BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT

(A California Nonprofit Public Benefit Corporation)

***

FINANCIAL STATEMENTS

Year Ended June 30, 2012 with Comparative Totals
for the Year Ended June 30, 2011

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Businesses United in Investing, Lending and Development
(A California Nonprofit Public Benefit Corporation)
Redwood City, California

We have audited the accompanying statement of financial position of Businesses United in Investing, Lending and Development (a California nonprofit public benefit corporation) 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 summarized comparative information has been derived from Businesses United in Investing, Lending and Development's financial statements for the year ended June 30, 2011 and, in our report dated October 21, 2011, we expressed an unqualified opinion on those financial 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 Businesses United in Investing, Lending and Development 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.

Berger Lewis Accountancy Corporation

BERGER LEWIS ACCOUNTANCY CORPORATION
San Jose, California
October 30, 2012

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BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FINANCIAL POSITION

June 30, 2012 with Comparative Totals as of June 30, 2011

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 1,234,647	$ 1,085,888
Accounts Receivable	3,890	1,902
Current Portion of Grants Receivable and Promises to Give	530,093	749,200
Inventory	-	16,016
Prepaid Expenses	5,668	4,318
Total Current Assets	1,774,298	1,857,324
PROPERTY AND EQUIPMENT, At Cost:		
Property and Equipment	339,688	196,252
Accumulated Depreciation	(168,809)	(169,361)
Total Property and Equipment, Net	170,879	26,891
OTHER ASSETS:		
Cash Held for Endowment	210,411	192,323
Grants Receivable and Promises to Give, Net of Current Portion	180,008	243,964
Deposits	38,001	28,562
Total Other Assets	428,420	464,849
TOTAL ASSETS	$ 2,373,597	$ 2,349,064

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 92,754	$ 78,043
Accrued Payroll and Related Benefits	13,518	3,056
Accrued Vacation	155,438	120,268
Total Current Liabilities	261,710	201,367
NET ASSETS:		
Unrestricted Net Assets:		
Undesignated	825,185	645,128
Board Designated for Endowment	210,411	192,323
Total Unrestricted Net Assets	1,035,596	837,451
Temporarily Restricted Net Assets	1,076,291	1,310,246
Total Net Assets	2,111,887	2,147,697
TOTAL LIABILITIES AND NET ASSETS	$ 2,373,597	$ 2,349,064

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2012 with Comparative Totals for the Year Ended June 30, 2011

	2012			2011
	Unrestricted	Temporarily Restricted	TOTAL	TOTAL
SUPPORT AND REVENUE:				
Grants and Contributions	$ 916,826	$ 3,622,319	$ 4,539,145	$ 4,029,810
Contributions In-Kind	358,345	-	358,345	112,703
Special Events (Includes In-Kind Income of $25,956 and $33,011)	1,108,844	-	1,108,844	788,634
Less: Special Event Costs (Includes In-Kind Expenses of $25,956 and $33,011)	(234,782)	-	(234,782)	(158,768)
Interest Income	4,568	-	4,568	1,896
Incubator Income (Loss)	-	(9,976)	(9,976)	7,162
Program Service Fees	263	-	263	558
Loss on Disposal of Equipment	(524)	-	(524)	-
Net Realized Gain (Loss) on Investments	1,226	-	1,226	364
Total Support and Revenue	2,154,766	3,612,343	5,767,109	4,782,359
Net Assets Released from Restrictions	3,846,298	(3,846,298)	-	-
Total Support, Revenue and Net Assets Released from Restrictions	6,001,064	(233,955)	5,767,109	4,782,359
EXPENSES:				
Program Services	4,482,854	-	4,482,854	3,297,768
Supporting Services:				
Management and General	561,286	-	561,286	303,744
Fundraising (See Note 2)	758,779	-	758,779	776,832
Total Supporting Services	1,320,065	-	1,320,065	1,080,576
Total Expenses	5,802,919	-	5,802,919	4,378,344
CHANGE IN NET ASSETS	198,145	(233,955)	(35,810)	404,015
NET ASSETS, Beginning of Year	837,451	1,310,246	2,147,697	1,743,682
NET ASSETS, End of Year	$ 1,035,596	$ 1,076,291	$ 2,111,887	$ 2,147,697

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012 with Comparative Totals for the Year Ended June 30, 2011

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTALS	
		MGMT AND GENERAL	FUNDRAISING	TOTAL	2012	2011
EXPENSES:						
Salaries	$ 2,381,506	$ 203,507	$ 447,527	$ 651,034	$ 3,032,540	$ 2,398,027
Payroll Taxes	186,839	15,956	37,128	53,084	239,923	192,118
Employee Benefits	189,411	16,363	35,566	51,929	241,340	166,626
Total Salaries and Related Expenses	2,757,756	235,826	520,221	756,047	3,513,803	2,756,771
Professional Fees	657,581	69,845	117,635	187,480	845,061	577,544
Occupancy, Including In-Kind	399,548	10,984	20,657	31,641	431,189	302,788
Travel	201,104	6,180	20,413	26,593	227,697	206,111
Donated Professional Fees	-	150,639	-	150,639	150,639	69,452
Conferences, Conventions and Meetings	133,114	7,720	9,342	17,062	150,176	86,191
Supplies, Including In-Kind	104,408	10,147	4,501	14,648	119,056	66,164
Telephone	50,370	3,098	10,744	13,842	64,212	60,908
Accounting and Audit Fees	-	42,000	-	42,000	42,000	38,238
Printing and Publication	15,883	1,029	23,572	24,601	40,484	43,381
Office Equipment and Software	33,017	3,836	2,675	6,511	39,528	29,805
Awards	33,237	-	-	-	33,237	44,856
Other Operating Expenses	5,946	10,897	7,729	18,626	24,572	14,511
Insurance	9,808	950	1,955	2,905	12,713	11,435
Repairs and Maintenance	8,709	590	-	590	9,299	5,494
Postage and Shipping	3,784	1,202	3,849	5,051	8,835	6,590
Training	3,778	526	1,745	2,271	6,049	5,456
Dues and Subscriptions	1,492	(60)	4,032	3,972	5,464	5,989
Web Design and Hosting	3,147	-	541	541	3,688	2,940
License Fees	1,764	1,077	680	1,757	3,521	3,842
Outside Services	2,663	239	501	740	3,403	3,090
Advertising	250	-	-	-	250	10,000
Total Expenses Before Depreciation	4,427,359	556,725	750,792	1,307,517	5,734,876	4,351,556
Depreciation	55,495	4,561	7,987	12,548	68,043	26,788
Total Functional Expenses	$ 4,482,854	$ 561,286	$ 758,779	$ 1,320,065	$ 5,802,919	$ 4,378,344
Percentage of Total (See Note 3)	77.3 %	9.7 %	13.0 %	22.7 %	100.0 %	

The Accompanying Notes are an Integral Part of these Financial Statements.

BUSINESSES UNITED IN INVESTING, LENDING AND DEVELOPMENT
(A California Nonprofit Public Benefit Corporation)

STATEMENT OF CASH FLOWS

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	$ (35,810)	$ 404,015
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	68,043	26,788
Donated Furniture and Equipment	(143,861)	-
Donated Stocks	(70,519)	(26,787)
Net Realized (Gain) Loss on Investments	(1,226)	(364)
Loss on Disposal of Equipment	524	-
(Increase) Decrease in Assets:		
Accounts Receivable	(1,988)	(463)
Grants Receivable and Promises to Give	283,063	(198,568)
Inventory	16,016	-
Prepaid Expenses	(1,350)	9,713
Deposits	(9,439)	(10,629)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	14,710	27,268
Accrued Payroll and Related Benefits	10,462	801
Accrued Vacation	35,170	46,600
Net Cash Provided by Operating Activities	163,795	278,374
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Cash Held for Endowment	(18,088)	(5,876)
Purchase of Property and Equipment	(68,693)	(8,808)
Proceeds from Sale of Investments	71,745	27,151
Net Cash Provided (Used) by Investing Activities	(15,036)	12,467
NET INCREASE IN CASH AND CASH EQUIVALENTS	148,759	290,841
CASH AND CASH EQUIVALENTS, Beginning of Year	1,085,888	795,047
CASH AND CASH EQUIVALENTS, End of Year	$ 1,234,647	$ 1,085,888

The Accompanying Notes are an Integral Part of these Financial Statements.

NOTE 1 - ORGANIZATION:

Businesses United in Investing, Lending and Development ("BUILD" or the "Organization"), is a tax-exempt, nonprofit organization founded in 1999 for using entrepreneurship to excite and propel disengaged, low-income students through high school to college success. By helping students start their own small businesses – while teaching them 21st Century skills that improve their academic performance and help them prepare for college – BUILD youth can acquire the knowledge, skills and experiences necessary to become successful pupils, adults, and community leaders.

BUILD was incorporated in 2001 in California and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. BUILD has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to the Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 - EXPANSION AND DEVELOPMENT COSTS:

Beginning in 1999 as an elective in one school in East Palo Alto, California, the BUILD program is now operating in a total of 19 schools in the San Francisco Bay Area, and Washington DC. BUILD - Boston was launched during this fiscal year and enrolled its first class of 100 Boston students.

BUILD is not only growing to serve more students; it is committed to serving them better. BUILD recently expanded its mission to include not only college eligibility but also college persistence and success. We believe post-secondary outcomes are essential in our economy and want our students to pursue a Bachelor's Degree, Associate's Degree or Trade Certificate so they are equipped with the knowledge and skills required for success in the world of work. Reaching these outcomes will put BUILD students on the path to the American Dream and break the cycle of poverty in their families.

Raising the bar to college success demands that BUILD reshape its curriculum to push much harder on academics - particularly 21st Century skills that research shows promote college success - and to integrate academics more explicitly into the entrepreneurship curriculum.

Additionally, as a result of its geographical expansion, BUILD has focused on expanding its' fund raising capacity with a resulting increase in development costs. The Organization is putting into place a national development team with the capacity to keep pace with its growth and ensure financial sustainability over the long term for each site and the Organization as a whole.

NOTE 3 - PROGRAM SERVICES:

BUILD's four-year, in-school and after-school programs are as follows:

<u>Entrepreneurs 1 (E1) - Freshman Year</u> - Planning a business. Freshmen participate in a rigorous, credit-bearing elective for the entire academic year. Students learn the tenets of time management, goal-setting and professional communication etiquette. In teams of 3-5 members, students develop comprehensive 20-30 page business plans based on ideas they create. The year culminates with participation in BUILD's Youth Business Plan Competition held at university graduate schools of business in our three regions.

NOTE 3 - PROGRAM SERVICES (Continued):

Entrepreneurs 2 (E2) - Sophomore Year - Running a business. Sophomores meet after school for up to 6 hours per week, for the entire academic year. In BUILD's Youth Business and Academic Incubator, they begin to operate their small businesses while learning negotiation, business ethics, venture capital, and more. Teams are assigned Venture Capital Advisors, who act on BUILD's behalf to finance student businesses with funding from BUILD. Simultaneously, sophomores receive academic coaching, advising and tutoring to ensure they get on track to graduate high school eligible for college.

Entrepreneurs 3 (E3) - Junior Year - Preparing for college. Juniors meet after school and are trained on advanced topics relating to college selection. Students continue to operate their businesses, but focus more on developing college readiness skills so they will be prepared to attend the college of their choice. In preparation for college, students are trained on essay writing, interviewing, financial aid, and standardized testing. To assist students in the college selection process, BUILD staff members accompany students on college tours in various parts of the country.

Entrepreneurs 4 (E4) - Senior Year - Selecting and applying to college. Seniors work with BUILD mentors and BUILD's staff to identify their schools, write admissions essays, prepare college applications, and package their BUILD experience into a portfolio. Students continue to hone their interviewing and presentation skills, in preparation for communicating with college admissions officers. When possible, BUILD assists in arranging interviews with local BUILD alumni. BUILD staff provide students' parents with information about scholarships and financial aid resources through workshops and meetings.

Record of Success - BUILD's greatest success is the academic and social advancement its current 1,000+ students are making every day.

BUILD graduates have been awarded such honors as the national Foundation for Teaching Entrepreneurship (NFTE) national Youth Entrepreneur of the Year, Merrill Lynch Growing Up CEO and the Gates Millennium Scholarship. The Organization's students have been admitted to over 90 colleges and universities, including New York, Brown, Stanford, Louisiana State and Hampton Universities, as well as University of California at Berkeley, Davis, Los Angeles, and Merced. BUILD has been featured in the media, including CNN, PBS, NPR, San Francisco Chronicle, San Jose Mercury News, Bay Area Business Woman News, and Palo Alto Weekly News. BUILD's CEO was recently awarded the Manhattan Institute Award for Social Entrepreneurship, the Ashoka Fellowship and was honored with KQED and Wells Fargo's 2011 Women's History Month Local Heroes Award.

BUILD's success will continue to grow as the Organization continues to serve more students as well as deepen its impact in 2013.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting - The financial statements of BUILD have been prepared on the accrual basis of accounting.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation - The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as prescribed by the American Institute of Certified Public Accountants. In accordance with accounting principles generally accepted in the United States of America, the Organization reports its financial position and operating activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund, plus any net assets designated by the Board for specific purposes.
>
> Temporarily restricted net assets include those assets which are subject to donor restriction and for which the applicable restriction was not met as of the year-end of the current reporting period.
>
> Permanently restricted net assets include those assets which are subject to a non-expiring donor restriction, such as endowments.

Comparative Financial Information - The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense categories. 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.

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 and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Accounts and Grants Receivable - The Organization considers all accounts and grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Promises to Give - Unconditional promises to give are recognized as contribution support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give, if any, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair Value Measurements - Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Inventory - Inventory consists of donated goods held for sale. Goods donated to the Organization are valued at their estimated fair market value and recognized as support in the statement of activities. Goods remaining in ending inventory are also recorded at their estimated fair market value.

Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed on the straight-line method based on the estimated useful lives of the assets, which range from 3 to 5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment. Depreciation expense for the years ended June 30, 2012 and 2011 totaled $68,043 and $26,788, respectively. The increase in depreciation expense is due to the in kind donation of assets from HP in July 2011.

Accrued Vacation - Accrued vacation represents vacation earned, but not taken as of June 30, 2012 and 2011. The accrued vacation balance as of June 30, 2012 and 2011 was $155,438 and $120,268, respectively.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Revenue Recognition - The Organization recognizes support and revenue on the accrual basis of accounting. Revenue from grants which have been classified as "exchange transactions" and program fees are recognized as revenue in the period in which the service is provided.

Contributions - Contributions are recognized when the donor makes a pledge to give that is, in substance, an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

Contributions In-Kind - Donated equipment and other donated goods are recorded at their estimated fair value as of the date of the donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Organization also receives donated services that do not require specific expertise but which are nonetheless central to the Organization's operations. While these contributed services are not reflected in the financial statements the estimated value of these services is disclosed in Note 9.

Allocation of Functional Expenses - Directly identifiable expenses are charged to programs and supporting services. Management’s estimate of indirect salary expense allocation for senior management team members (whose job description is over programs and operations) is based on annual time studies. Management's estimate of indirect salary expense allocation for other employees is based on individual employee estimated time spent based on their job descriptions, their goals for the year and prior year allocation. Management's estimate of other indirect costs are based on salary expense or square footage.

Income Taxes - Businesses United in Investing, Lending and Development is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income taxes under various state codes and statues of California, Massachusetts, Maryland, Virginia, New York, Pennsylvania and Washington D.C. Accordingly, no provision for income taxes has been made in the accompanying statements.

Advertising - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended June 30, 2012 and 2011 was $250 and $10,000, respectively.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Uncertainty in Taxes - Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and state of California. The Organization's federal returns for the years ended June 30, 2009 and beyond remain subject to possible examination by the Internal Revenue Service. The Organization's California returns of the tax years ended June 30, 2008 and beyond remain subject to possible examination by the Franchise Tax Board.

Subsequent Events - Management of the Organization has evaluated events and transactions subsequent to June 30, 2012 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2012. Subsequent events have been evaluated through the date the financial statements became available to be issued, October 30, 2012. The entity has not evaluated subsequent events after October 30, 2012.

NOTE 5 - GRANTS RECEIVABLE AND PROMISES TO GIVE:

Grants receivable and promises to give consist of unconditional promises to give by various donors. The Organization's management has estimated that the following amounts will be collected within the 3-year period after June 30, 2012. The Organization records pledges expected to be collected in more than one year at the present value of the assets to be received in the future. The discount rates used as of June 30, 2012 ranged from 1.3% to 2.2%.

Grants receivable and promises to give as of June 30, consisted of the following:

	2012	2011
Total Grants Receivable and Promises to Give	$ 720,524	$ 1,002,984
Discounts to Net Present Value	(10,423)	(9,820)
Net Grants Receivable and Promises to Give	710,101	993,164
Current Portion of Grants Receivable and Promises to Give	(530,093)	(749,200)
Noncurrent Portion of Grants Receivable and Promises to Give	$ 180,008	$ 243,964

NOTE 6 - LINE OF CREDIT:

The Organization has a $500,000 line of credit with Wells Fargo Bank. The line of credit is secured by the Organization's personal and real property and bears interest at the prime rate plus 1.50% (3.25% at June 30, 2012) or the Floor Rate of 5.00% per annum. It is available until September 1, 2012. As of June 30, 2012 and 2011, no amounts were outstanding.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

The Organization's temporarily restricted net assets as of June 30, consisted of the following:

	2012	2011
Purpose Restrictions:		
Boston	$ 288,459	$ 274,062
East Oakland	180,857	7,500
Peninsula Programs	105,932	338,396
National Program - Athena	45,304	-
Monterey Programs	33,100	33,100
Washington D.C. Programs	30,000	30,000
Incubator Team Accounts	21,160	35,261
Lazier Memorial	10,000	2,000
Student College Tours	400	600
Pilot Program (Peninsula Site)	-	1,000
Oakland Programs	-	12,845
E1 Program Across All Sites	-	29,218
Time Restrictions:		
General Support for Future Period	361,079	546,264
Total Temporarily Restricted Net Assets	$ 1,076,291	$ 1,310,246

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions during the year by incurring expenses satisfying the restricted purpose or the occurrence of other events specified by donors during the year ended June 30, as follows:

	2012
Purpose Restrictions:	
Boston	$ 534,434
Peninsula Programs	480,628
Oakland Expansion	442,578
Washington D.C. Programs	252,190
California Sites	134,010
Entrepreneur E1 Program	84,218
Oakland Programs	77,725
BUILD Annual GALA	15,000
Washington D.C. Programs	14,101
National Program - Athena	13,334
Board Reserve	10,280
Student College Tours	5,200
Lazier Memorial	2,000
Peninsula RAMP Programming	1,000
Time Restrictions:	
General Support for Future Period	1,779,600
Total Net Assets Released from Restrictions	$ 3,846,298

NOTE 9 - CONTRIBUTIONS IN-KIND:

The estimated fair value of donated supplies, equipment, expert services and facilities are recorded as contributions. During fiscal years ended June 30, 2012 and 2011, the following in-kind contributions were received by the Organization:

	2012	2011
Professional Services	$ 150,484	$ 69,452
Computer Equipment	143,861	-
Facilities	35,700	34,378
Supplies and Minor Equipment	28,300	8,873
In-Kind Contributions for Operations	358,345	112,703
Special Event Supplies and Auction Items	25,956	33,011
Total Contributions In-Kind	$ 384,301	$ 145,714

During the years ended June 30, 2012 and 2011, the Organization also received donated services from volunteers that do not require specific expertise but which are nonetheless central to the Organization's operations. During the years ended June 30, 2012 and 2011, mentors dedicated approximately 16,833 and 12,968 hours to tutoring services. The estimated value of tutoring services based on the nature of the service and the amount of time donated is estimated to be approximately $407,022 and $303,711, respectively.

NOTE 10 - BOARD DESIGNATED ENDOWMENT:

As of June 30, 2012, the Board of Directors had designated $210,411 of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization's policy is to build the endowment. Endowment funds are only used for William Lazier Scholarship payments. Annually, additional funds are deposited into the endowment account to offset these scholarship payments to ensure the Organization protects and grows the principle investment. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide modest returns on investment with the goal of capital preservation.

NOTE 10 - BOARD DESIGNATED ENDOWMENT (Continued):

To achieve that objective, the Organization has adopted an investment policy that is focused on capital preservation, which protects the principle investment and grows it at a modest rate with little to no risk of loss. Endowment assets are invested in a money market account. The Organization's Finance Committee will review the investment strategy and make a recommendation to the Board of Directors. Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 1% to 3% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Changes in endowment net assets for the year ended June 30, 2012 consisted of the following:

Board Designated Endowment Net Assets, Beginning of Year	$ 192,323
Contributions	21,218
Investment Income	20
Investment Fees	(150)
Amount Appropriated for Expenditure	(3,000)
Board Designated Endowment Net Assets, End of Year	$ 210,411

NOTE 11 - OPERATING LEASE COMMITMENTS:

The Organization conducts its operations from facilities leased under various non-cancelable operating and month-to-month leases. Rent expense for these facilities for the years ended June 30, 2012 and 2011 was $431,189 and $302,788, respectively.

Future minimum lease payments under operating leases are as follows:

Year Ending June 30,	Amount
2013	$ 514,735
2014	375,159
2015	331,810
2016	332,906
2017	291,751
Thereafter	15,225
Total Future Minimum Lease Payments	$ 1,861,586