JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)
CONTENTS
June 30, 2013

SingerLewak LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Junior Achievement of Southern California, Inc.
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Southern California, Inc. (a not-for-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2013, the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2013 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2012 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated October 26, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
November 25, 2013

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
June 30, 2013
(with Comparative Totals at June 30, 2012)

ASSETS

	2013	2012
Current assets		
Cash and cash equivalents	$ 320,760	$ 939,902
Pledges receivable - current portion, net	221,003	173,750
Special events receivable, net	130,224	167,061
Prepaid expenses and other current assets	52,535	175,023
Total current assets	724,522	1,455,736
Long-term assets		
Pledges receivable, net of current portion	-	23,037
Property and equipment, net	4,271,549	4,500,491
Deferred financing costs, net	30,780	39,174
Investment	55,029	55,086
Total long-term assets	4,357,358	4,617,788
Total assets	**$ 5,081,880**	**$ 6,073,524**

LIABILITIES AND NET ASSETS (DEFICIT)

	2013	2012
Current liabilities		
Accounts payable and accrued expenses	$ 182,643	$ 132,382
Capital lease payable - current portion	5,267	4,897
Note payable - current portion	44,057	10,236
Deferred revenue - shop sponsors	55,000	90,159
Deferred revenue - special events	48,725	69,800
Total current liabilities	335,692	307,474
Long-term liabilities		
Capital lease payable, net of current portion	6,474	11,741
Note payable, net of current portion	3,307,858	3,351,915
Total long-term liabilities	3,314,332	3,363,656
Total liabilities	3,650,024	3,671,130
Commitments and contingencies (Note 8)		
Net assets		
Unrestricted (deficit)	(314,429)	581,109
Temporarily restricted	1,700,000	1,775,000
Permanently restricted endowment	46,285	46,285
Total net assets	1,431,856	2,402,394
Total liabilities and net assets	**$ 5,081,880**	**$ 6,073,524**

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITIES
June 30, 2013
(with Comparative Totals at June 30, 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Revenue					
Contributions					
Corporate	$ 986,464	$ -	$ -	$ 986,464	$ 1,030,505
Individual	367,783	-	-	367,783	346,018
Foundations	256,680	-	-	256,680	278,044
Cause related marketing	175,785	-	-	175,785	132,904
Total contributions	1,786,712	-	-	1,786,712	1,787,471
Special events, gross	1,216,299	-	-	1,216,299	1,406,135
Less direct special events expenses	(359,396)	-	-	(359,396)	(359,396)
Special events, net	856,903	-	-	856,903	1,046,739
Program services revenue	3,585	-	-	3,585	18,602
Settlement received	-	-	-	-	700,000
Finance Park sponsorships	345,000	-	-	345,000	380,000
In-kind contributions	60,826	-	-	60,826	95,753
Other income	129,413	-	-	129,413	12,928
Total revenue	3,182,439	-	-	3,182,439	4,041,493
Net assets released from restrictions	75,000	(75,000)	-	-	-
Total revenue and other support	3,257,439	(75,000)	-	3,182,439	4,041,493
Expenses					
Program services					
Program operations, including program materials	3,090,509	-	-	3,090,509	2,942,281
Support services					
Fundraising	422,030	-	-	422,030	411,280
Management and general	640,438	-	-	640,438	656,633
Total support services	1,062,468	-	-	1,062,468	1,067,913
Total expenses	4,152,977	-	-	4,152,977	4,010,194
Change in net assets	(895,538)	(75,000)	-	(970,538)	31,299
Net assets, beginning of year	581,109	1,775,000	46,285	2,402,394	2,371,095
Net assets (deficit), end of year	**$ (314,429)**	**$ 1,700,000**	**$ 46,285**	**$ 1,431,856**	**$ 2,402,394**

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2013

(with Comparative Totals at June 30, 2012)

	Program Services	Supporting Services					
		Management and General					
	Program Operations Total	Management and General	Public Awareness	Fundraising	Total	2013 Total	2012 Total
Bank charges	$ -	$ 17,469	$ -	$ -	$ 17,469	$ 17,469	$ 21,093
Dues and subscriptions	4,952	523	189	806	1,518	6,470	6,069
Employee benefits	150,516	15,136	5,359	23,685	44,180	194,696	205,227
Employee pension	222,997	21,625	7,987	36,172	65,784	288,781	205,710
In-kind expenses	33,454	27,372	-	-	27,372	60,826	71,772
Insurance	13,865	1,660	538	2,511	4,709	18,574	9,939
Interest expense	-	194,341	-	-	194,341	194,341	218,806
Miscellaneous expenses	12,878	1,254	452	1,988	3,694	16,572	7,198
National participation fee	93,299	-	-	-	-	93,299	80,223
Office maintenance	55,242	5,487	1,885	8,147	15,519	70,761	87,035
Office supplies	6,868	581	246	1,028	1,855	8,723	10,197
Outside services	105,780	12,511	4,081	18,987	35,579	141,359	47,970
Payroll taxes	109,108	10,106	3,812	16,906	30,824	139,932	143,340
Postage	9,806	753	334	1,401	2,488	12,294	16,831
Program materials	295,962	-	-	-	-	295,962	238,309
Public relations	15,157	1,804	586	2,724	5,114	20,271	15,264
Real estate taxes	3,422	410	133	620	1,163	4,585	4,505
Salaries	1,485,424	142,328	52,793	237,141	432,262	1,917,686	2,100,487
Technology	100,131	9,908	3,579	15,934	29,421	129,552	99,900
Telephone	25,901	2,452	914	4,063	7,429	33,330	28,804
Training and conferences	17,225	-	-	-	-	17,225	14,723
Travel	26,245	2,686	975	4,540	8,201	34,446	40,446
Uncollectible pledge expense	-	45,768	-	-	45,768	45,768	20,519
Utilities	51,942	4,671	1,575	6,008	12,254	64,196	61,574
Volunteer and student recognition	67,739	7,240	2,502	11,042	20,784	88,523	19,375
Total before depreciation and amortization	2,907,913	526,085	87,940	393,703	1,007,728	3,915,641	3,775,316
Depreciation and amortization	182,596	22,815	3,598	28,327	54,740	237,336	234,878
Total functional expenses	**$ 3,090,509**	**$ 548,900**	**$ 91,538**	**$ 422,030**	**$ 1,062,468**	**$ 4,152,977**	**$ 4,010,194**

The accompanying notes are an integral part of these financial statements.

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
June 30, 2013
(with Comparative Totals at June 30, 2012)

	2013	2012
Cash flows from operating activities		
Change in net assets	$ (970,538)	$ 31,299
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation and amortization	237,336	234,878
Provision for uncollectible pledges	(207)	20,219
Unrealized losses on investments	57	64
Changes in operating assets and liabilities		
Pledges receivable	(24,009)	369,182
Special events receivable	36,837	65,587
Prepaid expenses and other current assets	122,488	(133,028)
Accounts payable and accrued expenses	50,261	(3,339)
Deferred revenues	(56,234)	4,919
Net cash (used in) provided by operating activities	(604,009)	589,781
Cash flows from investing activities		
Purchases of property and equipment	-	(4,244)
Net cash used in investing activities	-	(4,244)
Cash flows from financing activities		
Release of outstanding checks over bank balance	-	(110,980)
Net proceeds from refinancing of line of credit and note payable	-	520,597
Principal payments on note payable	(10,236)	(15,866)
Payments of financing costs for refinanced note payable	-	(41,972)
Principal payments on capital lease obligations	(4,897)	(19,874)
Net cash (used in) provided by financing activities	(15,133)	331,905
Net (decrease) increase in cash and cash equivalents	(619,142)	917,442
Cash and cash equivalents, beginning of year	939,902	22,460
Cash and cash equivalents, end of year	**$ 320,760**	**$ 939,902**
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	**$ 194,343**	**$ 219,849**
Capital expenditures funded by capital lease borrowings	**$ -**	**$ 18,576**
Donated (in-kind) property and equipment	**$ -**	**$ 23,981**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF OPERATIONS

Organization

Junior Achievement of Southern California, Inc. (the "Organization") is a nonprofit organization that inspires kids to achieve at the business of life through a community-based partnership of educators, volunteers and businesses. The Organization operates out of offices in the Los Angeles, Orange County and Bakersfield areas of Southern California.

The Organization reaches approximately 100,000 students in grades K-12 with nearly 60% of these being in secondary grades 6-12. The Organization provides hands-on lessons in economics, business, entrepreneurship and financial literacy to each student and is aided in its work by nearly 5,000 volunteers—dedicated working professionals, MBA students and community leaders who work each day to help the Organization achieve its mission "to inspire and prepare young people to succeed in a global economy." The Organization impacts students from all social and economic backgrounds, with approximately 89% classified as underserved/at-risk and approximately 96% coming from the region's public schools.

NOTE 2 – UNRESTRICTED NET ASSETS DEFICIT

As shown in the accompanying financial statements, at June 30, 2013, the Organization had an unrestricted net asset deficit of $314,429. Management plans to replenish these funds by (a) soliciting additional contributions and (b) continuing to control expenses to align with the Organization's revenues.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
The Organization considers all highly liquid, unrestricted investments with an original maturity of three months or less to be cash equivalents.

Investment
The Organization has an endowment fund (invested in a money market fund) that is permanently restricted by the donor. The investment has been measured at fair value in the accompanying statement of financial position based on quoted market prices. Unrealized gains or losses on investments resulting from fair value fluctuations are recorded in the statement of activities as other income.

Contributions and Revenue
Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. All gifts and other public support are included in unrestricted net assets unless they are specifically restricted by the terms of the gift or grant instrument or require the passage of time.

Contributions initially recorded as temporarily restricted net assets are reclassified to unrestricted net assets when restrictions have been met. Contributions whose restrictions are met in the same year as the contribution is made are initially classified as temporarily restricted net assets and are released from restriction during the same year. Contributions that must be maintained in perpetuity as endowment are classified as permanently restricted net assets.

The Organization records contributions receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received.

The Organization conducts several special events during the year to raise money in support of its operations. The amounts reflected in these financial statements represent special events revenue net of related direct costs. The contributions received for special events scheduled to occur after year-end are recorded as deferred revenue and recognized as revenue on the date of the event.

Property and Equipment
Property and equipment are stated at cost or, for those assets acquired by gift or bequest, the estimated fair value at the date of contribution. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets ranging from two to thirty years as follows:

Building and improvements	30 years
Equipment and furnishings	3 to 7 years

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived Assets
The Organization accounts for its long-lived assets with definite useful lives in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("Codification" or "ASC") No. 360, "Accounting for the Impairment or Disposal of Long-lived Assets." Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized during the year ended June 30, 2013.

Deferred Financing Costs
Capitalized financing costs associated with the Organization's mortgage note payable are amortized over the term of the financing agreement using the straight-line method, which approximates amortization using the effective interest method.

Income Taxes
The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. In addition, the Organization does not have any revenue which it believes would subject it to unrelated business income taxes.

The Organization has adopted FASB ASC Topic No. 740, "Uncertainty in Income Taxes." In accordance with FASB ASC Topic No. 740, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense.

During the year ended June 30, 2013, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. At June 30, 2013, the open tax years for the Organization were 2009 to 2013.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments
The Organization accounts for the fair value of its financial instruments in accordance with FASB ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

ASC 820 establishes a three-level valuation hierarchy of valuation techniques that is based on observable and unobservable inputs. Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. The first two inputs that may be used to measure fair value are considered observable and the last unobservable. Together, they include the following:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments that would generally be included in Level 1 includes listed equity securities.

Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices in active markets as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies. The types of instruments that would generally be included in this category include publicly traded securities with restrictions on disposition.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial instruments included in the Organization's statement of financial position include cash and cash equivalents, investments, pledges receivable, special events receivable, accounts payable, accrued expenses, capital lease obligations and note payable. All of the Organization's cash and investments have been valued based on quoted prices in active markets for identical assets (Level 1).

For cash and cash equivalents, pledges receivables, special events receivables, accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity. Investments are reflected at their estimated fair value using quoted prices for identical assets in an active market. The note payable and capital lease obligations approximate their fair value, as these financial instruments earn or are charged interest based on the prevailing rates.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to that related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Donated Materials and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at fair value in the period received. Contributions of services and assets during the year ended June 30, 2013 amounted to $60,826 as noted in the accompanying statement of activities.

For the year ended June 30, 2013, a substantial number of unpaid volunteers and organizations have made significant contributions of their time to develop the Organization's programs, principally in instruction and student activities. The value of these services is not reflected in the financial statements, since an objective measurement of valuation cannot be determined, and specialized skills are not required.

Recently Adopted Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 affects all entities that are required or permitted to measure or disclose the fair value of an asset, liability or instrument classified in a reporting entity's equity in the financial statements. ASU 2011-04 changed the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. Amendments under ASU 2011-04 were effective for annual periods beginning after December 15, 2011. The adoption of this guidance did not have a material impact on the Organization's financial statements.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements (Continued)
In September 2011, the FASB issued ASU No. 2011-09, "Amendments to Disclosure Requirements on Employer's Participation in a Multiemployer Plan" ("ASU 2011-09"), which amends ASC Topic No. 715-80, "Compensation—Retirement Benefits—Multiemployer Plans." The update requires additional disclosures to increase awareness of the commitments and risks involved with participating in multiemployer pension plans. The update also requires employers to provide additional separate disclosures for multiemployer pension plans and multiemployer other postretirement benefit plans. ASU 2011-09 is effective for annual periods ending after December 15, 2012. Other than enhanced disclosures, the adoption of this guidance did not have a material impact on the Organization's financial statements.

Recently Issued Accounting Pronouncements
In October 2012, the FASB issued ASU 2012-05, "Not-for-Profit Entities ('NFP'): Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows," which requires an NFP to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that, upon receipt, were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash. The ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. Management does not expect the adoption of this guidance to have a significant impact on the Organization's financial statements.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Credit risk is the failure of another party to perform in accordance with the financial contract terms. Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, investments and pledges and special events receivable.

For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less. The Organization maintains its bank accounts at high-credit, quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, cash in these accounts may exceed the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

NOTE 4 – CONCENTRATION OF CREDIT RISK (Continued)

Corporate donations are a significant source of revenue for the Organization. Historically, financial institutions account for over one-third of corporate donations. The Organization routinely assesses the financial strength of these contributors and believes that the pledges receivable credit risk exposure is limited. Receivables from three major contributors accounted for approximately 22.4%, 14.2% and 14.2% of the pledges receivable at June 30, 2013.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2013 consisted of the following:

Land	$ 1,700,000
Building and improvements	5,994,620
Equipment and furnishings	497,972
	8,192,592
Less accumulated depreciation and amortization	(3,921,043)
Property and equipment, net	**$ 4,271,549**

Depreciation and amortization expense for the year ended June 30, 2013 amounted to $228,942.

NOTE 6 – CAPITAL LEASE OBLIGATIONS

The Organization leases computer equipment under capital lease obligations that mature in 2015. The following is a schedule of the future minimum lease payments required under capital leases and the present values of the net minimum lease payments:

Total minimum lease payments	$ 12,642
Less amounts representing interest (6.09%)	(901)
Present value of minimum lease payments	11,741
Less current portion	(5,267)
Long-term portion	**$ 6,474**

NOTE 6 – CAPITAL LEASE OBLIGATIONS (Continued)

The following is an analysis of the leased equipment under capital leases as of June 30, 2013, which is included in property and equipment:

Equipment	$ 18,576
Less accumulated depreciation	(8,752)
Total	**$ 9,824**

Depreciation expense on assets acquired under capital leases is included with depreciation and amortization expense on property and equipment.

NOTE 7 – NOTE PAYABLE

The Organization has a note payable with a financial institution that bears simple interest at 5.74% and is payable in monthly interest-only payments for the first 12 months and 47 monthly principal and interest payments beginning April 1, 2013. The total balance of outstanding principal and interest is due in full on March 1, 2017, and the note is secured by the deed of trust on the Organization's corporate office and Mike Curb Learning Center. Additionally, the note has a financial reporting covenant which requires annual audited financial statements (by a certified public accountant satisfactory to the lender) prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") within 120 days after each fiscal year-end and quarterly officer certified financial statements prepared in accordance with U.S. GAAP within 60 days of each fiscal quarter end. The Organization was in violation of its 120 day filing requirement covenant and obtained a waiver to extend the 120 day period to 180 days. A member of the board of directors is also a non-compensatory chairman of the board of the lender.

The future principal payments on the note payable are as follows:

Years Ending June 30,	
2014	$ 44,057
2015	46,654
2016	48,888
2017	3,212,316
Total	**$ 3,351,915**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Office Equipment

The Organization leases office equipment under several noncancelable operating leases expiring at various dates through 2016. For the year ended June 30, 2013, rent expense relating to these leases amounted to $64,120 which is recorded within technology and postage in the accompanying statement of functional expenses. The future minimum lease payments required under these operating leases are as follows:

Years Ending June 30,	
2014	$ 49,223
2015	38,234
2016	25,405
2017	11,528
Total	**$ 124,390**

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Movements in temporarily restricted net assets were as follows:

	Available June 30, 2012	New Revenues	Expenditures/ Released from Restriction	Available June 30, 2013
Land	$ 1,700,000	$ -	$ -	$ 1,700,000
Donor-restricted for time or purpose	75,000	-	(75,000)	-
	$ 1,775,000	**$ -**	**$ (75,000)**	**$ 1,700,000**

Restriction on Donated Land

In 1987, the Organization received a gift of land with an explicit donor restriction that specifies how the land is to be used. The deed of trust requires that the land be used only as a site for the offices of and a training center for the Organization for a period not less than 30 years from the date of the conveyance, but that such restriction shall not affect a purchaser under a sale under the power of the sale contained in a deed of trust executed and delivered to secure a note, the proceeds of which are to be used for construction of the office and training center buildings on the site. Following the said term of 30 years, the land may be sold or used for another purpose, provided that the sale is for market value and the proceeds paid for the land are used for public benefit purposes.

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets totaling $46,285 at June 30, 2013 are contributions restricted by donors for investment in perpetuity, the earnings from which are unrestricted until appropriated for specific purposes by the board.

Endowment Policy

The board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the following factors are to be considered in making a determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effects of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization and
- The investment policies of the Organization.

At June 30, 2013, all endowment earnings were appropriated. Accordingly, there were no temporarily restricted net assets related to the endowment.

Changes in endowment net assets for the year ended June 30, 2013 were as follows:

	Unrestricted	Permanently Restricted
Endowment net assets, beginning of year	$ -	$ 46,285
Investment return		
Net unrealized losses	(57)	-
Endowment net assets, end of year	**$ (57)**	**$ 46,285**

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

There were no donor-restricted endowment deficits at June 30, 2013, as the Organization's endowment assets were invested in cash-equivalent investments.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide sufficient income to sustain funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of the donor-restricted fund that the Organization must hold in perpetuity.

Under this policy, the long-term investment objective is to attain an inflation-adjusted total return (net of investment management fees and other costs) at least equal to the contemplated spending rate and to meet the Organization's need for short-term, medium-term and long-term funding.

NOTE 11 – RELATED PARTY TRANSACTIONS

The Organization is required to pay a franchise fee to the United States Headquarters of Junior Achievement, Inc. ("JAUSA") based on the amount of certain qualifying contributions received. In addition, payments are made to JAUSA for the employee retirement plan (see Note 12), employee insurance, program materials and training conferences.

A summary of transactions with JAUSA is as follows during the year ended June 30, 2013:

Franchise fee	$ 93,299
Retirement plan	288,781
Program materials	295,962
Employee benefits	194,696
Total	**$ 872,738**

The Organization had amounts payable to JAUSA of $44,202 at June 30, 2013, which is included in accounts payable and accrued expenses in the accompanying statement of financial position.

NOTE 12 – MULTI-EMPLOYER PLAN

The Organization's employees are eligible to receive benefits under a multi-employer pension plan. The plan is not administered by the Organization, and contributions are determined in accordance with provisions of the plan. Information with respect to the Organization's proportionate share of the excess, if any, of the actuarial computed value of vested benefits over the total of the pension plan's net assets is not available from the plan's administrators.

The Multi-Employer Pension Plan Amendments Act of 1980 (the "Act") significantly increased the pension responsibilities of participating employers. Under the provisions of the Act, if the plan terminates or the Organization withdraws, the Organization could be subject to a substantial withdrawal liability. The Organization has no plans to withdraw from the plan as of June 30, 2013.

The risks to the Organization of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer must be used to provide benefits to employees of other participating employers.

2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

3. If the Organization chooses to stop participating in some of its multiemployer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's participation in this plan for the annual period ended June 30, 2013 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number.

Pension	EIN/Pension	Funded Status		Contributions of Organization	
Fund	Plan Number	2013	2012	2013	2012
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	66%	56%	$ 288,781	$ 205,710

As of June 30, 2013, the Organization's contributions were less than 5% of the total contributions to the plan, and there was no surcharge paid on the plan.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 25, 2013, which is the date the financial statements were available to be issued. Other than the waiver relating to the note payable as discussed at Note 7, the Organization has determined that no additional disclosure is necessary.