JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2012
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.
(A NONPROFIT ORGANIZATION)
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June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Junior Achievement of Southern California, Inc. (a nonprofit organization) (the "Organization"), as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organization's 2011 financial statements, and in our report dated December 22, 2011, we expressed an unqualified opinion on those financials statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Singer Lewak LLP

SingerLewak LLP

Los Angeles, California
October 26, 2012

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
June 30, 2012
(with Comparative Totals at June 30, 2011)

ASSETS

	2012	2011
Current assets		
Cash and cash equivalents	$ 939,902	$ 22,460
Pledges receivable - current portion, net	173,750	554,464
Special events receivable, net	167,061	232,648
Prepaid expenses and other current assets	175,023	52,106
Total current assets	1,455,736	861,678
Long-term assets		
Pledges receivable, net of current portion	23,037	31,722
Property and equipment, net	4,500,491	4,675,098
Deferred financing costs, net	39,174	10,674
Investment	55,086	55,150
Total long-term assets	4,617,788	4,772,644
Total assets	**$ 6,073,524**	**$ 5,634,322**

LIABILITIES AND NET ASSETS

	2012	2011
Current liabilities		
Excess of outstanding checks over bank balance	$ -	$ 110,980
Accounts payable and accrued expenses	132,382	135,721
Capital lease payable - current portion	4,897	17,937
Note payable - current portion	10,236	24,110
Deferred revenue - shop sponsors	90,159	105,040
Deferred revenue - special events	69,800	50,000
Total current liabilities	307,474	443,788
Long-term liabilities		
Line of credit	-	1,200,000
Capital lease payable, net of current portion	11,741	-
Note payable, net of current portion	3,351,915	1,619,439
Total long-term liabilities	3,363,656	2,819,439
Total liabilities	3,671,130	3,263,227
Commitments and contingencies (Note 8)		
Net assets		
Unrestricted	581,109	359,810
Temporarily restricted	1,775,000	1,965,000
Permanently restricted endowment	46,285	46,285
Total net assets	2,402,394	2,371,095
Total liabilities and net assets	**$ 6,073,524**	**$ 5,634,322**

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

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

(with Comparative Totals for the Year Ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Revenue					
Contributions					
Corporate	$ 955,505	$ 75,000	$ -	$ 1,030,505	$ 1,090,880
Individual	346,018	-	-	346,018	441,267
Foundations	978,044	-	-	978,044	585,026
Cause related marketing	132,904	-	-	132,904	172,402
Public	-	-	-	-	1,500
Total contributions	2,412,471	75,000	-	2,487,471	2,291,075
Special events, gross	1,406,135	-	-	1,406,135	1,404,229
Less direct special events expenses	(359,396)	-	-	(359,396)	(362,016)
Special events, net	1,046,739	-	-	1,046,739	1,042,213
Program services revenue	18,602	-	-	18,602	52,354
Interest income	144	-	-	144	5,730
Finance Park sponsorships	380,000	-	-	380,000	247,500
In-kind contributions	95,753	-	-	95,753	91,324
Other income	12,784	-	-	12,784	22,637
Total revenue	3,966,493	75,000	-	4,041,493	3,752,833
Net assets released from restrictions	265,000	(265,000)	-	-	-
Total revenue and other support	4,231,493	(190,000)	-	4,041,493	3,752,833
Expenses					
Program services					
Program operations, including program materials	2,942,281	-	-	2,942,281	2,757,137
Total program services	2,942,281	-	-	2,942,281	2,757,137
Support services					
Fundraising	411,280	-	-	411,280	452,384
Management and general	656,633	-	-	656,633	722,257
Total support services	1,067,913	-	-	1,067,913	1,174,641
Total expenses	4,010,194	-	-	4,010,194	3,931,778
Change in net assets	221,299	(190,000)	-	31,299	(178,945)
Net assets, beginning of year	359,810	1,965,000	46,285	2,371,095	2,550,040
Net assets, end of year	**$ 581,109**	**$ 1,775,000**	**$ 46,285**	**$ 2,402,394**	**$ 2,371,095**

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

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2012

(with Comparative Totals for the Year Ended June 30, 2011)

	Program Services		Supporting Services					
			Management and General					
	Center Operations	Program Operations Total	Management and General	Public Awareness	Fundraising	Total	2012 Total	2011 Total
Bank charges	$ -	$ -	$ 21,093	$ -	$ -	$ 21,093	$ 21,093	$ 20,179
Dues and subscriptions	4,650	4,650	485	175	759	1,419	6,069	4,392
Employee benefits	157,892	157,892	15,941	5,710	25,684	47,335	205,227	161,344
Employee pension	157,264	157,264	16,270	5,780	26,396	48,446	205,710	157,373
In-kind expenses	48,787	48,787	22,985	-	-	22,985	71,772	91,324
Insurance	7,419	7,419	888	288	1,344	2,520	9,939	12,273
Interest expense	-	-	218,806	-	-	218,806	218,806	213,909
Miscellaneous expenses	5,484	5,484	459	172	1,083	1,714	7,198	2,547
National participation fee	80,223	80,223	-	-	-	-	80,223	83,217
Office maintenance	68,783	68,783	6,463	2,266	9,523	18,252	87,035	72,711
Office supplies	8,075	8,075	688	276	1,158	2,122	10,197	16,060
Outside services	36,035	36,035	4,175	1,379	6,381	11,935	47,970	55,821
Payroll taxes	111,168	111,168	10,568	3,944	17,660	32,172	143,340	161,176
Postage	12,997	12,997	1,187	474	2,173	3,834	16,831	13,201
Program materials	238,309	238,309	-	-	-	-	238,309	253,407
Public relations	-	-	-	15,264	-	15,264	15,264	38,825
Real estate taxes	3,363	3,363	403	130	609	1,142	4,505	4,506
Salaries	1,608,800	1,608,800	169,496	58,244	263,947	491,687	2,100,487	2,041,607
Technology	77,204	77,204	7,565	2,774	12,357	22,696	99,900	102,699
Telephone	22,415	22,415	2,081	795	3,513	6,389	28,804	41,936
Training and conferences	14,723	14,723	-	-	-	-	14,723	9,399
Travel	30,916	30,916	3,149	1,132	5,249	9,530	40,446	41,338
Uncollectible pledge expense	-	-	20,519	-	-	20,519	20,519	18,243
Utilities	49,848	49,848	4,473	1,509	5,744	11,726	61,574	61,820
Volunteer and student recognition	19,375	19,375	-	-	-	-	19,375	16,177
Total before depreciation and amortization	2,763,730	2,763,730	527,694	100,312	383,580	1,011,586	3,775,316	3,695,484
Depreciation and amortization	178,551	178,551	25,108	3,519	27,700	56,327	234,878	236,294
Total functional expenses	**$ 2,942,281**	**$ 2,942,281**	**$ 552,802**	**$ 103,831**	**$ 411,280**	**$ 1,067,913**	**$ 4,010,194**	**$ 3,931,778**

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

JUNIOR ACHIEVEMENT OF SOUTHERN CALIFORNIA, INC.

(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012
(with Comparative Totals for the Year Ended June 30, 2011)

	2012	2011
Cash flows from operating activities		
Change in net assets	$ 31,299	$ (178,945)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	234,878	236,294
Provision for uncollectible pledges	20,219	18,243
Realized and unrealized losses on investments	64	88
Changes in operating assets and liabilities		
Pledges receivable	369,182	(206,685)
Special events receivable	65,587	43,288
Prepaid expenses and other current assets	(133,028)	13,008
Accounts payable and accrued expenses	(3,339)	(52,873)
Deferred revenues	4,919	(34,960)
Net cash provided by (used in) operating activities	589,781	(162,542)
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		
Excess (release) of outstanding checks over bank balance	(110,980)	110,980
Payment on bank line of credit	-	(220,000)
Net proceeds from refinancing of line of credit and note payable	520,597	-
Principal payments on note payable	(15,866)	(22,812)
Payments of financing costs for refinanced note payable	(41,972)	-
Principal payments on capital lease obligations	(19,874)	(18,331)
Net cash provided by (used in) financing activities	331,905	(150,163)
Net increase (decrease) in cash and cash equivalents	917,442	(312,705)
Cash and cash equivalents, beginning of year	22,460	335,165
Cash and cash equivalents, end of year	**$ 939,902**	**$ 22,460**
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	**$ 219,849**	**$ 199,365**
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.

NOTE 2 – 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, 2011, from which the summarized information was derived.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Revenue (Continued)
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 discounts contributions receivable that are expected to be collected in future periods using a credit risk-adjusted rate of return based on the United States Treasury bill rate (which does not exceed the Organization's market borrowing rate) and the Organization's credit rating. Amortization of the present value discount is reported as contribution revenues in the statement of activities.

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-lived Assets (Continued)
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, 2012.

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. Capitalized financing costs of $41,972 were paid as part of the refinancing to the new note payable discussed in Note 7.

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, 2012, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. At June 30, 2012, the open tax years for the Organization were 2007 to 2012.

Fair Value of Financial Instruments
The Organization accounts for the fair value of its financial instruments in accordance with FASB ASC 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:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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, 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. Pledges receivable have been discounted using risk-adjusted market rates to approximate fair value. The mortgage note payable and capital lease obligations approximate their fair value as these financial instruments earn or are charged interest based on the prevailing rates.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012 amounted to $95,753 as noted in the statement of activities.

For the year ended June 30, 2012, 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 Issued Accounting Pronouncements
In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs," to converge the guidance in U.S. GAAP and International Financial Reporting Standards ("IFRSs"). The amended guidance changes several aspects of the fair value measurement guidance in ASC Topic 820. In addition, the amended guidance includes several new fair value disclosure requirements, including among other things, information about valuation techniques and unobservable inputs used in Level 3 fair value measurements and a narrative description of Level 3 measurements' sensitivity to changes in unobservable inputs. For nonpublic entities, the amended guidance must be applied prospectively for annual periods beginning after December 15, 2011 and as such was effective for the fiscal year ending June 30, 2012. The adoption of this guidance did not have a material effect on the Organization's financial statements.

NOTE 3 – 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.

Cash and cash equivalents are placed with high-credit, quality financial institutions. Effective December 31, 2010 through December 31, 2012, the Federal Deposit Insurance Corporation ("FDIC") announced that all non-interest-bearing transaction accounts are fully insured, regardless of the balance of the account and the ownership capacity of the funds. For funds held in other types of deposit accounts, the FDIC will insure up to $250,000 under the FDIC's general deposit insurance rules.

NOTE 3 – CONCENTRATION OF CREDIT RISK (Continued)

The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

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 two major contributors accounted for approximately 38% of the pledges receivable at June 30, 2012, and revenues from one major contributor accounted for 17% of total revenues for the year ended June 30, 2012.

NOTE 4 – PLEDGES RECEIVABLE

Unconditional promises to give, due in one year or more, are recorded after discounting to the present value of future cash flows at a discount rate of 5% at June 30, 2012. Unconditional promises to give are expected to be realized in the following periods:

Due within one year	$ 177,440
Due in one to five years	28,750
Total gross pledges receivable	206,190
Less present value discount	(9,196)
Less allowance for uncollectible pledges	(207)
Total pledges receivable, net	196,787
Less current portion, pledges receivable	(173,750)
Pledges receivable, net of current portion	**$ 23,037**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2012 consisted of the following:

Land	$ 1,700,000
Building and improvements	5,994,620
Equipment and furnishings	498,059
	8,192,679
Less accumulated depreciation	(3,692,188)
Property and equipment, net	**$ 4,500,491**

Depreciation expense for the year ended June 30, 2012 amounted to $221,406.

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	$ 18,594
Less amounts representing interest (6.09%)	(1,956)
Present value of minimum lease payments	16,638
Less current portion	(4,897)
Long-term portion	**$ 11,741**

The following is an analysis of the leased equipment under capital leases as of June 30, 2012, which is included in property and equipment:

Equipment	$ 46,801
Less accumulated depreciation	(4,704)
Total	**$ 42,097**

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

NOTE 7 – NOTE PAYABLE

The Organization previously had a note payable balance of $1,643,549 with a financial institution that bore interest at the 10-year Constant Maturity U.S. Treasury Rate plus 2 percent. The note was payable in monthly principal and interest payments of $11,313 through February 1, 2014 and had been secured by the deed of trust on the Organization's corporate office and Mike Curb Learning Center. The Organization also previously held a $1,200,000 line of credit with the same financial institution that was due by April 1, 2012. On March 1, 2012, the Organization refinanced and consolidated the combined debt outstanding at the time of $2,841,554, together with additional debt borrowings of $520,597, into a single note payable ("new note") with the same lender as discussed below. Capitalized financing costs of $41,972 were paid to the lender for the refinancing. Total amortization of deferred financings costs was $13,472 during the year ended June 30, 2012.

The new note of $3,362,151 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 amount of interest-only payments for the first 12 months of $192,987 was prepaid to the Lender on March 1, 2012 during escrow, and the total of $64,329 of the first 4 monthly interest-only payments was recognized as interest expense during the year ended June 30, 2012. 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 new 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 chief operations officer ("COO") of the Organization is the non-compensatory chairman of the board of the lender.

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

Years Ending June 30,	
2013	$ 10,236
2014	44,057
2015	46,654
2016	48,888
2017	3,212,316
Total	**$ 3,362,151**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Organization leases office equipment under several noncancelable operating leases expiring at various dates through 2017. For the year ended June 30, 2012, expense relating to these leases amounted to $52,472, which is recorded in the statement of functional expenses. The future minimum lease payments required under these operating leases are as follows:

Years Ending June 30,	
2013	$ 55,808
2014	38,578
2015	39,176
2016	30,023
2017	4,853
Total	**$ 168,438**

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Movements in temporarily restricted net assets were as follows:

	Available June 30, 2011	New Revenues	Expenditures/ Released from Restriction	Available June 30, 2012
Land	$ 1,700,000	$ -	$ -	$ 1,700,000
Donor-restricted for time or purpose	265,000	75,000	(265,000)	75,000
	$ 1,965,000	**$ 75,000**	**$ (265,000)**	**$ 1,775,000**

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, 2012 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, 2012, all endowment earnings were appropriated. Accordingly, there were no temporarily restricted net assets related to the endowment.

NOTE 10 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Endowment Policy (Continued)
Changes in endowment net assets for the year ended June 30, 2012 were as follows:

	Permanently Restricted
Endowment net assets, beginning of year	$ 46,285
Investment return	
Net appreciation (realized and unrealized)	3
Less appropriation of endowment assets for expenditure	(3)
Endowment net assets, end of year	**$ 46,285**

There were no donor-restricted endowment deficits at June 30, 2012, 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, 2012:

Franchise fee	$ 80,223
Retirement plan	205,710
Program materials	238,309
Program insurance	17,097
Employee benefits	205,227
	$ 746,566

The Organization had amounts payable to JAUSA of $26,944 at June 30, 2012, 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. For the year ended June 30, 2012, the Organization contributed $205,710 to the plan.

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, 2012.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 26, 2012, which is the date the financial statements were available to be issued. The Organization determined no additional disclosure is necessary.