FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REPORT

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.

FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.

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PAILET, MEUNIER and LeBLANC, L.L.P.
Certified Public Accountants
Management Consultants

INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
Foundation for Science and Mathematics Education, Inc.

We have audited the accompanying statement of financial position of the Foundation for Science and Mathematics Education, Inc. (the Foundation) as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows 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 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 Foundation for Science and Mathematics Education, Inc. as of June 30, 2011 and 2010 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.

Pailet, Meunier and LeBlanc, LLP

Metairie, Louisiana
September 28, 2011

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FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30,

	2011	2010
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 466,576	$ 403,041
Accounts Receivable	-	104
Unconditional Promises to Give		
Unrestricted	736	2,880
Temporarily Restricted by Use Requirement		
Sci Academy	-	159,000
Sci High	50,000	72,500
Total Current Assets	517,312	637,525
Total Assets	$ 517,312	$ 637,525
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	$ 15,000	$ 19,375
Total Liabilities	15,000	19,375
Contingencies		
Net Assets		
Unrestricted	215,179	163,376
Temporarily Restricted	287,133	454,774
Total Net Assets	502,312	618,150
Total Liabilities and Net Assets	$ 517,312	$ 637,525

The accompanying notes are an integral part of the financial statements.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30,

	2011	2010
UNRESTRICTED NET ASSETS		
Unrestricted Revenue and Gains		
Contributions		
Unrestricted - Corporations & Foundations	$ 142,068	$ 136,535
Unrestricted - Individuals	41,228	63,425
Unrestricted - Interest Income	704	1,510
Other Income	25	-
In-kind Contributions	-	11,380
Net Assets Released from Restrictions		
Donor Restrictions Satisfied	537,052	639,278
Total Unrestricted Revenue and Other Support	721,077	852,128
Expenses		
Program Services		
Sci High	313,370	382,315
Sci Academy	250,787	242,921
School Facilities	1,729	22,108
Creative Forces	-	22,900
Other Programs	-	25,651
Supporting Services		
General and Administrative	58,965	83,137
Fundraising	44,423	68,080
Total Expenses	669,274	847,112
Increase / (Decrease) in Unrestricted Net Assets	51,803	5,016
Temporarily Restricted Net Assets		
Sci High		
Students & School Culture	12,366	900
Summer Program	35,000	7,407
Faculty Professional Development & Salaries	139,000	25,000
Technology & Supplies	-	42,500
Other	169,895	56,170
Sci Academy		
Students & School Culture	2,000	10,030
Summer Program	600	3,000
Technology & Supplies	-	37,239
Other	550	74,600
Miscellaneous	10,000	56,377
Net Assets Released from Restrictions		
Donor Restricted Satisfied	(537,052)	(639,278)
Increase / (Decrease) in Temporarily Donor Restricted Net Assets	(167,641)	(326,055)
Increase / (Decrease) in Net Assets	(115,838)	(321,039)
Net Assets at Beginning of Year	618,150	939,189
Net Assets at End of Year	$ 502,312	$ 618,150

The accompanying notes are an integral part of the financial statements.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30,

	Supporting Services		Program Services				
	General and Administrative	Fundraising	Sci High	Sci Academy	School Facilities	2011 Total	2010 Total
Employee Compensation:							
Professional Salaries	$ 28,348	$ 35,308	$ 21,219	$ -	$ -	$ 84,875	$ 126,794
Taxes & Benefits	2,650	3,698	2,116	-	-	8,464	21,523
Total Salaries and Related Expenses	30,998	39,006	23,335	-	-	93,339	148,317
Professional Fees	16,322	-	-	-	-	16,322	13,153
Education Program Expense	-	-	-	-	-	-	22,900
Student Services	-	-	7,162	-	-	7,162	400
Operations	1,224	-	41,452	-	1,729	44,405	47,358
Professional Development	75	-	-	-	-	75	-
Insurance	2,266	-	-	-	-	2,266	3,686
Technology	7,215	-	-	-	-	7,215	13,563
Administrative/Board	241	-	-	-	-	241	1,724
Miscellaneous Expenses	624	-	-	-	-	624	2,777
Fundraising	-	5,417	-	-	-	5,417	5,077
Grants Sci Academy	-	-	-	250,787	-	250,787	224,382
Grants Sci High	-	-	241,421	-	-	241,421	363,775
Total Expenses	$ 58,965	$ 44,423	$ 313,370	$ 250,787	$ 1,729	$ 669,274	$ 847,112

The accompanying notes are an integral part of the financial statements.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase / (Decrease) in Net Assets	$ (115,838)	$ (321,039)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in operating assets:		
Temporarily Restricted due to use Constraints	183,643	196,620
Increase (decrease) in operating liabilities:		
Accounts Receivable	105	-
Accounts Payable/Accrued Liabilities	(4,375)	(35,264)
Net cash provided by operating activities	63,535	(159,683)
Net increase / (decrease) in cash and equivalents	63,535	(159,683)
Cash and equivalents, beginning of year	403,041	562,724
Cash and equivalents, end of year	$ 466,576	$ 403,041

The accompanying notes are an integral part of the financial statements.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Foundation for Science and Mathematics Education, Inc. (the Foundation) is a nonprofit 501(c) (3) corporation. Its purpose is 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 High School (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.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based upon management's knowledge and experience and management's analysis of specific promises made. Based on prior experience, management believes all receivables to be collectible.

In-Kind Contributions

Donated goods and services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Contributed Services

The Foundation operates in space donated by the high school it serves. The value of the space meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Estimates

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

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from five to ten years. The Foundation did not have any fixed assets at the balance sheet date.

Financial Statement Presentation

The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Foundations." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a Statement of Cash Flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Basis of Accounting

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

Income Taxes

The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2011, there are significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

NOTE B - CASH AND EQUIVALENTS

The Foundation occasionally maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is mitigated by maintaining all deposits in high quality financial institutions. These deposits are stated at cost, which approximates market. The Foundation had $474,408 and $407,076 in deposits (collected bank balances) as of June 30, 2011 and 2010, respectively.

The Organization maintains funds in commercial non-interest bearing accounts and commercial interest bearing accounts. The commercial non-interest bearing accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC) and the commercial interest bearing accounts are insured up to $250,000 per financial institution. Due to these combinations, the Foundation maintained cash balances in excess of the FDIC Insurance by $0 and $72,956 as of June 30, 2011 and 2010, respectively. The Foundation has not experienced any losses and does not believe it is exposed to any significant credit risk on cash balances.

At June 30, 2011 and 2010 the Foundation has cash and cash equivalents (book balances) totaling $466,576 and $403,041, respectively, as follows:

	2011	2010
Cash	$242,901	$ 80,085
Cash Equivalents	223,675	322,956
Total	$466,576	$403,041

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2011	2010
Sci High		
Students & School Culture	6,094	6,082
Faculty Professional Development & Salaries	125,820	101,447
Barrasso Usdin Fund	20,059	20,045
Other	73,372	24,637
Technology & Supplies	9,620	22,102
Summer Programming	34,838	4,483
Sci Academy		
Summer Program	-	3,000
Extracurricular	-	203,787
Students & School Culture	-	750
Teacher Development & Salaries	-	25,000
Other	-	15,307
Other		
Barbara MacPhee Fund	-	5,575
School Facilities	16,830	18,559
Miscellaneous	500	4,000
	$ 287,133	$ 454,774

NOTE D - CONTINGENCIES

Concentration of Support

Currently, the income generated by the Foundation is derived from contributions from various corporations, foundations, and individuals. A significant reduction in the level of this support, if this were to occur, may have an effect on the Foundation's programs and activities. For the year ended June 30, 2011 and 2010, the Foundation received a substantial amount of its support from two donors. For the year ended June 30, 2011 approximately 20.6% of the Foundation's support was received from one donor and 13.6% of the support was received from another. In addition, as of the year ended June 30, 2010, the Foundation received a multi-year pledge from one donor of 13.6% and a one year pledge from another donor of 12.7%.

Separation of Entities

On May 20, 2010, the state Board of Elementary and Secondary Education approved a charter change providing a transfer of Board authority from Advocates for Science and Mathematics Education, Inc. to the New Orleans Science and Mathematics Academy (Sci Academy). The school now has its own board and the Advocates for Science and Mathematics Education is no longer its governing body. By the end of the 2010 - 2011 fiscal year, Sci Academy had its own fundraising mechanism in place and the Foundation was no longer involved in Sci Academy's fundraising efforts; however, the Foundation will continue to be involved in Sci High's fundraising efforts. All restricted assets previously received for Sci Academy were transferred to Sci Academy either on a reimbursement basis or through direct transfer, with donor approval.

NOTE E - SUBSEQUENT EVENTS

FASB Accounting Standards Codification Topic 855, "Subsequent Events" addresses events which occur after the balance sheet date but before the issuance of financial statements. An entity must record the effects of subsequent events that provide evidence about conditions that existed at the balance sheet date and must disclose but not record the effects of subsequent events which provide evidence about conditions that existed after the balance sheet date. Additionally, Topic 855 requires disclosure relative to the date through which subsequent events have been evaluated and whether that is the date on which the financial statements were issued or were available to be issued. Management evaluated the activity of Foundation for Science and Mathematics Education, Inc. through September 28, 2011, the date the financial statements were issued, and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.