

ASSET PURCHASE AGREEMENT

by and between

HOSPITAL AUDIENCES, INC. D/B/A HEALING ARTS INITIATIVE

SELLER

and

YOUNG ADULT INSTITUTE, INC.

BUYER

Dated as of [_____], 2017

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made and entered into this ____ day of _____, 2017 (the “Effective Date”), by and between **HOSPITAL AUDIENCES, INC. D/B/A HEALING ARTS INITIATIVE**, a New York not-for-profit corporation (“Seller”), and **YOUNG ADULT INSTITUTE, INC.** a New York non-for-profit corporation (“Buyer”).

W I T N E S S E T H:

WHEREAS, Seller is a charity that has provided an array of arts, education and wellness programs to culturally underserved populations throughout New York City, which programs are delivered through various channels, including health and social services agencies, schools and education and other public forums (the “Business”);

WHEREAS, the Seller was founded upon the commitment to make the arts accessible to all New Yorkers, especially individuals who are isolated and marginalized due to institutionalization, hospitalization, disability or illness, as well as at-risk youth in low income neighborhoods (the “Charitable Mission”);

WHEREAS, on May 16, 2016, Seller filed a voluntary petition for relief under title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of New York (the “Bankruptcy Court”), commencing a case under chapter 11 of the Bankruptcy Code (the “Bankruptcy Case”), and is presently a debtor and debtor-in-possession therein;

WHEREAS, on May 26, 2016, HAI Ventures LLC (“HAI Ventures”), a wholly-owned subsidiary of Seller, filed a voluntary petition for relief under title 11 of the Bankruptcy Code in the Bankruptcy Court, commencing a case under chapter 11 of the Bankruptcy Code;

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, certain of the assets, properties and rights of Seller relating to the Business (except for the Excluded Assets) free and clear of all liens, claims, interests and encumbrances pursuant to section 363(f) of the Bankruptcy Code (except as otherwise provided herein or in the Sale Order), as provided in a final order of the Bankruptcy Court approving such sale under section 363 of the Bankruptcy Code to be entered in the Bankruptcy Case, all on the terms and subject to the conditions set forth in this Agreement and in accordance with sections 105 and 363 and other applicable provisions of the Bankruptcy Code;

WHEREAS, Buyer desires and Seller has agreed that Buyer will not assume any liabilities of Seller currently existing or hereafter arising, or otherwise; and

WHEREAS, as a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Seller desires to make certain representations, warranties, covenants and agreements relating to the Business and the sale of the assets.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE ONE

DEFINITIONS

1.01. Definitions. For purposes of this Agreement, the following definitions apply:

(a) “Affiliate” means as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question, and the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by Contract or otherwise.

(b) “Ancillary Document” means the Bill of Sale, Intellectual Property Assignment, and any other documents and certificates required to be delivered pursuant to this Agreement.

(c) “Claim” has the meaning given that term in Section 101(5) of the Bankruptcy Code and includes all rights, claims, causes of action, chose in action, Taxes, defenses, debts, demands, damages, offset rights, setoff rights, recoupment rights, obligations, and liabilities of any kind or nature under contract, at law or in equity, known or unknown, contingent or matured, liquidated or unliquidated, and all rights and remedies with respect thereto.

(d) “Code” means the United States Internal Revenue Code of 1986, as amended.

(e) “Contract” means any agreement, note, bond, mortgage, indenture, lease, contract, covenant, license, plan, insurance policy, undertaking or other agreement, instrument, arrangement, obligation, understanding or commitment, including any amendment or modifications made thereto, whether oral or written or express or implied.

(f) “Employee” means any current or former employee of Seller.

(g) “Employee Plan” means any plan, program, practice, Contract or other arrangement providing for employment, compensation, severance, change of control, termination pay, deferred compensation, performance awards, stock or stock-related awards, fringe benefits, pension benefits, retirement, profit sharing, savings and thrift, group or individual health, dental, medical, retiree medical, life insurance, survivor benefit or similar plan, policy or arrangement or other employee benefits or remuneration of any kind, whether written or unwritten, funded or unfunded, including each “employee benefit plan,” within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA, which is maintained, contributed to or required to be contributed to by Seller or any ERISA Affiliate for the benefit of any Employee, or with respect to which Seller or any ERISA Affiliate has or may have any Liability.

(h) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations issued thereunder.

(i) “ERISA Affiliate” means each Affiliate of Seller and any other Person under common control with Seller or any of its Affiliates within the meaning of Section 4001(b) of ERISA or Section 414(b), (c), (m) or (o) of the Code.

(j) “Encumbrances” means any and all Liens (statutory or otherwise), Liabilities, royalties or other payment obligations, claims of infringement, levies, claims, charges, assessments, mortgages, security interests, pledges, easements, restrictions, rights of first refusal, options to purchase or other encumbrances (including limitations on pledging or mortgaging any of the Acquired Assets) and Contracts to create in the future any such encumbrance or suffer any of the foregoing.

(k) “Environmental Laws” any and all Laws pertaining to the protection of human health and safety or the environment.

(l) “GAAP” means the United States generally accepted accounting principles, applied on a consistent basis.

(m) “Governmental Authority” means any executive, legislative or judicial agency, authority, board, body, commission, court, department, instrumentality or office of any federal, state, city, county, district, municipality, foreign or other government or quasi-government unit or political subdivision.

(n) “Intellectual Property” means all recipes, patents, inventions, know-how, designs, trade secrets, copyrights, trademarks, trade names, service marks, fictitious and assumed business names, internet domain names and registrations, manufacturing processes, software, formulae, trade secrets, technology or the like, and all applications for any of the foregoing.

(o) “Laws” means, with respect to any Person, all federal, state and local statutes, laws, ordinances, codes, rules, regulations, restrictions, orders, judgments, rulings, writs, injunctions, decrees, policies, determinations or awards of any Governmental Authority having jurisdiction over such Person or any of such Person’s assets or businesses.

(p) “Liability” means all payables, including accounts payable and royalty payable, reserves, accrued bonuses, accrued and unaccrued paid time off, employee expense obligations (including severance obligations), liabilities for Taxes and all other liabilities of any kind, including indebtedness, Liens, duty, expense, charge, warranty obligation or liability, cost, fee, claim, deficiency, commitment, loss, damage, guaranty, endorsement or other obligation of any type, whether known or unknown, asserted or unasserted, matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, incurred or consequential, determined, determinable or otherwise, due or to become due, whether or not required to be recorded on a balance sheet in accordance with GAAP, including those arising under any Contract, Law, Action or Order.

(q) “Liens” means any lien, claim, security interest, mortgage, pledge, restriction, covenant, charge or encumbrance of any kind or character, direct or indirect, whether

accrued, absolute, contingent or otherwise, including any lien or claim granted by the Bankruptcy Court pursuant to section 364 of the Bankruptcy Code or otherwise granted by the Bankruptcy Court to a lender to loan funds to Seller after the initiation of the Bankruptcy Case.

(r) “Material Adverse Effect” means any event, occurrence, development, fact, condition or change (each, a “Circumstance”) that, individually or in the aggregate, (i) would reasonably be expected to prevent, materially delay or materially impair Seller’s consummation of the transactions contemplated by this Agreement or (ii) is materially adverse to the business, results of operations, financial condition or assets of Seller, taken as a whole; provided, however, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (A) general economic or political conditions; (B) conditions generally affecting the industries in which Seller operates; (C) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (D) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (E) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (F) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (G) the announcement, pendency or completion of the transactions contemplated by this Agreement, including the impact thereof on the relationships, constructed or otherwise, with employees, customers, suppliers, distributors or others having relationships, contractual or otherwise, with Seller; (H) any natural or man-made disaster or acts of God or (I) any failure by Seller to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (provided that the underlying causes of such failures (subject to the other provisions of this definition) shall not be excluded); provided, however, with respect to a matter described in any of the foregoing clauses (A), (B), (C), (D), (F) or (H) that such Circumstance does not have a materially disproportionate effect on Seller as compared to other Persons that operate in the industry in which Seller operates.

(s) “New York Metropolitan Area” means the following geographic areas: (i) New York City, Long Island and the Mid and Lower Hudson Valley, New York; (ii) the cities of Newark, Jersey City, Paterson Elizabeth and Edison, New Jersey; (iii) the cities of Bridgeport, New Haven, Stamford, Waterbury, Norwalk and Danbury, Connecticut; and (iv) Northeastern Pennsylvania.

(t) “Person” means any individual, corporation (whether for-profit or not-for-profit), limited liability company, association, partnership, firm, joint venture, trust, trustee or other entity or organization, including a Governmental Authority.

(u) “Sale Order” means the final order of the Bankruptcy Court, in form and substance satisfactory to Buyer in its sole discretion, entered pursuant to sections 363 of the Bankruptcy Code (i) approving this Agreement and the transactions contemplated hereby; (ii) approving the sale of the Acquired Assets to Buyer free and clear of all Claims, interests, and Encumbrances pursuant to section 363(f) of the Bankruptcy Code, (iii) finding that Buyer is a good-faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code; (iv) confirming that Buyer is acquiring the Acquired Assets free and clear of the Excluded Assets

and the Excluded Liabilities and providing for a release of Buyer with respect to the Excluded Assets and the Excluded Liabilities and permanently enjoining each and every holder of an Excluded Liability or Excluded Asset from commencing, continuing or otherwise pursuing or enforcing any remedy, Claim (which shall have the meaning set forth in section 101(5) of the Bankruptcy Code), cause of action or encumbrance against Buyer or the Acquired Assets related thereto; and (v) providing that the provisions of Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure are waived and there will be no stay of execution of the Bankruptcy Sale Order under Rule 62(a) of the Federal Rules of Civil Procedure, as made applicable by Fed. R. Bankr. P. 7062.

(v) “Tax” and “Taxes” means (i) any and all U.S. federal, state, local and non-U.S. taxes, assessments, and other governmental charges, customs, duties, impositions and Liabilities, including taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value-added, goods and services, ad valorem, transfer, franchise, withholding, payroll, recapture, employment, stamp, escheat, excise and property taxes, or other tax of any kind whatsoever, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, together with all interest, penalties and additions imposed with respect to such amounts; (ii) any Liability for the payment of any amounts of the type described in item (i) as a result of being or having been a member of an affiliated, consolidated, combined or similar group for any period (including any arrangement for group or consortium relief or similar arrangement); and (iii) any Liability for the payment of any amounts of the type described in item (i) as a result of any express or implied obligation to indemnify any other Person or as a result of any obligations under any agreements or arrangements with any other Person or entity with respect to such amounts and including any Liability for taxes of a predecessor or transferor or otherwise by operation of Law.

(w) “Treasury Regulations” means the regulations promulgated under the Code.

1.02. Other Defined Terms. The following terms, when used in this Agreement, shall have the meanings defined for such terms in the paragraph or section set forth adjacent to such term:

Defined Term	Cross Reference
Action	Section 3.05
Acquired Assets	Section 2.01
Acquired Records	Section 2.01(k)
Balance Sheet	Section 3.16
Balance Sheet Date	Section 3.16
Bankruptcy Case	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Business	Recitals
Buyer	Preamble
Circumstance	Section 1.01(s)
Closing	Section 2.04

Closing Date	Section 2.04
Confidential Information	Section 6.01(c)
Contract Records	Section 2.01(k)
Copyrights	Section 2.01(e)
Corporate Names	Section 2.01(a)
Covenants	Section 6.01(b)
Determination Letter	Section 3.06
Domain Name Registrations	Section 2.01(c)
Effective Date	Preamble
Employee Liabilities	Section 2.03(d)
Employee Records	Section 2.01(j)
Excluded Assets	Section 2.02
Excluded Liabilities	Section 2.03
Excluded Records	Section 2.02(e)
Financial Statements	Section 3.16
Grant Funds	Section 5.01(c)
HAI Ventures	Recitals
Intellectual Property Assignment	Section 5.01(b)(iii)
Interim Financial Statements	Section 3.16
Marketing Records	Section 2.01(h)
Order	Section 3.05
Permits	Section 3.11
Purchase Price	Section 2.05
Restricted Period	Section 6.01(a)
Seller	Preamble
Seller Intellectual Property	Section 2.01(f)
Social Media	Section 2.01(d)
Tax Proceeding	Section 6.07(b)
Trademarks	Section 2.01(b)
Trade Secrets	Section 2.01(f)
Vendor List	Section 2.01(i)

1.03. Certain References. As used in this Agreement:

(a) references to “*this Agreement*” mean this Agreement, as amended from time to time, and all Schedules attached to or referenced in this Agreement;

(b) references to “*Articles*” or “*Sections*” are references to Articles and Sections of this Agreement, unless the context states or implies otherwise;

(c) the terms “*include*” or “*including*” shall be deemed to be followed by the phrase “without limitation” and are intended to be illustrative and not restrictive of the word or phrase to which they refer;

(d) references to “*Seller’s Knowledge*,” “*Knowledge of Seller*,” or words of similar intent or effect mean and refer to all matters with respect to which (i) Seller has received

written notice or (ii) any of the Persons whose names or titles are set forth on Schedule 1.03(d) are actually aware or should have been aware;

(e) references to any document are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereto;

(f) references to any law are references to that law as amended, consolidated, supplemented or replaced, and all rules and regulations promulgated thereunder;

(g) references to time are references to Eastern Time;

(h) references to “\$” or dollar amounts are references to lawful currency of the United States;

(i) the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural; and

(j) the division of this Agreement into Articles and Sections, and the use of captions and headings in connection therewith are solely for convenience and have no legal effect in construing this Agreement.

ARTICLE TWO

SALE AND PURCHASE OF ACQUIRED ASSETS

2.01. Sale and Purchase of Acquired Assets. Subject to the terms and conditions set forth herein and in reliance upon the representations, warranties, covenants, obligations and agreements set forth herein, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase, acquire and accept from Seller, the following assets, properties, interests and rights of Seller used in or relating to the Business, wherever located, together with the right to all income, royalties, damages and other payments that are now or may hereafter become due or payable with respect thereto, including damages for past, present or future infringement, misappropriation or unauthorized use thereof (the “Acquired Assets”), free and clear of all Encumbrances:

(a) all of Seller’s right, title and interest in and to Seller’s corporate legal name and any assumed names, trade names, fictitious or “doing business as” (DBA) names of Seller now or previously owned, used or licensed by Seller in connection with the Business, including “Hospital Audiences, Inc.,” “Healing Arts Initiative” and any variants or abbreviations thereof, including all of Seller’s right, title and interest with regard to the ownership, registration (completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Corporate Names”);

(b) all of Seller’s right, title and interest in and to federal, state and foreign trademarks, trade dress, service marks, titles, slogans, logos now or previously owned, used or licensed by Seller in connection with the Business and any variants or abbreviations thereof, including all of Seller’s right, title and interest with regard to the ownership, registration

(completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Trademarks”);

(c) all of Seller’s right, title and interest in and to any and all domain name registrations related to the Business, including www.hainyc.org, including all of Seller’s right, title and interest with regard to the ownership, registration (completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Domain Name Registrations”);

(d) all of Seller’s right, title and interest in and to any and all e-mail addresses, internet websites and social media sites or accounts owned, maintained or operated by Seller relating to the Business, including all of Seller’s right, title and interest with regard to the content of any such websites or social media sites or accounts and passwords related thereto, and the ownership, registration (completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Social Media”);

(e) all of Seller’s right, privileges and options in any and all rights in works of authorship, including under any United States and foreign copyrights and literary rights (including in each case all rights to license and distribute the same), owned or used by Seller relating to the Business or to materials of whatever nature or description authored, created or developed by Seller, including all of Seller’s right, title and interest with regard to the ownership, registration (completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Copyrights”);

(f) all of Seller’s right, title and interest in and to any and all trade secrets, proprietary information, inventions, know-how, technology, technical data, proprietary processes and formulae, recipes, designs, algorithms and specifications owned by Seller and related to, used by, held for use in, or necessary for the operation of the Business, including all of Seller’s right, title and interest with regard to the ownership, registration (completed or pending), renewal, continuation, continuations-in-part, divisions, reissuances, extensions, protection, use and exploitation of the same (as applicable) (collectively, the “Trade Secrets,” and collectively with the Corporate Names, Trademarks, Domain Name Registrations, Social Media, and Copyrights, the “Seller Intellectual Property”);

(g) all other documents and materials authored, created or developed by Seller for use in the Business, including forms, templates, grant applications, promotional and marketing materials, articles, manuscripts, editorial and non-editorial material and similar materials;

(h) originals or copies, as may be available, of all sales, advertising and marketing records of Seller with regard to the Business (in whatever form or medium), including (i) information held for use by Seller for the development and maintenance of any client and donor lists and for the promotion of the Business, (ii) advertising materials, media kits, records of current and former advertisers and prospect lists for advertising, and (iii) all other records,

files, data or information (including marketing information and market research data) held for use by Seller in connection with the foregoing (the “Marketing Records”);

(i) originals or copies, as may be available, of all currently existing and historical lists and other information, data, statistics and other compilations of information relating to past, existing and potential vendors or suppliers of Seller (collectively, the “Vendor List”);

(j) originals or copies, as may be available, of all currently existing and historical lists and other information, data, statistics and other compilations of information relating to former Employees and independent contractors of Seller, including copies of Form 1099s filed with respect to any independent contractors of Seller in the past three (3) years (collectively, the “Employee Records”);

(k) originals or copies, as may be available, of all expired Contracts to which Seller is a party, including but not limited to any expired Contracts between Seller and any Governmental Authority, (the “Contract Records,” and collectively with the Marketing Records, Vendor List and Employee Records, the “Acquired Records”);

(l) the goodwill relating to the Business;

(m) all Permits, if any; and

(n) all pre-paid expenses, security deposits, rights of refund, returns or other claims of Seller against third parties related to the foregoing.

2.02. Excluded Assets. Anything contained in this Agreement to the contrary notwithstanding, the Acquired Assets shall not include the following assets, properties, interests and rights of Seller, wherever located (the “Excluded Assets”):

(a) all of Seller’s cash, cash equivalents, accounts receivable, securities, bank accounts and rights thereunder;

(b) all of Seller’s right, title and interest in and to any and all real property owned, leased or used by Seller;

(c) all software and computer programs, and computer hardware owned or used by Seller;

(d) all rights of Seller to any federal, state or local Tax benefit, claim or refund, except to the extent attributable to the Acquired Assets;

(e) any original books and records of Seller other than the Acquired Records, including Seller’s corporate, financial and tax books and records, and any other books and records that Seller is or was required by Law (the “Excluded Records”); provided, however, that, if requested by Buyer, Buyer shall, at Buyer’s sole cost and expense, be entitled to receive copies of all such Excluded Records in the possession of Seller or Seller’s Affiliates as of the Closing Date;

- (f) all Contracts and other agreements to which Seller is a party that are in effect as of the Effective Date;
- (g) any policies and procedures of Seller relating to the Business;
- (h) telephone and facsimile numbers relating to the Business;
- (i) all benefits, proceeds and other amounts payable under any policy of insurance related to Seller's Business including, without limitation, claims under any directors and officers liability insurance policy arising prior to the Closing Date;
- (j) all artwork owned by Seller or otherwise related to the Business and located at Seller's offices or in storage;
- (k) all litigation claims or causes of action of Seller against any third party arising on or prior to the Closing Date and not specifically related to the Acquired Assets, including any action arising under Chapter 5 of the Bankruptcy Code;
- (l) the 34 passenger bus retrofitted to accommodate wheelchairs owned by Seller and used in the Business; and
- (m) all of Seller's right, title and interest in and to assets that do not constitute the Acquired Assets.

2.03. Excluded Liabilities. Notwithstanding anything to the contrary contained herein, Buyer shall not assume and under no circumstances shall Buyer be obligated to pay or assume, and none of the assets of Buyer shall be or become liable for or subject to, any Claims, interests, Encumbrances or other Liability of Seller currently existing or hereafter arising, or otherwise, whether or not disclosed to Buyer herein or on any Schedule hereto (collectively, the "Excluded Liabilities"). Seller shall retain and remain exclusively liable for all of the Excluded Liabilities. The intent and objective of Buyer and Seller is that Buyer does not assume, and no transferee liability will attach to Buyer pertaining to, any of the Excluded Liabilities.

Without limiting the generality of the foregoing, the term "Excluded Liabilities" includes the following:

- (a) any Liabilities of Seller or any Affiliate of Seller arising out of or relating to the Acquired Assets or the operation of the Business on or prior to the Closing Date;
- (b) any Liabilities of Seller or any Affiliate of Seller arising out of or relating to any of the Excluded Assets, or the ownership, operation, use or benefit thereof;
- (c) any Liabilities of Seller or any Affiliate of Seller arising out of or relating to any Contracts of Seller or Affiliate of Seller, as applicable, including Contracts arising out of, or relating to, the Acquired Assets or the operating of the Business, or any Contracts arising out of, or relating to, the Excluded Assets;

(d) any Liabilities of Seller, whenever or however arising, under Contract, Law, Action or Order of any kind related to any Employee Plan or Contract with any Employee or former Employee or otherwise relating to an Employee or former Employee or his or her service (or potential service or termination of service) or employment (or potential employment or termination of employment) with Seller or any ERISA Affiliate, or other employment-related Liabilities of Seller arising on or prior to, or as a result of, the Closing, to any Employees, agents or independent contractors of Seller or any Affiliate of Seller, whether or not employed by Buyer after the Closing, or under any benefit arrangement with respect thereto, including any Liabilities under any Employee Plans (“Employee Liabilities”);

(e) any Liabilities for Taxes, whether historical, current or deferred Taxes, incurred by Seller or any Affiliate of Seller, or arising on or prior to the Closing Date;

(f) any Liabilities arising out of or relating to any Actions or Orders against Seller, any Affiliate of Seller, or any of their respective owners, members, partners, directors, officers, managers, employees (including Employees) or agents, including any Liabilities arising from any facts, events or circumstances occurring on or prior to the Closing Date, in each case, of any kind or nature whatsoever and whether related to the Acquired Assets or the Business or otherwise and regardless of when commenced;

(g) any Liabilities of Seller, any Affiliate of Seller, or any of their respective owners, members, partners, directors, officers, managers, employees (including Employees) or agents arising as a result of any violation of Laws at any time by such Person, including any violation of Environmental Laws or any Laws in respect of Taxes, privacy, security, securities, health and safety, employment and labor; and

(h) any Liabilities of Seller or any Affiliate of Seller arising after the Closing Date.

2.04. Closing; Closing Date. The closing (the “Closing”) of the purchase and sale of the Acquired Assets hereunder shall take place at 10:00 a.m. at the offices of Epstein Becker & Green, P.C., 250 Park Avenue, New York, New York 10177, on the Effective Date (the “Closing Date”). At the Closing, Seller shall deliver, or cause to be delivered, to Buyer, each of the items set forth in Section 5.01(b), all in forms reasonably acceptable to Buyer and its counsel. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller, each of the items set forth in Sections 5.02(b) and (c), including the Purchase Price set forth in Section 2.05, all in forms reasonably acceptable to Seller and its counsel. All transactions contemplated by this Agreement shall be deemed and treated consummated and shall be given effect as though consummated and occurred on and as of the Closing Date.

2.05. Purchase Price. At the Closing, Buyer shall pay and deliver to Seller an amount equal to Twenty Five Thousand Dollars (\$25,000) (the “Purchase Price”).

2.06. Allocation of the Purchase Price. The Purchase Price shall be allocated to individual items, classes and categories of Acquired Assets and the restrictive covenants set forth in Section 6.01(a) in accordance with a schedule to be provided by Buyer to Seller within 90 days following the Closing Date. The parties agree that such allocation shall be in accordance

with Section 1060 of the Code and the Treasury Regulations thereunder, shall be binding on each of Seller and Buyer for all purposes, and each party shall report the federal, state and local income and other Tax consequences of the transactions contemplated by this Agreement (including for purposes of IRS Form 8594) in a manner consistent with such allocation.

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer, as of the Closing Date, as follows:

3.01. Organization; Good Standing; Qualification. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. Seller has all requisite corporate power and authority to carry on its business as it now is being conducted, to own and transfer the Acquired Assets, and to execute, deliver and perform its obligations under this Agreement and under each Ancillary Document contemplated hereby to which Seller is a party.

3.02. Authority. Subject to Bankruptcy Court approval, Seller has full legal corporate right, power and authority to execute and deliver this Agreement and each Ancillary Document to which Seller is a party and to carry out the transactions contemplated hereby and thereby. Subject to Bankruptcy Court approval, the execution and delivery by Seller of this Agreement and each Ancillary Document to which Seller is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Seller. This Agreement and each Ancillary Document to which Seller is a party have been duly executed and delivered by Seller, and constitute the legal, valid and binding obligations of Seller, enforceable against it in accordance with their respective terms, subject to Bankruptcy Court approval.

3.03. No Conflicts. The execution, delivery and performance of this Agreement and each Ancillary Document to which Seller is a party and the consummation of the transactions contemplated hereby and thereby by Seller will not (a) violate or conflict with the certificate of incorporation or by-laws or other constituent documents of Seller, (b) conflict with, or result in the breach of, or termination of, or constitute a default under (whether with notice or lapse of time or both), or accelerate or permit the acceleration of the performance required by any Contract, Permit, order, judgment or decree to which Seller is a party or by which any of its assets are bound or subject, (c) constitute a violation of any Law applicable to Seller or (d) result in the creation of any Encumbrance upon the capital stock, properties or other assets of Seller. Except for Bankruptcy Court approval, to Seller's Knowledge, no consent from any third party, including any Governmental Authority, is required on the part of Seller in connection with the execution, delivery and performance of this Agreement.

3.04. Compliance with Laws. Seller is and has been in compliance in all material respects with all applicable Laws, including any Laws applicable to Seller with respect to the Acquired Assets and the operation of the Business, and all Laws in respect of Taxes, privacy, security, the environment, securities, health and safety, employment and labor. Seller has not received written notice (whether addressed to Seller, any of its Affiliates, officers or directors, or

otherwise) alleging any violation of Laws by Seller, Seller's Affiliates, or any of their respective owners, members, partners, directors, officers, managers, employees (including Employees) or agents, and to the Knowledge of Seller, no such allegations of violation have been made by any Person or Governmental Authority.

3.05. Actions. Other than the Bankruptcy Case and except as set forth on Schedule 3.05, there is no legal or administrative, private or governmental, action, investigation, lawsuit, proceeding, litigation, arbitration or investigation ("Action") pending or, to the Knowledge of Seller, threatened against Seller, any Affiliate of Seller or any of their respective owners, members, partners, directors, officers, managers, employees (including Employees) or agents relating to the Business or any of the Acquired Assets, before any Governmental Authority. Except as set forth on Schedule 3.05, there is no legally binding judgment, decree, order, injunction, administrative ruling, decision or award of any Governmental Authority ("Order") against Seller, any Affiliate of Seller or any of their respective owners, members, partners, directors, officers, managers, employees (including Employees) or agents relating to the Business or any of the Acquired Assets.

Exempt Status

3.06. Exempt Status. Seller has provided Buyer with a letter from the IRS which recognizes that Seller is exempt from United States federal income taxes under Section 501(a) of the Code as an organization described under Section 501(c)(3) of the Code and not a "private foundation" as such term is defined in Section 509 of the Code (the "Determination Letter"). The Determination Letter has not been modified, limited or revoked, in whole or in part, and Seller has not been notified that the IRS is proposing to revoke, modify or limit the Determination Letter. There is no pending request by Seller for a redetermination or modification of tax-exempt status as an organization described in Section 501(c)(3) of the Code. Seller is in compliance with all of the terms, conditions, and limitations contained in the Determination Letter, if any, and Seller has not engaged in any activity or conduct of such nature that would warrant modification, limitation or revocation of the Determination Letter. Seller has not been notified that the IRS is proposing to investigate its continued qualification as an organization described in Section 501(c)(3) of the Code or that there are any administrative or judicial proceedings pending or threatened which may adversely affect the classification of it as an organization described in Section 501(c)(3) of the Code and not a private foundation under Section 509 of the Code. Seller has made all filings necessary to maintain its status as an organization described in Section 501(c)(3) of the Code.

3.07. Ownership; Subsidiaries. No Person directly or indirectly owns any class of Seller's equity interests. Seller does not own and has not owned, either directly or indirectly, any interest or investment (whether debt or equity) in or been a member of any corporation, partnership, joint venture, business trust or other entity during the previous twelve (12) month period other than HAI Ventures.

3.08. Sufficiency of Assets; Title to Acquired Assets; Absence of Liabilities.

(a) The Acquired Assets together with the Excluded Assets include all assets, properties and rights used or found useful by Seller in connection with the Business and the Acquired Assets constitute all assets that are necessary for Buyer to continue the Business as

historically and currently conducted following the Closing. Seller has not received any notice from any federal, state or local government agency that any of the Acquired Assets fail to conform in any material respect to any applicable Laws. Seller shall not, after Closing, have retained any assets, rights, titles or interests relating to or in the Acquired Assets.

(b) Seller is the sole and exclusive legal and equitable owner of the Acquired Assets and has good, valid, clear, indefeasible, insurable and marketable title to the Acquired Assets, free and clear of any and all Encumbrances, and there are no restrictions or limitations whatsoever upon Seller's right to transfer to Buyer, or Buyer's right, post-Closing, to improve or use any of the Acquired Assets. The Acquired Assets to be sold by Seller to Buyer pursuant to this Agreement are currently in the possession or control of Seller. Seller has not conveyed or otherwise transferred any of the Acquired Assets to any Person, except to Buyer pursuant to this Agreement. Upon the sale, assignment and transfer of the Acquired Assets under this Agreement, Buyer will own the Acquired Assets free and clear of all Encumbrances.

(c) There are no Liabilities currently existing or hereafter arising, or otherwise, relating to the Acquired Assets, whether or not disclosed to Buyer herein or on any Schedule hereto.

3.09. Intellectual Property.

(a) List. Schedule 3.09 sets forth all known Seller Intellectual Property.

(b) Ownership.

(i) Seller owns exclusively (beneficially and of record) all right, title and interest in and to all Seller Intellectual Property (and no other Person has any rights thereto), all Seller Intellectual Property, free and clear of any and all Encumbrances.

(ii) There are no Actions pending or, to the Knowledge of Seller, threatened, that may result in the revocation, cancellation or suspension, or any adverse modification of the ownership, of the Seller Intellectual Property.

(iii) No present or former Employee of Seller, and no other Person, owns or has any proprietary, financial or other interest, direct or indirect, in whole or in part, in any of the Seller Intellectual Property, or in any application therefor.

(iv) Seller has not transferred ownership of, or granted any license of or right to use, or authorized the retention of any rights to use, any Seller Intellectual Property to any other Person.

(v) Seller is not obligated to pay any royalties or licensing fees related to the Seller Intellectual Property to any Person.

(c) Registration.

(i) All of the Trademarks identified on Schedule 3.09 are duly registered with the United States Patent and Trademark Office and have not been abandoned or

allowed to lapse, and all applications for registration, if any, are being actively prosecuted and have not been abandoned or allowed to lapse.

(ii) The Domain Name Registrations have been validly registered with an authorized domain name registrar and the registration therefor is current through the Closing Date.

(iii) Seller has taken commercially reasonable actions to protect, preserve and maintain the Seller Intellectual Property, including the confidentiality of all Trade Secrets included in the Seller Intellectual Property.

(d) Non-Infringement.

(i) Seller does not infringe upon, unlawfully or wrongfully use, or misappropriate, and has not infringed upon, unlawfully or wrongfully used, or misappropriated, any Intellectual Property owned or claimed by any other Person.

(ii) Neither Seller or Seller's Affiliates nor any of their respective members, owners, partners, directors, officers, managers, employees (including Employees) or agents have received any claim, notice, charge or assertion (actual or constructive) from any Person alleging that Seller's or any of Seller's Affiliate's use of the Seller Intellectual Property or ownership or operation of any or all of the Acquired Assets infringes or has infringed upon, unlawfully or wrongfully uses or used, misappropriates or misappropriated, or otherwise violates or violated any Intellectual Property of any Person under the Laws of any jurisdiction relating to any of the Seller Intellectual Property.

(iii) To the Knowledge of Seller, there is no unauthorized or infringing use of, unlawful or wrongful use of, or misappropriation with respect to, any of the Seller Intellectual Property by any Person and Seller has not initiated any claim or other assertion of any infringement, unlawful or wrongful use, or misappropriation of the Seller Intellectual Property by any Person.

(iv) The ownership and use of the Seller Intellectual Property by Buyer as of the Closing will not infringe upon, unlawfully or wrongfully result in the use of, or result in the misappropriation by Buyer of any Seller Intellectual Property, nor will it violate the rights of any Person.

(e) Consummation of Transactions.

(i) None of the Seller Intellectual Property will be adversely affected by the consummation of the transactions contemplated by this Agreement.

(ii) After the Closing, Buyer will have the right to continue to use the Seller Intellectual Property in a manner consistent with Seller's past practices immediately prior to the Closing.

3.10. Employment.

(a) Seller does not currently have any Employees presently dedicating their time and effort, or providing any services whatsoever, in connection with the Business or the operation of the Acquired Assets.

(b) No (i) collective bargaining agreement exists or is currently being negotiated by Seller or any of Seller's Affiliates; (ii) application for certification of a collective bargaining agent is pending; (iii) demand has been made upon Seller or any of Seller's Affiliates for recognition by a labor organization; (iv) union representation question exists; (v) union organizing activities are, to the Knowledge of Seller, taking place; and (vi) employees of Seller or any of Seller's Affiliates are represented by any labor union or organization.

(c) There has not been and there is not presently pending or (to the Knowledge of Seller) threatened, and no event has occurred or circumstance exists (to the Knowledge of Seller) that could reasonably provide the basis for (i) any strike, slowdown, picketing, work stoppage, or employee grievance process, or (ii) any Action against or affecting Seller or any of Seller's Affiliates relating to an alleged violation of any Laws pertaining to labor relations, including any charge, complaint or unfair labor practices claim filed by an employee, union or other person with the National Labor Relations Board or any comparable Governmental Authority, organizational activity or other labor dispute against or affecting Seller, Seller's Affiliates or the operation of the Business.

(d) Buyer shall have no obligation, subsequent to the Closing Date, to hire or contract with any Person currently employed or contracted with by Seller, including any Employees, nor does Seller have any arrangements with any Employees or contractors of Seller that would create after the Closing an employment or contractual relationship with Buyer. Notwithstanding any other provisions of this Agreement to the contrary, Buyer is not assuming any Liability of Seller relating to any Employee Liabilities.

3.11. Permits. To Seller's Knowledge, (a) there are no federal, state, local and foreign governmental licenses, registrations, grants, franchises and other governmental authorizations and approvals necessary for the operation of the Acquired Assets and the Business (collectively, the "Permits") and, accordingly, (b) Seller does not hold any such Permits.

3.12. Contracts. To Seller's Knowledge, there are no Contracts currently in effect between Seller and any Person in connection with or relating to the Acquired Assets.

3.13. Financing Statements. There are no financing statements under the Uniform Commercial Code that name Seller as debtor or lessee filed in any state, except as set forth on Schedule 3.13 attached hereto. Except for those no longer in effect, Seller has not signed any financing statement or any security agreement under which a secured party thereunder may file any such financing statement securing a lien on any of the Acquired Assets.

3.14. Transactions With Affiliates. No director, officer or employee of Seller or member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or any member of the family of any such person, has a substantial interest or is an officer, director, trustee, partner or holder of any equity interest, is a party to any

transaction with Seller with respect to or relating to any of the Acquired Assets which will survive the Closing.

3.15. Brokers and Finders. Neither Seller nor any member, owner, director, manager, officer, employee or agent acting on behalf Seller, has engaged any finder or broker in connection with the transactions contemplated hereunder.

ARTICLE FOUR

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller, as of the Closing Date, as follows:

4.01. Organization, Good Standing and Qualification. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. Buyer has all requisite corporate power and authority to carry on its business as it now is being conducted and to execute, deliver and perform its obligations under this Agreement and under each Ancillary Document contemplated hereby to which Buyer is a party.

4.02. Authority. Buyer has full legal corporate right, power and authority to execute and deliver this Agreement and each Ancillary Document to which Buyer is a party and to carry out the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and each Ancillary Document to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of Buyer. This Agreement and each Ancillary Document to which Buyer is a party have been duly executed and delivered by Buyer, and constitute the legal, valid and binding obligations of Buyer, enforceable against it in accordance with their respective terms.

4.03. Actions. There are no Actions pending, or to the knowledge of Buyer, threatened, against Buyer challenging the validity or propriety of the transactions contemplated by this Agreement. There are no Orders against Buyer which materially adversely affect Buyer's ability to acquire the Acquired Assets, or which would interfere in any material respect with the transactions contemplated by this Agreement.

4.04. Brokers and Finders. Neither Buyer nor any nor any member, owner, director, manager, officer, employee or agent acting on behalf of Buyer, has engaged any finder or broker in connection with the transactions contemplated hereunder.

ARTICLE FIVE

CLOSING CONDITIONS

5.01. Conditions to Buyer's Obligation to Close. The obligation of Buyer to purchase and pay for the Acquired Assets to be sold to Buyer at Closing is subject to the fulfillment or waiver of each of the following conditions:

(a) Representations and Warranties. Each of the representations and warranties of the Seller set forth in Article Three hereof will be true, accurate and correct in all

material respects on the date of Closing, unless such representations and warranties relate specifically to an earlier date, in which case they will have been true, accurate and correct on such earlier date.

(b) Documents and Deliverables. Buyer will have received prior to or at the Closing all of the following documents or deliverables, each in form and substance satisfactory to Buyer:

(i) All certificates of title and other documents evidencing an ownership interest conveyed as part of the Acquired Assets;

(ii) A General Assignment, Conveyance, and Bill of Sale in or substantially in the form attached hereto as Exhibit A, dated as of the Closing Date and duly executed by Seller, conveying to Buyer good and marketable title to the Acquired Assets and valid title to all intangible assets that are a part of the Acquired Assets, free and clear of Encumbrances;

(iii) An Intellectual Property Assignment Agreement in or substantially in the form attached hereto as Exhibit B (the "Intellectual Property Assignment"), dated as of the Closing Date and duly executed by Seller, assigning to Buyer all of Seller's right, title and interest in and to the Seller Intellectual Property;

(iv) Copies of resolutions duly adopted by the Board of Directors of Seller, authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and of full force as of the Closing, by the appropriate officers or other representatives of Seller;

(v) A copy of a final and non-appealable Sale Order entered by Bankruptcy Court, which provides that the sale of the Acquired Assets is:

(A) Pursuant to section 363(f) of the Bankruptcy Code, free and clear of all liens, claims, encumbrances and interests, and set-off rights, whether known or unknown, disputed, contingent, actual, or otherwise, arising prior to Closing;

(B) to a good faith purchaser; and

(C) to Buyer with no successor liability; and

(vi) Such other instruments and documents as Buyer reasonably deems necessary to effect the transactions contemplated hereby.

(c) SeaChange Grant Funding. In connection with a grant of funds in the amount of One Hundred Thousand Dollars (\$100,000) (the "Grant Funds") to be made by SeaChange Capital Partners to Buyer in furtherance of Buyer's charitable mission, prior to Closing the Grant Funds shall have been deposited with a third party escrow agent pursuant to the terms of a Grant Agreement or an Escrow Agreement, as applicable, which are acceptable to Buyer.

5.02. Conditions to Seller's Obligations to Close. The obligation of Seller to sell the Acquired Assets to Buyer at the Closing is subject to the fulfillment or waiver, on or before the Closing, of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer contained in Article IV hereof shall be true and correct as of the Closing, unless such representations and warranties relate specifically to an earlier date, in which case they will have been true, accurate and correct on such earlier date.

(b) Purchase Price. Seller shall have received payment of the Purchase Price due to Seller in accordance with Section 2.05.

(c) Documents and Deliverables. Seller will have received prior to or at the Closing all of the following documents or deliverables, each in form and substance satisfactory to Seller:

(i) the Intellectual Property Assignment Agreement, dated as of the Closing Date and duly executed by Buyer;

(ii) Copies of resolutions duly adopted by the Board of Directors of Buyer, authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and of full force as of the Closing, by the appropriate officers or other representatives of Buyer; and

(iii) Such other instruments and documents as Seller reasonably deems necessary to effect the transactions contemplated hereby.

ARTICLE SIX

POST-CLOSING COVENANTS

6.01. Restrictive Covenants.

(a) Non-Competition. Commencing on the Closing Date and for a period of two (2) years thereafter (the "Restricted Period"), Seller shall not directly or indirectly own, manage, control, operate, participate in, or consult with any business substantially similar to the Business located in the New York Metropolitan Area.

(b) Non-Interference. During the Restricted Period, Seller shall not, and shall cause its Affiliates, directors, managers, officers, employees and agents (the "Covenantors") not to, directly or indirectly, interfere with, or discourage, any existing or prospective customer, donor, supplier or other business associate of Buyer from maintaining the same or similar relationship with respect to the Business or the Acquired Assets with Buyer as any such business associate maintained with Seller with respect to the Business or the Acquired Assets prior to Closing.

(c) Non-Solicitation. During the Restricted Period, Seller shall not, and shall cause the Covenantors not to, directly or indirectly through any other Person (whether as an owner, member, stockholder, partner, employee, corporate officer, director, manager, consultant, agent or in any other capacity): (i) solicit, induce, hire, employ or otherwise engage, or attempt to do any of the foregoing, as an employee, independent contractor, consultant or otherwise, any Person who (x) is engaged or retained by Buyer or any of its Affiliates to end such Person's relationship with Buyer or any of its Affiliates, or (y) was engaged or retained by Buyer or any of its Affiliates within the preceding twelve (12) month period prior to such solicitation, inducement, hiring, employment or engagement (or attempt to do any of the foregoing); or (ii) in any way take actions that could reasonably be expected to interfere adversely with the relationship between any such Person and Buyer or any of its Affiliates.

(d) Non-Disparagement. During the Restricted Period, Seller shall not, and shall cause the Covenantors not to, make or cause to be made, directly or indirectly, at any time, any disparaging or derogatory statements concerning the Business, the Acquired Assets, Buyer or any of their respective businesses, services, reputations or prospects, or any of their past or present owners, members, partners, officers, directors, managers, employees, agents or advisors.

(e) Non-Disclosure. During the Restricted Period, Seller shall not, and shall cause the Covenantors not to, use or disclose in any manner, directly or indirectly, any proprietary or confidential information or trade secrets concerning Buyer or the Acquired Assets (collectively, the "Confidential Information"); provided, however, that Seller or the Covenantors may disclose the Confidential Information (i) to the extent required to do so by court order, Law or similar compulsion, or (ii) to the extent that such Confidential Information is generally known to and available for use by the public other than as a result of Seller's acts, or omissions to act, in violation of this Section 6.01(e).

(f) Reasonableness. Seller acknowledges and agrees that: (i) each of the covenants set forth in this Section 6.01 is necessary for the protection of the legitimate business interests of Buyer or Buyer's Affiliates and that the nature and scope of each such covenant is reasonable; and (ii) any violation or breach of said covenants will result in immediate and irreparable injury to Buyer or Buyer's Affiliates and there may be no adequate remedy at law for any violation or breach of said covenants, and Buyer or Buyer's Affiliates will therefore be entitled to injunctive relief without the necessity of posting any bond or showing any actual damages in the event of a violation or breach or threatened violation or breach thereof by Seller.

(g) Blue Pencil. If, at the time of enforcement of any provision of Sections 6.01(a), (b), (c) or (d) or (e) above, a court of competent jurisdiction holds that the restrictions stated therein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope, or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area and that such court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by Law.

(h) Survival. The provisions of this Section 6.01 shall survive the Closing of the transactions contemplated hereunder for a period of two (2) years thereafter.

6.02. Press Releases. Seller shall obtain the prior written approval of Buyer prior to issuing any press release or other public communication concerning the transactions contemplated by this Agreement; it being agreed that such approval shall not be unreasonably withheld; provided, however, that nothing in this Section 6.02 shall prevent Seller from filing with the Bankruptcy Court or otherwise disclosing this Agreement and its terms, or any related documents or other information that is required to be filed or disclosed in connection with the Bankruptcy Case.

6.03. Corporate Names and Logos. From and after the Closing Date or as soon thereafter as practicable, Seller shall cease using the Corporate Names or any variation thereof or any name or logo which may reasonably be expected to be confused with the Corporate Names being transferred to Buyer hereunder in connection with any activity of Seller at any time after the Closing Date. Seller shall amend its certificate of incorporation and take all other actions necessary to change its legal name to one sufficiently dissimilar to Seller's present name, in Buyer's judgment, to avoid confusion and shall amend the caption of the Bankruptcy Case to reflect such name change.

6.04. Further Assurance. Each of the parties hereto agrees to execute such instruments and take such further action, if any, as may be reasonably requested by any other parties hereto in order to assure such requesting party of the rights and benefits intended by this Agreement, it being understood that the expense of any such action shall be borne by the party requesting the same.

6.05. Payments from Third Parties. In the event that, on or after the Closing Date, Seller shall receive any payments or other funds due Buyer relating to services provided by Buyer following the Closing in connection with the Business or the Acquired Assets being acquired by Buyer hereunder, then Seller shall promptly forward such funds to Buyer in such manner as Buyer shall reasonably request from time to time.

6.06. Tax Matters. Seller and Buyer shall provide each other with such cooperation and information as either of them may reasonably request of the other in filing any Tax return, amended return or claim for refund, determining a liability for Taxes or a right to a refund of Taxes or in connection with any audit or other proceeding in respect of Taxes (each, a "Tax Proceeding"). Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such Tax return or Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Any information obtained under this Section 6.06 shall be kept confidential in accordance with Section 6.01(e), except as may be otherwise necessary in connection with the filing of Tax returns or claims for refund or in conducting an audit or other proceeding or as otherwise required by Law.

6.07. Retention of Records. For a period of two (2) years after the Closing, upon reasonable notice and during regular business hours and at mutually agreeable times, Buyer shall cooperate with Seller or any successor in interest, to provide access to, and copies of (at the sole cost and expense of Seller), the Acquired Records. Buyer shall be obligated to provide Seller with access to any books or records pursuant to this Section 6.07 where such access would violate any Law.

ARTICLE SEVEN

MISCELLANEOUS PROVISIONS

7.01. Entire Agreement; Amendment. This Agreement and the Schedules hereto contain all of the representations, warranties, and agreements of the parties hereto with respect to the subject matter hereof, and all prior understandings, representations, and warranties (whether oral or written) with respect to such matters are superseded by this Agreement. This Agreement may not be amended, modified, waived, discharged, or terminated except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge, or termination is sought. The Schedules attached hereto, together with all documents incorporated by reference therein, form an integral part of this Agreement.

7.02. Governing Law and Jurisdiction. This Agreement and the legal relations between the parties hereto will be governed by and construed in accordance with the laws of the State of New York, without application of its principles of conflicts of law. The parties agree that the Bankruptcy Court shall retain exclusive jurisdiction to enforce the provisions of this Agreement and the Sale Order. With respect to the above jurisdiction, the parties expressly and irrevocably (a) consent and submit to the personal jurisdiction of such court in any such action or proceeding, (b) waive any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue, or *forum non conveniens* or any similar basis, and (c) waive all rights, if any, to trial by jury with respect to any such action or proceeding.

7.03. Assignment. This Agreement shall inure to the benefit of and be binding on the successors, permitted assigns, heirs and legal representatives, as the case may be, of each of the parties hereto. No assignment of this Agreement or any rights hereunder shall be effective without the written consent of the parties hereto.

7.04. Designations and Notices. Any notices or other communications required or permitted hereunder, except as may otherwise be provided in this Agreement, will be deemed given if mailed by overnight delivery or certified mail, return receipt requested, postage prepaid, addressed as follows, or to such other address as any party shall designate by notice duly given hereunder:

- (a) If to Seller, to it at:

Hospital Audiences, Inc.
d/b/a Healing Arts Initiative

Attention: John Keefe
Email:

With a copy to:

Klestadt Winters Jureller

Southard & Stevens, LLP
200 West 41st Street, 17th Floor
New York, New York 10036-7203
Attn: Fred Stevens, Esq.
Email: fstevens@klestadt.com

If to Buyer, to it at:

Young Adult Institute, Inc.
460 West 34th Street, 11th Floor
New York, NY 10001
Attn: Russell Miness, Esq.
Email: russell.miness@yai.org

With a copy to:

Epstein Becker & Green, P.C.
250 Park Avenue
New York, New York 10177
Attention: Wendy G. Marcari, Esq.
Email: wmarcari@ebglaw.com

7.05. Severability. If any one or more of the provisions of this Agreement is adjudged to any extent invalid, unenforceable, or contrary to law by a court of competent jurisdiction, each and all of the remaining provisions of this Agreement will not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

7.06. Construction. The provisions of this Agreement shall be deemed prepared jointly by the parties hereto with the intent that no provision hereof is to be strictly construed against any party by reason of the preparation or negotiation of this Agreement.

7.07. Expenses. Except as may be otherwise provided in this Agreement, each party shall be responsible for its own expenses and costs of attorneys, accountants and consultants.

7.08. Effective Date. The effective date of the transactions contemplated by this Agreement shall be the Closing Date.

7.09. Defense of Orders. If, following the Closing, the Sale Order, or any other order of the Bankruptcy Court relating to this Agreement shall be appealed (or a petition for certiorari or motion for rehearing or reargument shall be filed with respect thereto), Seller, at Seller's expense, shall take all commercially reasonable steps as may be appropriate to defend against such appeal, petition or motion, and Buyer agrees to cooperate in such efforts, and each party hereto shall endeavor to obtain an expedited resolution of such appeal.

7.10. Counterparts. This Agreement (a) may be executed by the parties hereto in separate counterparts, each of which shall be deemed to constitute an original, but all of which together shall constitute one and the same agreement, (b) will be considered fully executed when

all parties hereto have executed an identical counterpart, notwithstanding that all signatures may not appear on the same counterpart, and (c) may be executed and delivered via facsimile or electronically by a party, and shall be binding upon such party as if executed by original signature and personally delivered.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be executed as of the date first above written.

SELLER:

**HOSPITAL AUDIENCES, INC.
D/B/A HEALING ARTS INITIATIVE**

By: _____
Name:
Title:

BUYER:

YOUNG ADULT INSTITUTE, INC.

By: _____
Name:
Title:

Schedule 1.03(d)

Knowledge Parties

1. John Keefe
2. John MacIntosh
3. Gregory Pressman
4. Jennifer Hourihan

Known

Schedule 3.05

Actions

Seller's former Employee, Kim Williams, is currently being prosecuted in connection with the theft of money from the Seller and the subsequent physical attack on the former Executive Director of Seller. In addition, the former Executive Director has publically alleged that former members of the Board failed in their fiduciary obligations to manage the Seller and supervise its Employees. No current Employees or members of the Seller's Board of Directors are involved in these matters in any way.

Schedule 3.09**Intellectual Property****Corporate Names** –

Hospital Audiences, Inc.
Healing Arts Initiative (Assumed Name)

Registered Copyrights –

#	Name (NALL) <	Full Title	Copyright Number	Date
<input type="checkbox"/> [1]	Hospital Audiences, Inc.	Access for all: a guide for people with disabilities to New York City cultural institutions / pub. by Hospital Audiences, Inc., and WCBS Newsradio 88 ; with the assistance of Lincoln Center for the Performing Arts, Inc.	TX0003472447	1992
<input type="checkbox"/> [2]	Hospital Audiences, Inc.	Carnival of the animals.	PA0000333126	1984
<input type="checkbox"/> [3]	Hospital Audiences, Inc.	HIV prevention 10-part series : handbook.	TX0005245460	2000
<input type="checkbox"/> [4]	Hospital Audiences, Inc.	HIV prevention 4-part series handbook.	TX0005280041	2000
<input type="checkbox"/> [5]	Hospital Audiences, Inc.	Live arts experiences: their impact on health and wellness a work in progress / Michael Jon Spencer.	TX0004522007	1996

Domain Names –

www.hainyc.org

Social Media Accounts –

	Social Media Service	Account User Name	Account Password
1.	Youtube.com	youtube@hainyc.org	3265sweeny
2.	Facebook.com	Joshua.Keller906@gmail.com	Malcolm10
3.	Twitter.com	outreach@hainyc.com	3265sweeny
4.	Instagram.com	hainyc	3302skillmanhai

Trademarks (all expired) –

	Serial Number	Reg. Number	Word Mark	Check Status	Live/Dead
1	74005466		LIBERTY S*P*A*C*E SUPER PERFORMING ARTS CENTER FOR EVERYONE	TSDR	DEAD
2	80979666	0979666	HAI	TSDR	DEAD

Schedule 3.13

Financing Statements

1. BOC Capital Corp.
2. Capital One N.A.
3. Chemical Bank/The Chase Manhattan Bank

(all satisfied in full)