

FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANT'S REPORT

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.

FOR THE YEAR ENDED JUNE 30, 2010 AND 2009

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. (a nonprofit organization) as of June 30, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the year 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 Foundation for Science and Mathematics Education, Inc. as of June 30, 2010 and 2009 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 Le Blanc, L.L.P.

Metairie, Louisiana
September 10, 2010

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

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 403,041	\$ 562,724
Accounts Receivable	104	104
Unconditional Promises to Give		
Unrestricted	2,880	-
Temporarily Restricted by Use Requirement		
MacPhee Fund	-	25,000
Science Academy	159,000	223,500
Science High	<u>72,500</u>	<u>182,500</u>
Total Current Assets	<u>637,525</u>	<u>993,828</u>
Total Assets	<u>\$ 637,525</u>	<u>\$ 993,828</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Expenses	<u>\$ 19,375</u>	<u>\$ 54,639</u>
Total Liabilities	<u>19,375</u>	<u>54,639</u>
Contingencies		
Net Assets		
Unrestricted	163,376	151,940
Temporarily Restricted	<u>454,774</u>	<u>787,249</u>
Total Net Assets	<u>618,150</u>	<u>939,189</u>
Total Liabilities and Net Assets	<u>\$ 637,525</u>	<u>\$ 993,828</u>

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,

	<u>2010</u>	<u>2009</u>
UNRESTRICTED NET ASSETS		
Unrestricted Revenue and Gains		
Contributions		
Unrestricted - Corporations & Foundations	\$ 136,535	\$ 70,400
Unrestricted - Individuals	63,425	51,605
Unrestricted - Interest Income	1,510	1,951
Inkind Contributions	11,380	5,339
Net Assets Released from Restrictions		
Donor Restrictions Satisfied	<u>639,278</u>	<u>536,102</u>
Total Unrestricted Revenue and Other Support	<u>852,128</u>	<u>665,397</u>
Expenses		
Program Services		
Sci High	364,175	319,145
Sci Academy	229,132	250,000
School Facilities	22,108	-
Creative Forces	22,900	-
Other Programs	27,342	13,966
Supporting Services	<u>181,455</u>	<u>122,517</u>
Total Expenses	<u>847,112</u>	<u>705,628</u>
Increase/(Decrease) in Unrestricted Net Assets	<u>5,016</u>	<u>(40,231)</u>
Temporarily Restricted Net Assets		
Sci High		
Students & School Culture	900	76,050
Faculty Professional Development & Salaries	25,000	-
Other	56,170	29,000
Academic Education	-	50,000
Geology	-	50,000
Professional Electives	-	149,000
Robotics	-	13,580
Technology & Supplies	42,500	20,000
Summer Program	7,407	65,500
Sci Academy		
Summer Program	3,000	94,500
Extracurricular	10,030	-
Technology & Supplies	37,239	-
Sci Academy Pledges	-	223,500
Start-up	-	3,000
Other	74,600	45,000
Miscellaneous	56,377	6,420
Net Assets Released from Restrictions		
Donor Restricted Satisfied	<u>(639,278)</u>	<u>(536,102)</u>
Increase/(Decrease) in Temporarily Donor Restricted Net Assets	<u>(326,055)</u>	<u>289,448</u>
Increase/(Decrease) in Net Assets	(321,039)	249,217
Net Assets at Beginning of Year	<u>939,189</u>	<u>689,972</u>
Net Assets at End of Year	<u>\$ 618,150</u>	<u>\$ 939,189</u>

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					2010 Total	2009 Total
		General and Administrative	Sci High	Sci Academy	School Facilities	Creative Forces		
Employee Compensation:								
Professional Salaries	\$ 126,794	\$ -	\$ -	\$ -	\$ -	\$ 126,794	\$ 92,028	
Faculty & Staff	-	118,926	-	-	-	118,926	177,133	
Taxes & Benefits	24,209	-	-	-	-	24,209	15,801	
Total Salaries and Related Expenses	151,003	118,926	-	-	-	269,929	284,962	
Professional Fees	10,467	-	-	-	-	10,467	11,501	
Education Program Expense	-	145,818	124,632	-	22,900	293,350	75,557	
Student Services	-	73,031	2,000	-	-	75,031	183,701	
Operations	-	-	102,500	22,108	-	145,108	92,086	
Professional Development	-	25,000	-	-	-	25,000	18,216	
Insurance	3,686	-	-	-	-	3,686	839	
Technology	6,721	-	-	-	-	6,842	2,639	
Administrative/Board	1,724	-	-	-	-	1,724	1,392	
Miscellaneous Expenses	2,777	1,400	-	-	-	4,177	9,626	
Fundraising	5,077	-	-	-	-	5,077	25,109	
Total Expenses	\$ 181,455	\$ 364,175	\$ 229,132	\$ 22,108	\$ 22,900	\$ 847,112	\$ 705,628	

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,

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase/(Decrease) in Net Assets	\$ (321,039)	\$ 249,217
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	196,620	(209,000)
Increase (decrease) in operating liabilities:		
Accounts Receivable	-	(104)
Accounts Payable/Accrued Liabilities	<u>(35,264)</u>	<u>35,569</u>
Net cash provided by operating activities	<u>(159,683)</u>	<u>75,682</u>
Net increase/(decrease) in cash and equivalents	(159,683)	75,682
Cash and equivalents, beginning of year	<u>562,724</u>	<u>487,042</u>
Cash and equivalents, end of year	<u>\$ 403,041</u>	<u>\$ 562,724</u>

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

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

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 and the New Orleans Charter Science and Mathematics Academy. 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.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

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 in 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, 2010, there are significant concentrations of credit risk arising from cash deposits in excess of federally insured limits.

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

NOTE B - CASH AND EQUIVALENTS

The Organization 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 \$407,076 and \$577,296 in deposits (collected bank balances) as of June 30, 2010 and 2009, respectively. These deposits are secured from risk by \$250,000 of federal deposit insurance and \$0 of pledged securities. The Foundation maintained cash balances in excess of the FDIC Insurance by \$157,076 and \$327,296 as of June 30, 2010 and 2009, 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, 2010 and 2009 the Foundation has cash and cash equivalents (book balances) totaling \$403,041 and \$562,724, respectively, as follows:

	<u>2010</u>	<u>2009</u>
Cash	\$ 80,085	\$241,298
Cash Equivalents	<u>322,956</u>	<u>321,426</u>
Total	<u>\$403,041</u>	<u>\$562,724</u>

NOTE C TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Sci High		
Students & School Culture	6,082	8,699
Faculty Professional Development & Salaries	101,447	23,352
Barrasso Usdin Fund	20,045	16,025
Other	24,637	36,880
Academic Education	-	50,000
Geology	-	50,000
Professional Electives	-	16,883
Robotics	-	2,288
Technology & Supplies	22,102	43,524
Sci High Pledges	-	120,000
Social Worker	-	12,806
Summer Programming	4,483	17,536
Sci Academy		
Summer Program	3,000	53,107
Extracurricular	203,787	-
Students & School Culture	750	-
Teacher Development & Salaries	25,000	-
Sci Academy Pledges	-	223,500
Other	15,307	50,000
Other		
Barbara MacPhee Fund	5,575	50,325
School Facilities	18,559	-
Miscellaneous	4,000	5,904
	<u>\$ 454,774</u>	<u>\$ 780,829</u>

FOUNDATION FOR SCIENCE AND MATHEMATICS EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 and 2009

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 Organization's programs and activities. For the year ended June 30, 2010 and 2009, the Foundation received a substantial amount of its support from two donors. For the year ended June 30, 2010 approximately 13.6% of the Foundation's support was received as part of a multi-year pledge from one donor and 12.7% of the support was received as a one year promise. In addition, as of the year ended June 30, 2009, the foundation received a one year pledge from one donor of 31.4% and a multi-year pledge from another donor of 12.8%.

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 the Foundation for Science and Mathematics Education, Inc. through September 10, 2010, the date the financial statements were issued, and concluded that the following subsequent event occurred that would require recognition or disclosure in the Notes to the Financial Statements.

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. 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 will have its own fundraising mechanism in place and the Foundation will no longer be involved in Sci Academy's fundraising efforts; however, they will continue to be involved in Sci High's fundraising efforts. It is anticipated that by the same date, all restricted assets previously received for Sci Academy will be transferred to Sci Academy either on a reimbursement basis or through direct transfer, pending donor written approval.