

INTERNATIONAL TRADE EDUCATION PROGRAMS
(A California Nonprofit Corporation)
FINANCIAL STATEMENTS

JUNE 30, 2012

Guzman & Gray

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

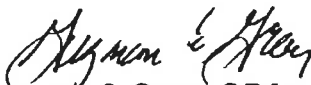
Board of Directors
International Trade Education Programs

We have reviewed the accompanying statement of financial position of the International Trade Education Programs (a non-profit organization) as of June 30, 2012, and the related statement of activities, changes in net assets, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct a review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.


Guzman & Gray, CPAs
Long Beach, California
October 10, 2012

INTERNATIONAL TRADE EDUCATION PROGRAMS
(A California Nonprofit Corporation)
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 187,537	\$ 127,251	\$ 314,788
Grant	400,000		400,000
In kind rent	3,600		3,600
Special event, net of \$22,669 of expenses	155,316		155,316
Other	100		100
	746,553	127,251	873,804
 Net assets released from restrictions	 165,938	 (165,938)	
 Total Support and Revenue	 912,491	 (38,687)	 873,804
 EXPENSES			
Programs	669,139		669,139
Supporting Services			
Management and General	98,647		98,647
Fundraising	32,874		32,874
Total Expenses	800,660		800,660
 CHANGE IN NET ASSETS	 \$ 111,831	 \$ (38,687)	 \$ 73,144

See Independent Accountants' Review Report and Notes to Financial Statements.

INTERNATIONAL TRADE EDUCATION PROGRAMS
(A California Nonprofit Corporation)
STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Services	Supporting Services		Total
		Management And General	Fundraising	
Salaries and wages	\$ 364,124	\$ 68,273	\$ 22,758	\$ 455,155
Employee benefits	3,471	651	217	4,339
Payroll taxes	29,210	5,477	1,826	36,513
Occupancy	20,884	3,916	1,305	26,105
Postage and delivery	858	161	54	1,073
Repairs & maintenance	76	14	5	95
Printing and copying	864	162	54	1,080
Publicity and advertising		4,235		4,235
Awards and grants			1,400	1,400
Accounting	6,354	1,191	397	7,942
Bank service charges	1,137	213	71	1,421
Meetings and conferences	2,108	395	132	2,635
Telephone	7,532	1,412	471	9,415
Insurance	4,369	819	273	5,461
Travel	25,194	4,724	1,575	31,493
Depreciation	5,805	1,088	363	7,256
Supplies	7,245	1,359	453	9,057
Books, subscriptions and references	509	95	32	636
Membership dues	3,209	602	201	4,012
Contract services	17,471	3,276	1,092	21,839
Other	3,118	584	195	3,897
Program	140,168			140,168
Scholarships	25,433			25,433
	<u>\$ 669,139</u>	<u>\$ 98,647</u>	<u>\$ 32,874</u>	<u>\$ 800,660</u>

See Independent Accountants' Review Report and Notes to Financial Statements.

INTERNATIONAL TRADE EDUCATION PROGRAMS
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 – ORGANIZATION

General

International Trade Education Programs, Inc. (The "Organization") is a non-profit organization located in Glendale, California that was established in January 2006 to promote international trade academies, expand the maritime trade industry and provide education and career opportunities in the international trade to economically underserved students of Southern California. International Trade Education Programs (ITEP) strives to achieve its missions through the following academies:

- International Trade Academy
- Global Safety and Security Academy
- Global Environmental Sciences Academy
- Maritime Agriculture Tourism Cuisine & Hospitality Academy
- Global Environmental & Earth Alert Academy
- Global Leadership Academy
- Global Business Academy
- Mojave XP Logistics Academy

These international trade-focused academies provide a bridge between school coursework and real work experience for high school students. ITEP partners with industry and educators to deliver a multi-year opportunity for the students.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of each of these net asset classes is as follows:

- Unrestricted net assets are utilized to record grants, contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the Organization that are not restricted by the donor through use or time restrictions.
- Temporarily restricted net assets are utilized to record resources received that are restricted as to use or timing of receipt by the donor or grantor. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

INTERNATIONAL TRADE EDUCATION PROGRAMS
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

Contributions, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances. Promises made and collected in the same reporting period are recorded when received in the appropriate net asset category. Promises of non-cash assets are recorded at fair value. Conditional promises are recorded when donor stipulations are substantially met.

Allowance for Doubtful Accounts

Pledges receivables are reported net of allowance for doubtful accounts. No allowance for doubtful accounts has been established at June 30, 2012 as management believes that all receivables will be collectible.

Property, Equipment and Depreciation

Purchased property and equipment are stated at cost at the date of acquisition. Donated property and equipment are stated at fair market value at the date of the gift. Depreciation is calculated using straight-line method over the estimated useful lives of the assets which range from three to seven years. Expenditures for repairs and maintenance are charged to expenses as incurred. When assets are disposed of, the related costs and accumulated depreciation thereon are removed from the accounts and any resulting gain or loss is included in operations.

Contributed Assets

Donated assets held for use are recorded at their fair market value when the donations are received. For the year ended June 30, 2012, ITEP did not receive any contributed assets.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of time to the Organization's operations. Contributed services are recorded at fair market value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized. For the year ended June 30, 2012, ITEP did not receive any contributed services.

INTERNATIONAL TRADE EDUCATION PROGRAMS
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net as of June 30, 2012 is summarized as follows:

Computer equipment	\$ 45,950
Furniture and fixtures	3,962
Office equipment	<u>14,153</u>
	64,065
Less: accumulated depreciation	<u>(44,802)</u>
	<u>\$ 19,263</u>

Depreciation expense was \$7,256 for the year ended June 30, 2012.

NOTE 4– TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 are as follows:

International Trade Academy	\$ 29,193
Match Academy	3,238
Global Safety and Security	44,531
Global Environment Science Academy	1,539
Mojave XP Barstow	622
Global Business Academy Carson	20,010
Gardena Global Leadership Academy	1,212
Global Environmental House San Pedro	4,935
Scholarship Fund	<u>31,152</u>
	<u>\$ 136,432</u>

INTERNATIONAL TRADE EDUCATION PROGRAMS
(A California Nonprofit Corporation)
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

The Organization maintains noninterest bearing cash equivalent accounts at a financial institution located in Southern California. These account balances are fully insured by the Federal Deposit Insurance Corporation. Effective January 1, 2011 through December 31, 2012, the Federal Deposit Insurance Corporation (FDIC) will fully insure, without limit, all noninterest bearing transaction accounts. Insurance limit for interest bearing accounts is \$250,000 per depositor per institution.

Cash equivalent balances deposited and maintained by financial institutions differ from cash equivalents presented in the statement of financial position due to timing differences.

The Organization received approximately 46% of its total revenue from a city grant in the year ended June 30, 2012. Discontinuance of this grant could have a significant effect on operations.

NOTE 8 – PRIOR PERIOD ADJUSTMENT

An adjustment was made during the year ended June 30, 2012 to properly state the beginning unrestricted and temporarily restricted net assets at June 30, 2011. According to management, unrestricted and temporarily restricted net assets were improperly accounted for in the previous year. The adjustment in the current year to reflect the correction of this error was to increase unrestricted net assets and decrease temporarily restricted net assets by \$100,381.