

**FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
(A NONPROFIT ORGANIZATION)**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foundation for Science and Mathematics Education, Inc.
New Orleans, LA

We have audited the accompanying Statement of Financial Position of the Foundation for Science and Mathematics Education, Inc. (a nonprofit organization) (the "Foundation") as of June 30, 2012, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the 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 Foundation 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.

Carr, Riggs & Ingram, LLC

August 21, 2012

FINANCIAL STATEMENTS

**FOUNDATION FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2012**

ASSETS

Current Assets

Cash and cash equivalents \$ 377,726

Total Current Assets 377,726

Total Assets \$ 377,726

LIABILITIES AND NET ASSETS

Current Liabilities

Grants and other payables \$ 20,318

Total Current Liabilities 20,318

Total Liabilities 20,318

Net Assets

Unrestricted 219,424

Temporarily restricted 137,984

Total Net Assets 357,408

Total Liabilities and Net Assets \$ 377,726

See accompanying notes to financial statements.

**FOUNDATION FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT			
Corporations and foundations donations	\$ 144,600	\$ 160,701	\$ 305,301
Individual donations	47,233	17,922	65,155
In-Kind contributions	2,500	4,125	6,625
Interest Income	403	7	410
	<u>194,736</u>	<u>182,755</u>	<u>377,491</u>
Net Assets Released from Restrictions			
Restrictions satisfied by payments			
Corporations and foundations	<u>331,904</u>	<u>(331,904)</u>	<u>-</u>
	<u>526,640</u>	<u>(149,149)</u>	<u>377,491</u>
EXPENSES			
Program services	402,922	-	402,922
Supporting services:			
Management and general	60,202	-	60,202
Fundraising	<u>59,271</u>	<u>-</u>	<u>59,271</u>
	<u>522,395</u>	<u>-</u>	<u>522,395</u>
INCREASE (DECREASE) IN NET ASSETS	4,245	(149,149)	(144,904)
Net Assets, July 1, 2011	<u>215,179</u>	<u>287,133</u>	<u>502,312</u>
Net Assets, June 30, 2012	<u>\$ 219,424</u>	<u>\$ 137,984</u>	<u>\$ 357,408</u>

See accompanying notes to financial statements.

**FOUNDATION FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012**

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (144,904)
Decrease in operating assets:	
Unconditional promises to give	50,736
Increase in operating liabilities:	
Grants and other payables	<u>5,318</u>
Net cash used in operating activities:	<u>(88,850)</u>
Net decrease in cash and cash equivalents	(88,850)
Cash and Cash Equivalents, Beginning of Fiscal Year	<u>466,576</u>
Cash and Cash Equivalents, End of Fiscal Year	<u><u>\$ 377,726</u></u>

See accompanying notes to financial statements.

**FOUNDATION FOR SCIENCE AND
MATHEMATICS EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Grants to Sci High	\$ 347,337	\$ -	\$ -	\$ 347,337
Salaries	22,985	24,619	44,336	91,940
Sci High enhancements	29,414	-	-	29,414
Professional fees	-	18,763	-	18,763
Fundraising	-	-	9,089	9,089
Technology	-	7,296	-	7,296
Payroll taxes	1,759	1,885	3,390	7,034
Health insurance	1,254	1,304	2,456	5,014
Insurance	-	1,830	-	1,830
Entertainment/cultivation	-	1,448	-	1,448
Printing	-	1,270	-	1,270
Administrative/board meetings	-	621	-	621
Office supplies	-	617	-	617
Dues/subscriptions	-	300	-	300
Postage	-	227	-	227
Marketing	173	-	-	173
Fees	-	12	-	12
Travel	-	10	-	10
Total Expenses	\$ 402,922	\$ 60,202	\$ 59,271	\$ 522,395

See accompanying notes to financial statements.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Foundation for Science and Mathematics Education, Inc. (the “Foundation”) was incorporated to foster community and financial support for science and mathematics education in New Orleans and to prepare under-served New Orleans students for college and career success through a rigorous school culture that emphasizes academic success and science and mathematics education. The Foundation raises supplemental funding for the New Orleans Charter Science and Mathematics Education, Inc. (“Sci High”). In addition, the Foundation is a public advocate for their open-admissions, rigorous, hands-on educational model. The Foundation supports their students, their faculty and their Governing Board, the Advocates for Science and Mathematics Education.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Functional Expenses

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management.

Income Tax Status

The Foundation is a tax-exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, is not subject to income tax.

Contributions

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support. The Foundation uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based upon management’s knowledge and experience and management’s analysis of the outstanding promises to give. There are no receivables for the year ending June 30, 2012.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

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

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of less than three months as cash and cash equivalents.

Basis of Presentation

The Foundation follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the organization pursuant to such stipulations.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization.

Subsequent Events

Subsequent events have been evaluated by management through August 21, 2012, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Foundation maintains its cash balances in a single financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, the balance may extend the federally insured amount. Additionally, in accordance with Dodd- Frank Insurance Provision, non-interest bearing transaction accounts are fully insured by the FDIC. This provision is effective from December 31, 2010 through December 31, 2012.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

Faculty Professional Development and Salaries	\$	75,737
School Facilities		16,830
Educational Programs		15,000
Summer Programming		12,684
Barrasso Usdin Fund		8,552
Technology and Supplies		6,191
Students and School Culture		1,908
Summer Programming		<u>1,082</u>
Total temporarily restricted net assets	\$	<u>137,984</u>

NOTE 4 – SIGNIFICANT CONCENTRATIONS

For the year ending June 30, 2012, the Foundation received 61%, of its total revenue from four donors.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2012

NOTE 5 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by Foundation, and has concluded that as of June 30, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation's management believes it is no longer subject to income tax examinations for years prior to 2009.

NOTE 6 - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any Board member for the year ended June 30, 2012 .