

GRANT AGREEMENT

This Grant Agreement (the "Agreement") is entered into effective as of the 13th day of March, 2006 (the "Effective Date"), by and between Tri-State Drug Rehabilitation and Counseling Program, Inc., doing business as Kids Helping Kids ("KHK"), and Pathway Family Center (the "Grantee") (individually "Party" and collectively "Parties"), pursuant to the terms and conditions set forth herein.

**ARTICLE I
DESCRIPTION OF GRANT**

Section 1.1. Grantee. The name and address of the Grantee is:

Pathway Family Center
6405 Castleway Court
Suite 102
Indianapolis, IN 46250

Section 1.2. Grant. The grant (hereinafter the "Grant") shall consist of the following (collectively, the "Transferred Assets"):

(a) The cash and other property listed in Attachment A; and

(b) All physical, tangible and intangible assets held by KHK that are incidental to, helpful to, or necessary for fulfilling the purposes for which KHK is organized and operated, including, but not limited to, the following: (i) client or patient records whether in hard or soft copy, (ii) business and financial records whether in hard or soft copy, and (iii) data, trademarks, tradenames, copyrights, patents, and other forms of intellectual property. Except as expressly provided herein, the assets described in this Section 1.2(b) shall not include any rights or obligations to which KHK is subject with respect to employment contracts or other agreements or arrangements with employees, contract employees, or independent contractors.

Section 1.3. Purpose of Grant. The Grant shall be used for activities that are consistent with the purposes of the Grantee, to the extent that such activities further charitable purposes as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Section 1.4. Assumed Liabilities. For purposes of this Agreement, "Assumed Liabilities" shall mean only (a) those liabilities listed in Attachment B, and (b) all liabilities and obligations arising out of or relating to any of the Transferred Assets which arise on or after the Effective Date from facts and occurrences occurring on or after the Effective Date.

Section 1.5. Schedule. Subject to the provisions hereof, the Grant shall be granted to and the Assumed Liabilities shall be assumed by the Grantee on the Effective Date.

**ARTICLE II
GRANTEE TERMS AND CONDITIONS**

Section 2.1. Organization. Grantee is duly organized under the laws of the State of Michigan and validly existing under the laws of the State of Indiana and the State of Ohio, and has all requisite power and authority to conduct its business as now conducted and as shall be conducted following the Effective Date.

Section 2.2. Authorization and Validity of Agreement. Grantee has all requisite power and authority to enter into this Agreement and to carry out its obligations hereunder. This Agreement has been duly authorized, executed and delivered by Grantee and constitutes the Grantee's valid and binding obligation, enforceable against the Grantee in accordance with its terms.

Section 2.3. Exempt Status Grantee represents and warrants that it is a public charity and is exempt from federal taxation pursuant to Code Sections 170(b)(1)(A), 501(c) and 509(a). Grantee shall give immediate notice to KHK of any change or threatened change in such status.

Section 2.4. No Conflict or Violation. The execution, delivery and performance of this Agreement by Grantee and its compliance with the obligations contemplated herein do not and shall not: (a) violate or conflict with any provision of the articles of incorporation, bylaws or other governing documents of the Grantee, as the case may be; or (b) violate any provision of law or any order, judgment or decree of any court or other governmental or regulatory authority applicable to Grantee.

Section 2.5. Compliance with Law. Grantee is in compliance with all applicable federal, state, local, and foreign laws, ordinances, orders, rules, and regulations including, without limitation, those applicable to discrimination in employment, occupational safety and health, trade practices, competition and pricing, zoning, building, sanitation, employment, retirement, labor relations, product advertising, and environmental requirements, other than, in any such case, any failure to be in compliance that does not or shall not have a material adverse effect on Grantee's ability to comply with the restrictions set forth in Section 2.7 hereof following the Effective Date.

Section 2.6. No Litigation or Default. There are no claims, actions, suits, proceedings, arbitral actions, or investigations pending or, to the knowledge of the Grantee, threatened against the Grantee before or by any court or governmental body which, if adversely determined, could have a material adverse effect on the ability of the Grantee to fulfill the obligations contemplated by this Agreement.

Section 2.7. Restriction of Purpose. The Grant shall be used solely in furtherance of Grantee's purposes and its mission and in a manner consistent with the historic uses of the Transferred Assets by KHK, provided that such activities further charitable purposes as described in Code Section 501(c)(3) and shall be so designated in the Grantee's records.

Section 2.8. No Assumption of Liabilities. Other than the Assumed Liabilities, Grantee shall not assume any obligations or liabilities of KHK whether arising from the Grant or otherwise.

**ARTICLE III
KHK TERMS AND CONDITIONS**

Section 3.1. Organization. KHK is duly organized under the laws of the Commonwealth of Kentucky and validly existing under the laws of the State of Ohio and has all requisite power and authority to conduct its business as now conducted.

Section 3.2. Authorization and Validity of Agreement. KHK has all requisite power and authority to enter into this Agreement and to carry out its obligations hereunder. This Agreement has been duly authorized, executed and delivered by KHK and constitutes the KHK's valid and binding obligation, enforceable against the KHK in accordance with its terms.

Section 3.3 Exempt Status. KHK represents and warrants that it is a public charity and is exempt from federal taxation pursuant to Code Sections 170(b)(1)(A), 501(c) and 509(a). KHK shall give immediate notice to Grantee of any change or threatened change in such status.

Section 3.4. No Conflict or Violation. The execution, delivery and performance of this Agreement by KHK and its compliance with the obligations contemplated herein do not and shall not: (i) violate or conflict with any provision of the articles of incorporation, bylaws, or other governing documents of KHK, as the case may be; or (ii) violate any provision of law or any order, judgment or decree of any court or other governmental or regulatory authority applicable to KHK.

Section 3.5 Dissolution and Liquidation. KHK shall be solely responsible for dissolving on or before the Effective Date, winding up its affairs, notifying known claimants, distributing remaining assets, satisfying its known and unknown claimants and creditors (including, but not limited to current or former employees, contract employees, or independent contractors of KHK), and undertaking all other activities related to dissolution; provided, however, that the Grantee shall be liable for the Assumed Liabilities as defined in Section 1.4.

Section 3.7. Insurance. On or before the Effective Date, KHK shall list the Grantee as an additional insured on all insurance policies held by KHK as of October 1, 2005, and shall provide to Grantee a certificate of insurance documenting such coverage. KHK shall maintain such insurance that lists Grantee as an additional insured until the date KHK is dissolved and all of its activities have been wound up, or the date all claims against KHK have been settled or barred in conformity with applicable law, whichever is later.

Section 3.8. Communication and Notice. KHK shall promptly forward to Grantee any notices, statements, actions, and related documents or correspondence received by KHK and related to the ongoing purposes or uses of the Grant. This obligation shall continue until the date

KHK is dissolved and all of its activities have been wound up, or the date all claims against KHK have been settled or barred in conformity with applicable law, whichever is later.

Section 3.9. Consents and Approvals. Attachment C sets forth a list of each consent, waiver, authorization or approval of any governmental or regulatory authority, or of any other person, and each declaration to or filing or registration with any governmental or regulatory authority required in connection with the execution and delivery of this Agreement by KHK or the performance by KHK of its obligations hereunder. Except as set forth in Attachment C, all such covenants, waivers, authorizations and approvals, declarations, filings and registrations have been made and obtained, and all applicable waiting periods have expired.

Section 3.10. Compliance with Law. Except as set forth in Attachment D, KHK is in compliance with all applicable federal, state, local, and foreign laws, ordinances, orders, rules, and regulations including, without limitation, those applicable to discrimination in employment, occupational safety and health, trade practices, competition and pricing, zoning, building, sanitation, employment, retirement, labor relations, product advertising, and environmental requirements, other than, in any such case, any failure to be in compliance that does not or shall not have a material adverse effect on KHK or its operations prior to the Effective Date, the Grant or the Grantee's continued use of the Grant.

Section 3.11. No Litigation or Default.

(a) Except as set forth on Attachment E, (i) there are no claims, actions, suits, proceedings, arbitral actions, or investigations pending or, to the knowledge of KHK, threatened against KHK before or by any court or governmental body which, if adversely determined, could have a material adverse effect on KHK or its operations prior to the Effective Date, the ability of KHK to fulfill the obligations contemplated by this Agreement, the Grant, or the Grantee's continued use of the Grant; and (ii) there are no unsatisfied judgments against KHK.

(b) KHK is not in default with respect to any order, writ, judgment, award, injunction or decree of any court or any governmental or regulatory authority or arbitration applicable to KHK or the Grant, or is not aware that any factual circumstances are likely to result in such default, or is not aware that any factual circumstances are likely to result in such default.

(c) KHK is not in default or violation (nor is there any event which, with or without notice or lapse of time or both, would constitute a default or violation) in any respect under any contract, lease, agreement, consent order, commitment, note, lien, bond, mortgage, indenture, license, understanding, arrangement, restriction or other instrument or obligation to which KHK is a party or to which it is subject or bound, nor is it aware of any factual circumstances which are likely to result in such default.

Section 3.12. Absence of Undisclosed Liabilities. KHK has no material indebtedness or liability which has not been disclosed to the Grantee through financials, audited statements or footnotes thereto or the Attachments hereto.

Section 3.13. Taxes. KHK has timely withheld and remitted all required federal, state and local taxes required to be made under all applicable laws and regulations, including, but not limited to, income, corporate, excise, payroll, property and sales and use taxes.

**ARTICLE IV
GENERAL TERMS**

Section 4.1. Liability and Indemnity.

(a) With respect to this Agreement, neither Party shall be liable to the other Party or to its directors, officers, employees, agents or representatives, for any indirect, special, incidental or consequential losses or damages including, without limitation, loss of data, loss of revenue, loss of clients, or loss of goodwill arising in any manner from the performance or nonperformance of obligations under this Agreement, whether arising as a result of any intentional acts or omissions, gross negligence, or strict liability of the other Party or its directors, officers, employees, agents or representatives.

(b) KHK agrees to indemnify, defend and hold harmless Grantee, including its directors, officers, employees, representatives, and agents, from and against any and all claims or liabilities arising from any debt, obligation, liability, or account of KHK, or asserted by KHK's creditors. Furthermore, KHK agrees to indemnify, defend and hold harmless Grantee, including its directors, officers, employees, representatives, and agents from and against any and all claims and liabilities arising from the intentional acts or omissions, gross negligence, or strict liability of KHK, its directors, officers, employees, representatives, or agents. This Section 4.1(b) shall survive the termination of this Agreement for any reason.

(c) Grantee agrees to indemnify, defend and hold harmless KHK, including its directors, officers, employees, representatives, and agents, from and against any and all claims or liabilities arising from (i) the Transferred Assets, but only to the extent arising on or after the Effective Date, (ii) the Assumed Liabilities or (iii) the intentional acts or omissions, gross negligence, or strict liability of Grantee, its directors, officers, employees, representatives, or agents. This Section 4.1(c) shall survive the termination of this Agreement for any reason.

Section 4.2 Transfer Taxes; Pro-Ration. All transfer taxes and recording fees incurred as a result of the transfer of the Transferred Assets shall be paid by the Grantee. All utilities and similar charges with respect to the Transferred Assets shall be prorated as of the Effective Date. KHK shall be responsible for satisfying all such prorated charges for the period ending on the date immediately preceding the Effective Date and the Grantee shall be responsible for satisfying all such prorated charges for the period commencing on the Effective Date.

Section 4.3 Further Assurances. Each Party shall, at any time and from time to time on and after the Effective, upon the reasonable request of the other Party and without further consideration, take or cause to be taken such actions and execute, acknowledge and deliver, or

Execution Version

cause to be executed, acknowledged and delivered, such instruments, documents, transfers, conveyances and assurances as may be required or desirable for conveying, transferring, assigning, delivering, assuring and confirming the Transferred Assets and the Assumed Liabilities to the Grantee.

Section 4.4. Notices Notices under this Agreement shall be in writing and shall be deemed to be given when delivered or mailed by registered or certified mail as follows:

To KHK: Penny Walker
Kids Helping Kids
6070 Branch Hill Guinea Pike
Milford, Ohio 45150

With a copy to: Craig M. Bryson
Frost Brown Todd, LLC
2200 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45202

To the Grantee: Terri Nissley
Pathway Family Center
6405 Castleway Court, Suite 102
Indianapolis, Indiana 46250

With a copy to. Marlee Springer
Ice Miller
One American Square, Suite 3100
Indianapolis, IN 46282-0200

Section 4.5. Governing Law and Choice of Venue. The Parties affirm that this Agreement has been entered into in the State of Indiana and will be governed by and construed in accordance with the laws of the State of Indiana, notwithstanding any state's choice of law rules to the contrary. Any action to enforce, challenge or construe the terms or making of this Agreement or to recover for its breach shall be litigated exclusively in a state or federal court located in Marion County, Indiana. KHK hereby waives any defense of lack of personal jurisdiction or improper venue.

Execution Version

IN WITNESS WHEREOF, the duly authorized officers of the Parties have executed this Agreement as of the respective dates written below.

**TRI-STATE DRUG REHABILITATION
AND COUNSELING PROGRAM, INC.**

By: Penny Walker
Signature

Penny Walker
Printed Name

Executive Director
Title

3/13/06
Date

PATHWAY FAMILY CENTER

By: Terri C. Nissley
Signature

Terri C. Nissley
Printed Name

President & CEO
Title

3/13/06
Date

Attachment A – Schedule of Transferred Assets

1. Cash in the approximate amount of \$148,900
2. KHK's right, title and interest in the land, building and improvements located at 6070 Branch Hill Guinea Pike, Milford, Ohio 45150 ("Real Property").
3. KHK's right, title and interest in and to all fixed assets, equipment, furniture, computers, office supplies, computer hardware, fixtures, fittings, and improvements used in connection with KHK's peer drug and rehabilitation program (the "Program"), with an approximate net value of \$100,797.43
4. All contracts, leases, or other agreements which arise out of the operation of the Program ("Contracts").
5. KHK's right, title and interest in and to the name "Kids Helping Kids", all derivations thereof and any other intellectual property associated with the Program, in each case including all goodwill related thereto.
6. To the extent transferable, all rights and benefits of or in favor of KHK resulting or arising from any licenses, permits or provider numbers related to the Program.
7. All deposits, prepayments, and accounts receivable associated with the Program, with an approximate net value of \$32,689
8. All goodwill associated with the Program and the assets identified on this Attachment A.

Attachment B – Assumed Liabilities

1. Line of credit with PNC Bank with an approximate liability of \$50,275.
2. Accounts payable with an approximate liability of \$27,092, which include unbilled legal fees and costs related to this Agreement from Frost Brown Todd LLC in the amount of \$4,737.
3. Accrued foster care with an approximate liability of \$0.
4. PNC Bank primary mortgage on Real Property with an approximate liability of \$101,518.
5. PNC Bank second mortgage on Real Property with an approximate liability of \$293,257
6. Walker Severance contract with an approximate liability of \$79,000.
7. All obligations and liabilities for accounts payable, other than those for legal expenses, related to the Program that were incurred prior to the Effective Date in the ordinary course of business.
8. The following liabilities which are anticipated and accounted for as follows:
 - a. DeBra Kempel bill in dispute -- \$1,025.
 - b. Estimated legal and filings fees and other obligations in connection with the winding up KHK, not to exceed \$6,000.
 - c. Health Foundation \$4,600.
 - d. The purchase of Director and Officer Liability Tail Insurance Coverage for five years for KHK from Schiff, Kreider, Shell-- \$7,170.
 - e. The purchase of reasonable Professional Liability Tail or Retro Insurance Coverage for the benefit of professional associated with the Program.
 - f. Accrued wages of approximately \$27,500.
 - g. Liability, if any, resulting from Lien Number 06688157 filed by the Ohio Bureau of Employment Services.

Attachment C – List of Required Consents

Section 1702.39(B) of the Ohio Revised Code prohibits KHK from transferring substantially all of its assets to the Grantee unless one or more of the conditions set forth in such Section are satisfied. Based on representations made to KHK by the Grantee and assuming that, if incorporated in Ohio, the Grantee would be a public benefit corporation under Chapter 1702 of the Ohio Revised Code, KHK understands that the transactions contemplated by the attached Grant Agreement satisfy the condition set forth in Ohio Revised Code Section 1702.38(B)(1)(c). If it is determined that such condition has not been satisfied, the approval of the Ohio Attorney General's office would be required to consummate the transactions contemplated by the attached Grant Agreement.

The approval of the Ohio Department of Alcohol and Drug Addiction Services ("ODADAS") is required to transfer to the Grantee KHK's Certificate to Operate an Alcohol and Drug Addiction Program and all rights and obligations associated with any agreements in place between KHK and ODADAS.

The prior approval of PNC Bank is required to assign the rights and obligations associated with all bank debt listed on Attachment B, and the agreements and other documents related thereto.

The prior approval of Monitronics is required to transfer all rights and obligations associated with that certain Alarm System Sales and Installation Agreement by and between Monitronics and KHK.

The consent of all foster parents associated with the Program is required for such parents to continue to participate in the Program after the Effective Date.

2006 Federal 990
Final Return
1-1-06 thru 3-13-06
Tri State Drug Rehabilitation and Counseling, Inc.

31-1000025

Statement No 5
Form 990, Part V
List of Officers, Directors, Trustee, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compensation	Contributions to EBP & DC	Expense Account/Other
Cathy Leahy, Director 3637 Zumstein Avenue Cincinnati, OH 45208	Board President 0 6	0	0	0
John Williams, 1801 Lindsey Lane Cincinnati, OH 45230	Director 0 6	0		0
Thomas L. Plaut 7473 Pinehurst Drive Cincinnati, OH 45244	Director 0 6	0		0
Joan P. Lauch 7498 Ayers Road Cincinnati, OH 45255	Director 0.6	0		0
Marlyn Rhein 8200 Kroger Farm Rd Cincinnati, OH 45243	Director 0 6	0		0
Michael J Laatsch 4600 McAuley Place, 6th Floor Cincinnati, OH 45242	Director 0 6	0		0
Celeste Rooney 17 Garden Place Cincinnati, OH 45208	Director 0 6	0		0
Chris Compton 250 East 5th Street Cincinnati, OH 45202	Director 0 6	0		0
Gregory J Gibbons 3628 S Hopper Ridge Road Cincinnati, OH 45255	Director 0 6	0		0
Richard Heyman, M D 9190 Village Green Cincinnati, OH 45242	Director 0 6			
Ryan Levin 6186 Warlow Lane Dayton, OH 45459	Director 0 6	0		0
Beth Levy	Director	0		0

7325 Indian Hill Road
Cincinnati, OH 45243

06

Mark D Lutz
1530 Summit Ridge
Loveland, OH

Director
06

0

0

Dale Schaefer
8060 New Brunswick
Cincinnati, OH 45241

Director
06

0

0

Timothy Theissen
50 East River Center Blvd
Covington, KY 45101

Director
06

0

0

Randy Young
17 Laurelwood Drive
Milford, OH 45150

Director
06

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