NATIONAL SCHOLASTIC PRESS ASSOCIATION

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2012 AND 2011

NATIONAL SCHOLASTIC PRESS ASSOCIATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2012 AND 2011

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Scholastic Press Association
Minneapolis, Minnesota

We have audited the accompanying balance sheets of National Scholastic Press Association (the Organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide 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 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 25, 2012

NATIONAL SCHOLASTIC PRESS ASSOCIATION
BALANCE SHEETS
JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 582,733	$ 436,307
Investments	570,741	560,911
Prepaid Expenses	6,524	14,363
Accounts Receivable	15,159	32,417
Total Current Assets	1,175,157	1,043,998
PROPERTY AND EQUIPMENT		
Furniture and Equipment	36,974	35,644
Leasehold Improvements	21,315	21,315
Accumulated Depreciation	(32,420)	(23,310)
Net Property and Equipment	25,869	33,649
Total Assets	$ 1,201,026	$ 1,077,647
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 13,740	$ 12,560
Deferred Revenue	201,040	203,913
Accrued Vacation	17,442	14,587
Total Current Liabilities	232,222	231,060
NET ASSETS		
Unrestricted Net Assets	968,804	846,587
Total Liabilities and Net Assets	$ 1,201,026	$ 1,077,647

See accompanying Notes to Financial Statements.

NATIONAL SCHOLASTIC PRESS ASSOCIATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Program Service Revenue	$ 1,407,607	$ -	$ 1,407,607	$ 1,378,390	$ -	$ 1,378,390
Dues and Assessments	286,273	-	286,273	284,309	-	284,309
Other Income	5,424	-	5,424	6,490	-	6,490
Investment (Loss) Gain, Net	(9,819)	-	(9,819)	97,539	-	97,539
Net Assets Release from Restrictions	-	-	-	2,000	(2,000)	-
Total Revenue and Other Support	1,689,485	-	1,689,485	1,768,728	(2,000)	1,766,728
EXPENSE						
Program	1,400,600	-	1,400,600	1,368,135	-	1,368,135
Management and General Support	166,668	-	166,668	182,566	-	182,566
Total Expense	1,567,268	-	1,567,268	1,550,701	-	1,550,701
CHANGE IN NET ASSETS	122,217	-	122,217	218,027	(2,000)	216,027
Net Assets - Beginning of Period	846,587	-	846,587	628,560	2,000	630,560
NET ASSETS - END OF PERIOD	$ 968,804	$ -	$ 968,804	$ 846,587	$ -	$ 846,587

See accompanying Notes to Financial Statements.

NATIONAL SCHOLASTIC PRESS ASSOCIATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 122,217	$ 216,027
Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Unrealized Loss (Gain) on Investments	28,233	(93,266)
Depreciation	9,110	8,819
(Increase) Decrease in Current Assets:		
Receivables	17,258	(7,101)
Prepaid Expenses	7,839	(5,957)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	1,180	(11,939)
Accrued Expenses	2,855	4,242
Deferred Revenue	(2,873)	1,585
Net Cash and Cash Equivalents Provided by Operating Activities	185,819	112,410
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	-	54,942
Purchases of Investments	(38,063)	(142,072)
Purchases of Equipment	(1,330)	(2,159)
Net Cash and Cash Equivalents Used by Investing Activities	(39,393)	(89,289)
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,426	23,121
Cash and Cash Equivalents - Beginning	436,307	413,186
CASH AND CASH EQUIVALENTS - ENDING	$ 582,733	$ 436,307
NONCASH DISCLOSURES		
In-Kind Donations	$ 87,739	$ 66,106

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

National Scholastic Press Association (the Organization) is a nonprofit organization incorporated under the laws of the State of Minnesota. The missions of the Organization are (a) to teach students, faculty advisors and representatives of member schools, colleges and universities about the preparation, publication and editing of scholastic newspapers, yearbooks and other student media, (b) to provide instruction in the subject and field of journalism and to educate and guide the students, staff and advisers of member schools, colleges and universities, and (c) to provide recognition programs that provide a standard of excellence among student media and create models with which member advisers can train and inspire their students.

Financial Statement Presentation

The Organization classifies its funds for accounting and reporting purposes as either unrestricted, temporarily restricted or permanently restricted.

Unrestricted – Resources over which the Organization has discretionary control. Designated amounts represent those revenues which the Organization has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization.

At June 30, 2012, the Organization had only unrestricted net assets. At June 30, 2011, the Organization had temporarily restricted and unrestricted net assets. Donor-restricted contributions, the restrictions of which are met in the same year as the gift is made, are reported as unrestricted contributions in the current year.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposit accounts and savings accounts. At times, such investments may be in excess of FDIC insurance limits. The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

The Organization carries its investments at fair value and realized and unrealized gains and losses are reflected in the statements of activities. Investments are recorded at fair value. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at net realizable value. All accounts receivable are due on demand. Receivables are assessed individually for collection based on the surrounding facts and circumstances and management's past history. When all collection efforts have been exhausted, accounts are written off. Allowance for uncollectible accounts was included on the financial statements at June 30, 2012 and 2011 in the amounts of $9,600 and $7,066 respectively.

Office Furniture, Leasehold Improvements and Equipment

Office furniture, leasehold improvements and equipment acquisitions having an estimated useful life of more than one year are recorded at cost. Depreciation on furniture and equipment is computed using the straight-line method over an estimated useful life of the asset of three to ten years. Depreciation on leasehold improvements is computed using the remaining years of the lease agreements. The Organization's policy is to capitalize furniture and equipment when the cost per item is in excess of $1,000.

Revenue Recognition

The Organization's principal revenue sources are annual conferences promoting the field of journalism and membership dues. Membership dues are recorded over the membership period. Deferred revenue consists of advance receipts of convention membership dues and convention revenue which are deferred and classified as liabilities until earned.

In-Kind Contributions

Contribution of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial 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.

Functional Allocation of Expense

Salaries and related expenses are allocated based on estimates of time spent on various program activities. Depreciation, telephone, occupancy, and certain office expenses are allocated based on square footage. Other expenses, not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Income Taxes

The Organization qualifies as a tax-exempt organization described in Section 501(c)(3) and is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, it is subject to federal and state income taxes on net unrelated business income. The Organization files an income tax return relating to its unrelated business income activities. Income taxes for unrelated business income activities are accrued and included in the combined statement of activity in the year incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization follows the income tax standard for uncertain tax positions. The Company evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2012. The Organization's 2009 through 2011 tax years are open for examination by federal and state taxing authorities.

Estimates

Management uses estimates and assumptions in preparing the accompanying financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could vary from the estimates that were used.

Fair Value Measurements

The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements in order to present them in conformity with the 2012 financial statements. These reclassifications have had no effect on net assets as previously reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 25, 2012, the date the financial statements were available to be issued.

NOTE 2 COMMITMENTS

The Organization has entered into various hospitality contracts for purposes of hosting the Organization's annual conventions. The contracts include terms for the minimum room nights to be reserved by convention attendees and the minimum number of meals served. The Organization is generally liable for compensating the hospitality providers if minimum room and meal quotas are not met. At June 30, 2012, the Organization's commitments to hospitality providers totaled approximately $2,900,000 for conventions scheduled through 2018.

NOTE 3 RETIREMENT BENEFITS

Effective July 1, 2007, the Organization sponsors a defined contribution 403(b) plan for substantially all employees, provided they work at least 20 hours per week. Under this plan, employees may contribute up to the lesser of 75% of eligible compensation or the annual contribution limits established by the Internal Revenue Service. Additional "catch-up" contributions are allowed for participants over age 50. The Organization performs a discretionary matching contribution percentage determined each year by management. Employees become eligible for the plan on their date of hire. Total contributions by the Organization for the years ended June 30, 2012 and 2011 were $17,597 and $17,575, respectively.

NOTE 4 INVESTMENTS

Investments consist of the following at June 30:

	2012	2011
Mutual Funds - Trust Securities	$ 58,677	$ 58,601
Mutual Funds - Equity Securities	512,064	502,310
Total	$ 570,741	$ 560,911

NOTE 4 INVESTMENTS (CONTINUED)

Investment revenue consists of the following at June 30:

	2012	2011
Unrealized Gain in Investments	$ (28,233)	$ 93,826
Realized Loss on Investments	-	(560)
Interest Income	18,414	4,273
Investment Gain, Net	$ (9,819)	$ 97,539

NOTE 5 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair-value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 - Organization and Summary of Significant Accounting Policies.

The following tables present the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of June 30:

	2012			
Assets:	Level 1	Level 2	Level 3	Total
Mutual Funds - Trust Securities	$ 58,677	$ -	$ -	$ 58,677
Mutual Funds - Equity Securities	512,064	-	-	512,064
Total	$ 570,741	$ -	$ -	$ 570,741

	2011			
Assets:	Level 1	Level 2	Level 3	Total
Mutual Funds - Trust Securities	$ 58,601	$ -	$ -	$ 58,601
Mutual Funds - Equity Securities	502,310	-	-	502,310
Total	$ 560,911	$ -	$ -	$ 560,911

NOTE 6 OPERATING LEASES

The Organization leases its office space under an operating lease that expired on June 30, 2012. During 2012, the lease was extended to expire on June 30, 2013. Monthly rental payments are $2,508. Rent expense for this lease was $30,101 for 2012 and 2011 Future minimum lease payment is $31,004 for the year ending June 30, 2013.

The Organization leases office equipment under various lease agreements that expire December 2012 and June 2015. Lease expense for these leases was $3,111 and 3,243 for 2012 and 2011, respectively.

NOTE 6 OPERATING LEASES (CONTINUED)

Minimum commitments under all operating leases are as follows:

Year	Amount
2013	$ 2,253
2014	1,395
2015	1,395
Total	$ 5,043

NOTE 7 NET ASSETS

Net assets temporarily restricted balance of $2,000 at June 30, 2010 consisted of donations received for scholarships. During 2011, the $2,000 was released to pay for scholarships. As of June 30, 2012 and 2011, there are no temporarily restricted net assets.

NATIONAL SCHOLASTIC PRESS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Services	Support Services: Management and General	Total All Services
Personnel Costs	$ 252,990	$ 125,153	$ 378,143
Conventions and Meetings	1,062,439	-	1,062,439
Travel	8,321	2,774	11,095
Promotion and Advertising	1,200	400	1,600
Printing	2,555	852	3,407
Grants, Scholarships, and Donations	12,750	-	12,750
Postage and Shipping	343	114	457
Supplies	1,230	410	1,640
Other Office Expenses	8,962	2,988	11,950
Occupancy	30,537	10,179	40,716
Equipment Rental	3,359	1,120	4,479
Insurance	2,251	750	3,001
Professional Fees	-	18,217	18,217
Telephone	1,078	360	1,438
Bad Debt Expense	2,533	-	2,533
Miscellaneous	3,220	1,073	4,293
Total Expense before Depreciation	1,393,768	164,390	1,558,158
Depreciation	6,832	2,278	9,110
Total Expense	$ 1,400,600	$ 166,668	$ 1,567,268
	89%	11%	100%

NATIONAL SCHOLASTIC PRESS ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Program Services	Support Services Management and General	Total All Services
Personnel Costs	$ 252,905	$ 133,322	$ 386,227
Conventions and Meetings	1,040,116	-	1,040,116
Travel	4,747	1,582	6,329
Promotion and Advertising	2,906	969	3,875
Printing	1,416	472	1,888
Grants, Scholarships, and Donations	13,500	-	13,500
Postage and Shipping	392	131	523
Supplies	1,960	653	2,613
Other Office Expenses	3,658	835	4,493
Occupancy	30,392	10,131	40,523
Equipment Rental	3,499	1,166	4,665
Insurance	2,464	821	3,285
Professional Fees	-	21,428	21,428
Telephone	800	267	1,067
Bad Debt Expense	-	7,281	7,281
Miscellaneous	2,765	1,304	4,069
Total Expense before Depreciation	1,361,520	180,362	1,541,882
Depreciation	6,615	2,204	8,819
Total Expense	$ 1,368,135	$ 182,566	$ 1,550,701
	88%	12%	100%