

**JR3 Education Associates, LP 401(k) Savings Plan**  
**Financial Statements Together With Independent Auditor's Report**  
**As of and For the Years Ended December 31, 2007 and 2006**

**JR3 Education Associates, LP 401(k) Savings Plan  
Financial Statements and Supplemental Schedule  
As of and For the Years Ended December 31, 2007 and 2006**

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## INDEPENDENT AUDITOR'S REPORT

To JR3 Education Associates, LP 401(k) Savings Plan  
Waco, Texas

We were engaged to audit the financial statements and supplemental schedule of JR3 Education Associates, LP 401(k) Savings Plan as of December 31, 2007 and 2006, and for the years then ended, as listed in the accompanying index. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note L, which was certified by Principal Financial Group, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of December 31, 2007 and 2006 and for the years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee or custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*Cunningham, Shavers, Christensen & Wright, LLP*

Waco, Texas  
October 13, 2008

**JR3 Education Associates, LP 401(k) Savings Plan  
 Statements of Net Assets Available for Benefits  
 December 31, 2007 and 2006**

	<u>12/31/2007</u>	<u>12/31/2006</u>
<b>ASSETS:</b>		
Investments, At Fair Value ( In Pooled Separate Accounts)	\$ 4,672,267	\$ 3,917,068
Receivables:		
Loans to Plan Participants	29,881	24,151
<b>TOTAL ASSETS</b>	<u>\$ 4,702,148</u>	<u>\$ 3,941,219</u>
<b>LIABILITIES:</b>		
Accrued expenses	\$ -	\$ -
Refundable deferrals	-	-
Contingencies	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS</b>	<u>\$ 4,702,148</u>	<u>\$ 3,941,219</u>

See Accompanying Notes

**JR3 Education Associates, LP 401(k) Savings Plan**  
**Statement of Changes in Net Assets Available for Benefits**  
**Years Ended December 31, 2007 and 2006**

	Years Ended December 31,	
	2007	2006
<b>ADDITIONS:</b>		
Additions to Net Assets Attributed to:		
Contributions:		
Participants:		
Current year contributions	\$ 976,884	\$ 878,336
Current year rollovers to plan	15,491	9,051
	<u>992,375</u>	<u>887,387</u>
Current year contributions requiring refund	-	-
	<u>992,375</u>	<u>887,387</u>
Earnings on Investments:		
Interest earned on participant loans	2,628	1,175
Unrealized Appreciation/(Depreciation) of Assets:		
Net investment gain(loss) from pooled separate accounts	172,247	376,857
Prior year excess contribution reclassified as current year catch-up contribution	-	1,344
	<u>1,167,250</u>	<u>1,266,763</u>
<b>DEDUCTIONS:</b>		
Deductions from Net Assets Attributed to:		
Benefit Payment and Payments To Provide Benefits:		
Directly to participants or beneficiaries, including direct rollovers	362,749	174,320
Return of earnings on excess contributions	-	152
Administrative Expenses	43,572	37,562
	<u>406,321</u>	<u>212,034</u>
<b>TOTAL DEDUCTIONS</b>	<u>406,321</u>	<u>212,034</u>
<b>NET INCREASE FOR THE YEAR</b>	<u>760,929</u>	<u>1,054,729</u>
<b>NET ASSETS AVAILABLE FOR BENEFITS:</b>		
Beginning of the Year	3,941,219	2,886,490
<b>END OF THE YEAR</b>	<u>\$ 4,702,148</u>	<u>\$ 3,941,219</u>

**JR3 Education Associates, LP 401(k) Savings Plan  
Notes to Financial Statements**

**NOTE A – DESCRIPTION OF THE PLAN**

The following description of the JR3 Education Associates, LP 401(k) Savings Plan ("Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

*General:* The Plan is a defined contribution plan covering all employees of the Company. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

*Contributions:* Each year, participants may contribute, under traditional or ROTH provisions, up to 100% of pre-tax annual compensation, as defined in the plan. Contributions are limited, in total, by certain provisions of the Internal Revenue Code, which are subject to change from time to time. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. The Plan currently offers various mutual funds (held in pooled separate accounts) as investment options for participants. To date, the Company has elected to make no contributions on behalf of the Plan.

*Participant Accounts and Vesting:* All participant contributions are held in pooled separate accounts which are similar, in nature, to mutual funds. Each participant's account is credited with the participant's contribution and Plan earnings and is charged with the proportionate share of administrative expenses. Allocations are based on the participant's proportionate ownership of the Pooled Investment. All amounts credited to a participant's account are 100% vested and the benefit to which a participant is entitled is the balance in the participant's account.

*Participant Loans:* Participants may borrow from their accounts a minimum of \$1,000 to maximum equal to the lesser of \$50,000 or 50% of their account balance. The loans are secured by the balance in the participant's account and bear interest at prime plus 1% as determined periodically by the Plan Administrator (currently 5.5% - 9.5%) which is commensurate with local prevailing rates. Principal and interest is paid ratably through monthly payroll deductions.

*Payment of Benefits:* Normal retirement age is 55. On termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or other payment options (including annuities or a Full Flexibility

**JR3 Education Associates, LP 401(k) Savings Plan  
Notes to Financial Statements**

NOTE A – DESCRIPTION OF THE PLAN (continued)

Option, as defined in the Plan). Immediate distribution is made upon the issuance of a Qualified Domestic Relations Order (QDRO).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Financial Statement Presentation*

The financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles. See Note H regarding the accrual basis of accounting.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

*Investment Valuation and Income Recognition*

The Plan's investments are stated at fair value. Quoted market prices are used to value investments. Shares of the pooled accounts are valued at the net asset value of shares held by the Plan at year-end. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

*Payment of Benefits*

Benefits are recorded when paid.

NOTE C – ADMINISTRATIVE EXPENSES

Administrative expenses include fees paid to Principal Financial Group for administering the plan and the cost of the annual audit of plan financial statements, as required by U. S. Department of Labor regulations.

NOTE D - RELATED PARTY TRANSACTIONS

Plan investments are shares of pooled accounts, similar in nature to mutual funds, managed by Principal Life Insurance Company or its affiliates, including Principal Financial Group. Principal Financial Group is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management services

**JR3 Education Associates, LP 401(k) Savings Plan  
Notes to Financial Statements**

**NOTE D - RELATED PARTY TRANSACTIONS (continued)**

amounted to \$38,223 and \$32,813 for the years ended December 31, 2007 and 2006, respectively.

**NOTE E - INVESTMENTS**

The following presents investments (in pooled separate accounts) that represent 5% or more of the Plan's net assets.

POOLED SEPARATE ACCOUNTS - Mutual Funds	12/31/2007		12/31/2006	
	Number of Shares	Fair Value at 12-31-2007	Number of Shares	Fair Value at 12-31-2006
Principal Money Market	13,431.8046	\$ 667,604	12,889.6903	\$ 610,985
Principal Bond & Mortgage	572.0855	456,244	522.7725	402,165
Principal Lifetime 2010	33,913.7832	541,905	25,429.2910	392,821
Principal Total Market Stock Index	39,939.9638	540,201	38,634.9751	496,910
Principal Diversified International	5,935.8182	436,400	5,865.3768	370,539
Principal Government & High Quality Bond	19,887.6242	427,660	18,083.7806	372,103
Neuberger Berman Midcap Value	27,223.7057	493,397	26,497.9589	490,153
Melon Equity Small Cap Blend			11,118.4268	221,328
Total Investments		<u>\$ 3,563,411</u>		<u>\$ 3,357,004</u>

During 2007 and 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$172,247 and \$376,857, respectively.

**NOTE F – REFUNDABLE CONTRIBUTIONS**

For year 2005, resulting from certain members being classified as 'top heavy' participants, their contribution percentage of compensation was limited. Contributions exceeding such limitation were \$4,714. During 2006, of the \$4,714, \$3,370 was refunded to a participant and \$1,344 was re-classed as a catch-up contribution.

**NOTE G - PLAN TERMINATION**

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would receive their account balance in a manner of their choosing such as cash, rollover to another plan, annuity, etc.

**JR3 Education Associates, LP 401(k) Savings Plan  
Notes to Financial Statements**

**NOTE H - RECONCILIATION OF FINANCIAL STATEMENTS TO SCHEDULE H  
OF FORM 5500**

Schedule H, Form 5500, has been prepared on the cash basis of accounting wherein income or revenues are reported when collected and expenses reported when paid. The financial statements are presented on the accrual basis of accounting (generally accepted accounting principles) wherein income or revenues are reported when earned rather than collected and expenses reported when incurred rather than when paid. No differences existed at 2007 or 2006:

NET ASSETS - FORM 5500, SCHEDULE H	2007	2006
	<u>\$ 4,702,147</u>	<u>\$ 3,941,219</u>
NET ASSETS-STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 4,702,147</u>	<u>\$ 3,941,219</u>

**NOTE I - TAX STATUS**

The Internal Revenue Service has determined and informed the Trustee (Principal Financial Group) by a letter dated August 7, 2001, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC).

**NOTE J - RISKS AND UNCERTAINTIES**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**NOTE K – CONTINGENCIES**

JR3 Education Associates, LP, the Plan Sponsor, paid a penalty of \$750 due to the late filing of the Form 5500 for the Plan Year ending December, 2002. An audit of the financial statements for the Plan Year ending, December, 2003 as required by the DOL and IRS, was not conducted. Accordingly, the Plan could be subject to further penalties of an indeterminable amount.

**JR3 Education Associates, LP 401(k) Savings Plan  
Notes to Financial Statements**

**NOTE L – INFORMATION PREPARED AND CERTIFIED BY TRUSTEE**

An authorized representative of the Principal Life Insurance, in accordance with 29 CFR 2520.103-5(c), has certified to the accuracy and completeness of the following information contained in the Financial Statements and Supplemental Schedule:

Description	2007	2006
Investments, at Fair Value	\$ 4,672,267	\$ 3,917,068
Loans to Plan Participants	\$ 29,881	\$ 24,151
Investment Income	\$ 172,247	\$ 376,857
Participant Contributions (including rollovers)	\$ 992,375	\$ 887,387
Interest earned on participant loans	\$ 2,628	\$ 1,175
Other Income(Loss)	\$ -	\$ -