question text, and Yes/No columns. Includes rows for 1a, 1b, 1c, 2a, 2b, 3a, 3b, 4a, 4b, 5a, 5b, 5c, 6a, 6b, 7, 7a, 7b, 7c, 7d, 7e, 7f, 7g, 7h, 8, 9, 9a, 9b, 10, 10a, 10b, 11, 11a, 11b, 12a, 12b.

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

For each "Yes" response to lines 2-7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions.

		Yes	No
1a	Enter the number of voting members of the governing body		
1b	Enter the number of voting members that are independent		
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 organizational documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a material 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 organizations contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	The governing body?	X	
8b	Each committee with authority to act on behalf of the governing body?	X	
9a	Does the organization have local chapters, branches, or affiliates?		X
9b	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?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	X	
11	Is there any officer, director or 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

		Yes	No
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:		
15a	The organization's CEO, Executive Director, or top management official?	X	
15b	Other officers or key employees of the organization? Describe the process in Schedule O. (see instructions)	X	
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	DC, NY
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. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> 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:	GEORGE DEMARCO 245 FIFTH AVENUE 20TH FLOOR NEW YORK, NY 10016 212-653-8117

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

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

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- 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 the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(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			
LEWIS W BERNARD CHAIRMAN	1.	X					NONE	NONE	NONE	
JOHN P HAVENS TREASURER	1.	X					NONE	NONE	NONE	
MADELINE E LACOVARA SECRETARY	1.	X					NONE	NONE	NONE	
FRANKLIN W HOBBS DIRECTOR	1.	X					NONE	NONE	NONE	
MARY MEEKER DIRECTOR	1.	X					NONE	NONE	NONE	
MARC F MCMORRIS DIRECTOR	1.	X					NONE	NONE	NONE	
CHRISTINE LASALA DIRECTOR	1.	X					NONE	NONE	NONE	
CARL W TURNIPSEED DIRECTOR	1.	X					NONE	NONE	NONE	
GARY ZARR DIRECTOR	1.	X					NONE	NONE	NONE	
JANE CANNER PRESIDENT	40.	X		X	X		166,767.	NONE	8,384.	
GEORGE DEMARCO VP AND CHIEF OPERATING OFFICER	40.			X	X		153,354.	NONE	7,888.	
SYLVIA BARISON VICE PRESIDENT OF PROGRAMS	40.					X	118,699.	NONE	3,633.	
EVELYN FRIEDMAN VICE PRESIDENT OF DEVELOPMENT	40.					X	131,602.	NONE	6,953.	
CECILIA HO DIRECTOR OF FINANCE	40.					X	123,410.	NONE	6,287.	

Part VIII Statement of Revenue

13-3666846

				(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					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	2,518,678.				
	g	Noncash contributions included in lines 1a-1f: \$		179,843.				
	h	Total. Add lines 1a-1f		2,518,678.				
Program Service Revenue				Business Code				
	2a	LEARNING ENVIRONMENT/EXTENDED LEARNING		747,606.	747,606.			
	b	LITERACY AT WORK		18,787.	18,787.			
	c	GEN'L CONSULTATION						
	d	MATERIALS		255,211.	255,211.			
	e							
	f	All other program service revenue						
g	Total. Add lines 2a-2f		1,021,604.					
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		77,781.			77,781.	
	4	Income from investment of tax-exempt bond proceeds		NONE				
	5	Royalties		NONE				
	6a	Gross Rents	(i) Real	(ii) Personal				
	b	Less: rental expenses						
	c	Rental income or (loss)						
	d	Net rental income or (loss)			NONE			
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
			2,567,753.					
	b	Less: cost or other basis and sales expenses		3,137,953.				
c	Gain or (loss)		-570,200.					
d	Net gain or (loss)		-570,200.			-570,200.		
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18.	a						
b	Less: direct expenses	b						
c	Net income or (loss) from fundraising events			NONE				
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			NONE				
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			NONE				
Miscellaneous Revenue			Business Code					
11a	OTHER INCOME			13,657.			13,657.	
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d			13,657.				
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e			3,061,520.	1,021,604.		-478,762.	

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 U.S. See Part IV, line 21 . . .	NONE			
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	NONE			
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16	NONE			
4 Benefits paid to or for members	NONE			
5 Compensation of current officers, directors, trustees, and key employees	329,121.	240,980.	45,776.	42,365.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . .	NONE			
7 Other salaries and wages	1,651,100.	1,208,927.	229,643.	212,530.
8 Pension plan contributions (include section 401 (k) and section 403(b) employer contributions) . .	84,594.	62,144.	11,670.	10,780.
9 Other employee benefits	122,085.	90,417.	16,918.	14,750.
10 Payroll taxes	147,147.	108,096.	20,300.	18,751.
11 Fees for services (non-employees):				
a Management	NONE			
b Legal	140.		140.	
c Accounting	38,000.	32,300.	5,700.	
d Lobbying	NONE			
e Professional fundraising services. See Part IV, line 17	NONE			
f Investment management fees	NONE			
g Other	480,426.	436,773.	35,048.	8,605.
12 Advertising and promotion	NONE			
13 Office expenses	74,720.	55,577.	9,911.	9,232.
14 Information technology	16,295.	9,511.	3,397.	3,387.
15 Royalties	NONE			
16 Occupancy	577,439.	424,546.	78,947.	73,946.
17 Travel	95,823.	93,670.	849.	1,304.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	NONE			
19 Conferences, conventions, and meetings	25,099.	22,782.	1,909.	408.
20 Interest	NONE			
21 Payments to affiliates	NONE			
22 Depreciation, depletion, and amortization . . .	110,411.	93,849.	16,562.	
23 Insurance	10,903.	9,298.	1,605.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a OTHER PRODUCT SUPPLIES -----	301,570.	301,570.		
b TEMPORARY HELP -----	7,214.	7,117.	47.	50.
c RECRUITING & HIRING -----	1,488.	1,488.		
d STAFF DEVELOPMENT & TRAINING -----	2,905.	815.		2,090.
e STAFF RECOGNITION -----	1,943.	246.	1,697.	
f All other expenses -----	160,738.	137,906.	13,090.	9,742.
25 Total functional expenses. Add lines 1 through 24f	4,239,161.	3,338,012.	493,209.	407,940.
26 Joint Costs. Check here <input type="checkbox"/> If following SOP 98-2. 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	500.	1	500.	
	2	Savings and temporary cash investments	1,263,695.	2	3,288,496.	
	3	Pledges and grants receivable, net	952,126.	3	634,990.	
	4	Accounts receivable, net	924,446.	4	835,251.	
	5	Receivables from current and former officers, directors, trustees, key employees, or other related parties. Complete Part II of Schedule L		5		
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L		6		
	7	Notes and loans receivable, net		7		
	8	Inventories for sales or use	508,278.	8	389,705.	
	9	Prepaid expenses and deferred charges SFMT. 1	129,549.	9	139,383.	
	10a	Land, buildings, and equipment: cost basis 10a	871,553.			
	b	Less: accumulated depreciation. Complete Part VI of Schedule D. 10b	812,682.	141,448.	10c	58,871.
	11	Investments - publicly traded securities SFMT. 2	2,423,705.	11	NONE	
	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		15		
16	Total assets. Add lines 1 through 15 (must equal line 34)	6,343,747.	16	5,347,196.		
Liabilities	17	Accounts payable and accrued expenses	440,173.	17	311,655.	
	18	Grants payable		18		
	19	Deferred revenue SFMT. 3	168,175.	19	173,972.	
	20	Tax-exempt bond liabilities		20		
	21	Escrow 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		23		
	24	Unsecured notes and loans payable		24		
	25	Other liabilities. Complete Part X of Schedule D		25		
	26	Total liabilities. Add lines 17 through 25	608,348.	26	485,627.	
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	4,141,307.	27	3,604,829.	
	28	Temporarily restricted net assets	1,344,092.	28	1,006,740.	
	29	Permanently restricted net assets	250,000.	29	250,000.	
	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	5,735,399.	33	4,861,569.		
34	Total liabilities and net assets/fund balances	6,343,747.	34	5,347,196.		

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b	Were the organization's financial statements audited by an independent accountant?	X	
c	If "Yes" to lines 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?	X	
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
b	If "Yes," did the organization undergo the required audit or audits?		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.

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

Name of the organization CLASSROOM, INC.	Employer identification number 13-3666846
--	---

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: (Please check only **one** organization.)

- 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)**. (Attach Schedule H.)
- 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)**. (see instructions)
- 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?

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

h Provide the following information about the organizations the organization supports.

(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	
Total									

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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	3,545,973.	2,795,716.	2,681,035.	2,832,203.	2,518,678.	14,373,605.
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1-3	3,545,973.	2,795,716.	2,681,035.	2,832,203.	2,518,678.	14,373,605.
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						3,843,400.
6 Public support. Subtract line 5 from line 4.						10,530,205.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4.	3,545,973.	2,795,716.	2,681,035.	2,832,203.	2,518,678.	14,373,605.
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	39,014.	116,407.	182,210.	181,651.	75,365.	594,647.
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)	8,509.	21,822.	51,440.	36,766.	13,657.	132,194.
11 Total support. Add lines 7 through 10						15,100,446.
12 Gross receipts from related activities, etc. (See instructions.)					12	8,115,725.
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2008 (line 6, column (f) divided by line 11, column (f))	14	69.73 %
15 Public support percentage from 2007 Schedule A, Part IV-A, line 26f	15	67.52 %
16a 33 1/3% support test - 2008. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input checked="" type="checkbox"/>		
b 33 1/3% support test - 2007. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test - 2008. If the organization did not check a box on line 13, 16a or 16b, and line 14 is 10% or more, and if the organization meets the "fact-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test - 2007. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
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						
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 1-5						
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 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Add lines 7a and 7b.						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
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.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
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 2008 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2007 Schedule A, Part IV-A, line 27g	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2008 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2007 Schedule A, Part IV-A, line 27h	18	%

19a **33 1/3% support tests - 2008.** 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 - 2007.** 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 explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Provide any other additional information. (see instructions)

SCHEDULE A, PART II - OTHER INCOME

DESCRIPTION	2004	2005	2006	2007	2008	TOTAL
OTHER INCOME	8,509.	21,822.	51,440.			81,771.
TOTALS	8,509.	21,822.	51,440.			81,771.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2008

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Name of the organization

Employer identification number

CLASSROOM, INC.

13-3666846

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... Yes/No.

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

Table with 2 columns: Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements (checkboxes for public use, natural habitat, open space, historic structure), 2 Complete lines 2a-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, violations, and enforcement of the conservation easements it holds? Yes/No, 6 Staff or volunteer hours devoted to monitoring, inspecting, and enforcing easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, and enforcing 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.

Table with 2 columns: \$, \$, \$, \$. Rows include: 1a If the organization elected, as permitted under SFAS 116, 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, 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 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 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 Trust, Escrow and Custodial Arrangements. Complete if 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: (a) Current Year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g (Beginning of year balance, Contributions, Investment earnings or losses, Grants or scholarships, Other expenditures for facilities and programs, Administrative expenses, End of year balance).

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 3 columns: Description, Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b 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 Investments - Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total. Add lines 1a-1e. (Column (d) should equal Form 990, Part X, column (B), line 10(c).)

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No. 1545-0047

2008

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest
Compensated Employees

▶ Attach to Form 990. To be completed by organizations
that answered "Yes" to Form 990, Part IV, line 23.

Name of the organization

CLASSROOM, INC.

Employer identification number

13-3666846

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

b If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

- | | |
|--|---|
| <input checked="" type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a:

- a** Receive a severance payment or change of control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

Only 501(c)(3) and 501(c)(4) organizations must complete lines 5-8.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 5a or 5b, describe in Part III.

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?
- If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs. section 53.4958-4(a)(3)? If "Yes," describe in Part III

	Yes	No
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2008

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
JANE CANNER	(i) 166,767.	NONE	NONE	8,384.	331.	175,482.	177,500.
	(ii) NONE	NONE	NONE	NONE	NONE	NONE	NONE
GEORGE DEMARCO	(i) 153,354.	NONE	NONE	7,888.	4,469.	165,711.	157,649.
	(ii) NONE	NONE	NONE	NONE	NONE	NONE	NONE
	(i) -----						
	(ii) -----						
	(i) -----						
	(ii) -----						
	(i) -----						
	(ii) -----						
	(i) -----						
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	(ii) -----						
	(i) -----						
	(ii) -----						
	(i) -----						
	(ii) -----						

**SCHEDULE M
(Form 990)**

Non-Cash Contributions

OMB No. 1545-0047

2008

**Open To Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ To be completed by organizations that answered
"Yes" on Form 990, Part IV, lines 29 or 30.

▶ Attach to Form 990.

Name of the organization

Employer identification number

CLASSROOM, INC.

13-3666846

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art-Works of art				
2 Art-Historical treasures				
3 Art-Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities-Publicly traded	X		179,842.	FAIR VALUE
10 Securities-Closely held stock				
11 Securities-Partnership, LLC, or trust interests				
12 Securities-Miscellaneous				
13 Qualified conservation contribution (historic structures)				
14 Qualified conservation contribution (other)				
15 Real estate-Residential				
16 Real estate-Commercial				
17 Real estate-Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement 29

	Yes	No
30a During the year, did the organization receive by contribution any property reported in Part I, line 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		X
b If "Yes," describe the arrangement in Part II.		
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		X
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		X
b If "Yes," describe in Part II.		
33 If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II.		

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule M (Form 990) 2008

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Area with horizontal dashed lines for supplemental information.

SCHEDULE O
(Form 990)

Supplemental Information to Form 990

OMB No. 1545-0047

2008

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Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990. To be completed by organizations to provide
additional information for responses to specific questions for the
Form 990 or to provide any additional information.

Name of the organization

Employer identification number

CLASSROOM, INC.

13-3666846

FORM 990, PART VI SECTION A GOVERNANCE, MANAGEMENT AND DISCLOSURE

SECTION A

10. THE DRAFT FORM 990 WAS PROVIDED TO THE CI'S AUDIT COMMITTEE FOR
REVIEW BEFORE FILING.

SECTION B

12C. CI REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH
THE CONFLICT OF INTEREST POLICY. ALL DIRECTORS AND EMPLOYEES WHO ARE IN
A POSITION TO INFLUENCE A DECISION CONCERNING CI'S OPEATIONS ARE REQUIRED
TO DISCLOSE ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST ON HIS OR HER
PART AS TO WHICH HE OR SHE MAY PLAY ANY DECISION-MAKING OR INFLUENTIAL
ROLE. ALL SUCH DIRECTORS AND EMPLOYEES ARE REQUIRED TO REVIEW AND SIGN
THE CONFLICT OF INTEREST POLICY ANNUALLY.

15B. THE COMPENSATION OF CI'S CEO AND OTHER OFFICERS AND KEY EMPLOYEES
IS DETERMINED BY THE COMPENSATION COMMITTEE, ONE OF THE GOVERNING
COMMITTEES OF THE BOARD OF DIRECTORS. THE COMMITTEE REVIEWS COMPENSATION
OF COMPARABLE NON PROFIT ORGANIZATIONS, ECONOMIC CONDITIONS OF THE
MARKETPLACE AND INDIVIDUAL PERFORMANCES TO DETERMINE COMPENSATION. IN
FISCAL-YEAR 2009, AS A RESULT OF THE ECONOMIC DOWNTURN, THE BOARD OF
DIRECTORS DECIDED TO FREEZE ALL SALARIES IN FISCAL-YEAR 2010. IN
ADDITION, THERE WERE SALARY REDUCTIONS FOR OFFICERS AND KEY EMPLOYEES
DURING FISCAL-YEAR 2009.

SCHEDULE O
(Form 990)

Supplemental Information to Form 990

OMB No. 1545-0047

2008

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Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

SECTION C

19. THE CONFLICT OF INTEREST POLICY IS AVAILABLE TO THE PUBLIC UPON
REQUEST. CI POSTS ITS AUDITED FINANCIAL STATEMENTS ON ITS WEBSITE AND
COPIES ARE ALSO PROVIDED TO THE PUBLIC UPON REQUEST.

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
PREPAID EXPENSES	71,281.	79,813.
LEASE DEPOSITS	51,478.	52,127.
OTHER ASSETS	6,790.	7,443.
TOTALS	129,549.	139,383.

FORM 990, PART X - INVESTMENTS - PUBLICLY TRADED SECURITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	COST OR FMV
FIXED INCOME MUTUAL FUNDS	2,292,869.	NONE	FMV
EQUITY INDEX MUTUAL FUNDS	130,836.	NONE	FMV
TOTALS	2,423,705.	NONE	

FORM 990, PART X - DEFERRED REVENUE
=====

DESCRIPTION -----	ENDING BOOK VALUE -----
DEFERRED REVENUE	173,972.
TOTALS	----- 173,972. =====