

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2011

Smith  Sullivan
& Company PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200, Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.smithsullivancpa.com

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba **MATHPOWER**

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 (AUDITED) AND 2010 (UNAUDITED)

Mission Statement

MathPower is dedicated to taking a comprehensive approach to developing both proficiency in advanced mathematics and personal resiliency as vehicles to bring about transformational change in the lives of urban youth.

Our mission isn't just about students succeeding in math; it is about launching students on successful paths to pursue and complete a post-secondary education. MathPower envisions a world in which all students achieve competency in advanced mathematics which serves as a gateway to lifelong learning and a productive career.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

REPORT ON FINANCIAL STATEMENTS


YEARS ENDED JUNE 30, 2011 (AUDITED) AND 2010 (UNAUDITED)

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1
Statement of Financial Position as of June 30, 2011 (Audited).....	2
Statement of Financial Position as of June 30, 2010 (Unaudited).....	3
Statement of Activities for the Year Ended June 30, 2011 (Audited).....	4
Statement of Activities for the Year Ended June 30, 2010 (Unaudited).....	5
Statement of Functional Expenses for the Year Ended June 30, 2011 (Audited).....	6
Statement of Functional Expenses for the Year Ended June 30, 2010 (Unaudited).....	7
Statement of Cash Flows for the Year Ended June 30, 2011 (Audited).....	8
Statement of Cash Flows for the Year Ended June 30, 2010 (Unaudited).....	9
Notes to Financial Statements.....	10 - 17

Smith Sullivan & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.smithsullivancpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Boston Algebra In Middle Schools Project, Inc.
dba MathPower
Boston, Massachusetts

We have audited the accompanying statement of financial position of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (a Massachusetts nonprofit organization) as of June 30, 2011 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 upon our audit. The prior year financial statements were reviewed by us, and our report thereon, dated December 9, 2010, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements taken as a whole.

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 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 Boston Algebra In Middle Schools Project, Inc. *dba* MathPower as of June 30, 2011 and the changes in their net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Sullivan & Company PC

Westborough, Massachusetts
November 3, 2011

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2011 (AUDITED)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED *</u>	<u>TOTAL NET ASSETS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash (Note 8)	\$ 96,989	\$ 164,458	\$ 261,447
Funds Held by Fiscal Agent (Note 4)	-	-	-
Short-Term Investments	-	198,041	198,041
Accounts Receivable, Program Services (Note 8)	101,457	-	101,457
Grants Receivable (Note 8)	35,000	107,500	142,500
Prepaid Expenses	<u>5,434</u>	<u>-</u>	<u>5,434</u>
Total Current Assets	<u>238,880</u>	<u>469,999</u>	<u>708,879</u>
<u>PROPERTY AND EQUIPMENT: (Note 5)</u>			
Equipment	38,056	-	38,056
Less: Accumulated Depreciation	<u>(37,684)</u>	<u>-</u>	<u>(37,684)</u>
Net Property and Equipment	<u>372</u>	<u>-</u>	<u>372</u>
<u>TOTAL ASSETS</u>	<u>\$ 239,252</u>	<u>\$ 469,999</u>	<u>\$ 709,251</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 6,133	-	\$ 6,133
Accrued Salaries, Vacation and Related Costs	23,618	-	23,618
Funds Due to Fiscal Agent (Note 4)	47,416	-	47,416
Deferred Revenue	<u>50,370</u>	<u>-</u>	<u>50,370</u>
Total Current Liabilities	<u>127,537</u>	<u>-</u>	<u>127,537</u>
<u>NET ASSETS:</u>			
Unrestricted Net Assets	111,715	-	111,715
Temporarily Restricted Net Assets (Note 6)	<u>-</u>	<u>469,999</u>	<u>469,999</u>
Total Net Assets	<u>111,715</u>	<u>469,999</u>	<u>581,714</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 239,252</u>	<u>\$ 469,999</u>	<u>\$ 709,251</u>

* Temporarily Restricted Net Assets represents amounts restricted by donors which are released to Unrestricted Net Assets when the nature of the restriction is met.

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2010 (UNAUDITED)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED *</u>	<u>TOTAL NET ASSETS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash (Note 8)	\$ 2,772	\$ 238,340	\$ 241,112
Funds Held by Fiscal Agent (Note 4)	105,871	-	105,871
Short-Term Investments	-	196,660	196,660
Accounts Receivable, Program Services (Note 8)	50,285	-	50,285
Grants Receivable (Note 8)	4,998	-	4,998
Prepaid Expenses	<u>3,761</u>	<u>-</u>	<u>3,761</u>
Total Current Assets	<u>167,687</u>	<u>435,000</u>	<u>602,687</u>
<u>PROPERTY AND EQUIPMENT: (Note 5)</u>			
Equipment	38,056	-	38,056
Less: Accumulated Depreciation	<u>(34,772)</u>	<u>-</u>	<u>(34,772)</u>
Net Property and Equipment	<u>3,284</u>	<u>-</u>	<u>3,284</u>
<u>TOTAL ASSETS</u>	<u>\$ 170,971</u>	<u>\$ 435,000</u>	<u>\$ 605,971</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 2,368	-	\$ 2,368
Accrued Salaries, Vacation and Related Costs	17,476	-	17,476
Funds Due to Fiscal Agent (Note 4)	39,971	-	39,971
Deferred Revenue	<u>44,550</u>	<u>-</u>	<u>44,550</u>
Total Current Liabilities	<u>104,365</u>	<u>-</u>	<u>104,365</u>
<u>NET ASSETS:</u>			
Unrestricted Net Assets	66,606	-	66,606
Temporarily Restricted Net Assets (Note 6)	<u>-</u>	<u>435,000</u>	<u>435,000</u>
Total Net Assets	<u>66,606</u>	<u>435,000</u>	<u>501,606</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 170,971</u>	<u>\$ 435,000</u>	<u>\$ 605,971</u>

* Temporarily Restricted Net Assets represents amounts restricted by donors which are released to Unrestricted Net Assets when the nature of the restriction is met.

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 (AUDITED)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u> *	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 55,695	\$ 509,420	\$ 565,115
Program Service Revenue	65,909	-	65,909
Summer Camp Program Fees	45,450	-	45,450
Donated Goods and Services (Note 7)	128,701	-	128,701
Interest Income	1,300	-	1,300
Total Support and Revenues	<u>297,055</u>	<u>509,420</u>	<u>806,475</u>
 <i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction (Note 6)	<u>474,421</u>	<u>(474,421)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>771,476</u>	<u>34,999</u>	<u>806,475</u>
 <u>FUNCTIONAL EXPENSES:</u>			
Program	607,004	-	607,004
Administrative	79,768	-	79,768
Fund Raising	39,595	-	39,595
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>726,367</u>	<u>-</u>	<u>726,367</u>
 <u>CHANGE IN NET ASSETS</u>	 <u>45,109</u>	 <u>34,999</u>	 <u>80,108</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>66,606</u>	<u>435,000</u>	<u>501,606</u>
 <u>NET ASSETS - END OF YEAR</u>	 <u>\$ 111,715</u>	 <u>\$ 469,999</u>	 <u>\$ 581,714</u>

* Temporarily Restricted Net Assets represents amounts restricted by donors which are released to Unrestricted Net Assets when the nature of the restriction is met.

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 (UNAUDITED)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u> *	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 115,800	\$ 135,000	\$ 250,800
Program Service Revenue	93,811	-	93,811
Summer Camp Program Fees	44,800	-	44,800
Donated Goods and Services (Note 7)	60,748	-	60,748
Interest Income	9,605	-	9,605
Total Support and Revenues	<u>324,764</u>	<u>135,000</u>	<u>459,764</u>
 <i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction (Note 6)	<u>378,820</u>	<u>(378,820)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>703,584</u>	<u>(243,820)</u>	<u>459,764</u>
 <u>FUNCTIONAL EXPENSES:</u>			
Program	541,838	-	541,838
Administrative	100,310	-	100,310
Fund Raising	27,225	-	27,225
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>669,373</u>	<u>-</u>	<u>669,373</u>
 <u>CHANGE IN NET ASSETS</u>	 <u>34,211</u>	 <u>(243,820)</u>	 <u>(209,609)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>32,395</u>	<u>678,820</u>	<u>711,215</u>
 <u>NET ASSETS - END OF YEAR</u>	 <u>\$ 66,606</u>	 <u>\$ 435,000</u>	 <u>\$ 501,606</u>

* Temporarily Restricted Net Assets represents amounts restricted by donors which are released to Unrestricted Net Assets when the nature of the restriction is met.

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011 (AUDITED)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries <i>(Notes 4 and 7)</i>	\$ 409,046	\$ 24,423	\$ 15,960	\$ 449,429
Payroll Taxes and Fringe Benefits <i>(Note 4)</i>	68,652	6,845	4,780	80,277
Contributed Services - Social Innovator Award <i>(Notes 2 and 7)</i>	77,917	-	-	77,917
Professional Fees and Consultants	5,104	23,023	16,000	44,127
Program Supplies and Activities	12,678	-	-	12,678
Admission Fees	1,199	-	-	1,199
Food and Meals <i>(Note 7)</i>	16,742	1,548	470	18,760
Professional Development	2,791	480	-	3,271
Telephone	3,687	343	257	4,287
Advertising <i>(Note 3)</i>	490	295	1,670	2,455
Transportation	1,557	715	92	2,364
Insurance	3,226	300	225	3,751
Payroll Processing Fees	-	3,170	-	3,170
Printing and Postage	477	7,276	66	7,819
Dues and Subscriptions	340	301	75	716
Office Supplies	3,098	5,112	-	8,210
Depreciation Expense <i>(Note 5)</i>	-	2,912	-	2,912
Bad Debt Expense <i>(Note 3)</i>	-	3,025	-	3,025
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 607,004</u>	<u>\$ 79,768</u>	<u>\$ 39,595</u>	<u>\$ 726,367</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010 (UNAUDITED)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries <i>(Notes 4 and 7)</i>	\$ 397,591	\$ 48,833	\$ 16,403	\$ 462,827
Payroll Taxes and Fringe Benefits <i>(Note 4)</i>	68,966	8,470	2,845	80,281
Contributed Services - Social Innovator Award <i>(Notes 2 and 7)</i>	-	-	-	-
Professional Fees and Consultants	2,070	15,122	7,354	24,546
Program Supplies and Activities	33,122	-	-	33,122
Admission Fees	1,272	-	-	1,272
Food and Meals <i>(Note 7)</i>	11,171	2,474	-	13,645
Professional Development	2,203	696	-	2,899
Telephone	3,836	357	267	4,460
Advertising <i>(Note 3)</i>	195	270	-	465
Transportation	4,724	633	-	5,357
Insurance	3,007	280	210	3,497
Payroll Processing Fees	-	3,042	-	3,042
Printing and Postage	1,871	9,128	10	11,009
Dues and Subscriptions	203	177	14	394
Office Supplies	9,221	7,191	-	16,412
Depreciation Expense <i>(Note 5)</i>	2,386	197	122	2,705
Bad Debt Expense <i>(Note 3)</i>	-	3,440	-	3,440
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 541,838</u>	<u>\$ 100,310</u>	<u>\$ 27,225</u>	<u>\$ 669,373</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011 (AUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 80,108</u>
 <i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>	
Interest Income from Investments	(843)
Depreciation Expense	2,912
<i>(Increase) Decrease in Current Assets:</i>	
Funds Held by Fiscal Agent	105,871
Accounts Receivable, Program Services	(51,172)
Grants Receivable	(137,502)
Prepaid Expenses	(1,673)
<i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	3,765
Accrued Salaries, Vacation and Related Costs	6,142
Funds Due to Fiscal Agent	7,445
Deferred Revenue	<u>5,820</u>
Net Adjustment	<u>(59,235)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

20,873

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income from Investments	-
Sale (Purchase) of Short-Term Investments	<u>(538)</u>
Net Cash Flows From Investing Activities	<u>(538)</u>

NET INCREASE IN CASH

20,335

CASH - BEGINNING OF YEAR

241,112

CASH - END OF YEAR

\$ 261,447

Supplemental Disclosures :

<i>Interest Paid</i>	<u>\$ -</u>
<i>Income Taxes Paid</i>	<u>\$ -</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS, PROJECT, INC.
dba MATHPOWER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 (UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets \$ (209,609)

*Adjustments to Reconcile the Above to Net Cash
Provided (Used) by Operating Activities:*

Interest Income from Investments	(7,372)
Depreciation Expense	2,705
<i>(Increase) Decrease in Current Assets:</i>	
Funds Held by Fiscal Agent	(35,051)
Accounts Receivable, Program Services	12,920
Grants Receivable	112,493
Prepaid Expenses	2,261
<i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	1,982
Accrued Salaries, Vacation and Related Costs	6,476
Funds Due to Fiscal Agent	(29,173)
Deferred Revenue	6,625
Net Adjustment	<u>73,866</u>

NET CASH (USED) BY OPERATING ACTIVITIES **(135,743)**

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income from Investments	2,464
Sale (Purchase) of Short-Term Investments	<u>95,000</u>
Net Cash Flows From Investing Activities	<u>97,464</u>

NET (DECREASE) IN CASH **(38,279)**

CASH - BEGINNING OF YEAR **279,391**

CASH - END OF YEAR **\$ 241,112**

Supplemental Disclosures :

<i>Interest Paid</i>	\$ -
<i>Income Taxes Paid</i>	\$ -

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 ORGANIZATION

Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (“Boston AIMS Project”, “MathPower” or the “Organization”), was incorporated in 1984 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

In support of its mission, Boston Algebra In Middle Schools Project, Inc. *dba* MathPower, operates the following programs:

Out-of-School-Time Program Development:

MathPower recently added a new area of focus (Training Staff in Out-of-School-Time Programs) and it has arisen in response to the increasing number of after-school or out-of-school-time programs that are being created to support students’ academic, personal and social development. There are approximately 350 or more of these programs located throughout the City of Boston. Through the fifth year of a grant in 2010 - 2011 from the Fellowes Athenaeum (affiliated with the Dudley Branch of the Boston Public Library), MathPower offered a course called “Number Sense - Math Games: Fun Ways to Help After-School Students Build Math Skills.” The course content focused on the two math programs used by the Boston Public Schools. It included a review of key math concepts, and provided a series of hands-on activities that can be used to deepen a student’s overall understanding of mathematical concepts. The course ran from October - May and was housed at the Dudley Library.

Professional Development:

MathPower’s goal is to develop a classroom culture that encourages students to think deeply about mathematics and to discover for themselves the relationships and structures that are at the heart of the discipline. MathPower’s staff works with math teachers in the inner-city middle schools to create that culture. Teachers are coached in techniques for probing their students’ thinking and in engaging them in discussion about the conceptual understanding they are developing. A teacher’s ability to ask questions that draw out students’ ideas and reveal inconsistencies in their thinking is a vital tool in a classroom fostering mathematical discovery. A recent development in this area is a course for out-of-school-time providers that builds math understanding and pedagogy.

Algebra Plus Summer Academy:

MathPower operates a popular and successful summer camp. The newly named Academy (formerly referred to as a camp) initially focused exclusively on Algebra, as it was designed to prepare middle school students for college preparatory mathematics in high school. With the implementation of education reform in Massachusetts, and the introduction of MCAS, MathPower broadened the mathematics focus for students participating in the summer camp. The Algebra Plus Summer Academy is an effort to strengthen students’ understanding and skill in mathematics, as a means to address high failure rates in this subject. This support is especially important for black and Latino students, who make up approximately 75% of the city’s school enrollment.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 2 *(Continued)*

MathGAINS (Grow Academically in Number Sense):

MathGAINS is a new program that was originally piloted in 2007 - 2009. MathGAINS is a diagnostic-based program that provides information to teachers about where students are on a continuum of mathematical understanding of key concepts in Number Sense. With this information, teachers can develop appropriate intervention strategies to help students fill in the missing information they need to move to higher levels of conceptual understanding.

Math*STARS After-School Programs:

Math*STARS After-School Programs represent new programming for MathPower. MathPower's first after-school program opened in September 2009 at the Dorchester Sportsmen's Tennis Club. Its mission is to provide urban students with high quality instructional assistance and mentoring to help students succeed in school and to build the personal and social skills that will enable them to achieve their goals, including pursuing a college education. Currently MathPower supports three afterschool programs located at sites throughout the City of Boston.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles, has in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Fair Value of Financial Instruments:

As required by the *FASB Accounting Standards Codification*TM, the Organization adopted the provisions of Fair Value Measurements, and has applied its provisions to assets and liabilities that are recognized or disclosed at fair value on a recurring or nonrecurring basis (at least annually). Fair value measurement defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances the disclosure requirements for fair value measurements.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 3 *(Continued)*

The three levels of the fair value hierarchy are as follows:

- Level 1 - inputs to the valuation methodology are quoted market prices for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are based on prices or valuation techniques that are unobservable.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports 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. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - consists of assets, public support, dues and program revenues which are available and used for activities and programs. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted net asset resources designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds. In the accompanying financial statements, temporarily restricted net assets consists of time and program restricted gifts.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, Boston Algebra In Middle Schools Project, Inc. *dba* MathPower did not have any assets of this nature.

Cash:

For purposes of these financial statements, cash is defined as cash balances in checking and savings accounts.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 3 *(Continued)*

Short-Term Investments:

Short-Term Investments consists of certificates of deposit with original maturities of less than twelve months and greater than ninety days. Fair value approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.

Accounts Receivable:

Account Receivable, Program Services represents amounts which are due from Boston Public Schools and individual Summer Academy fees. These amounts are considered fully collectible. These financial statements do not contain a provision for uncollectible accounts receivable; therefore, if accounts become uncollectible, they will be charged to activities when that determination is made. For the years ended June 30, 2011 and 2010, *Bad Debt Expense* was \$3,025 and \$3,440, respectively.

Grants Receivable:

Grants Receivable are classified as current if they are scheduled for receipt within one year, and non-current when the expected date of receipt exceeds one year. Management believes that all grants receivable are collectible, and therefore, no allowance for doubtful amounts has been established. If grants are determined to be uncollectible in subsequent periods, they will be charged to activities at that time. There were no grants determined to be uncollectible for the years presented.

Property and Equipment:

Property and equipment purchases in excess of \$1,000 are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment.

Depreciation of property and equipment is computed using the straight-line method, and is charged against support and revenue over the estimated useful lives of the assets, as expressed in terms of years.

Deferred Revenue:

Deferred Revenue as of June 30, 2011 and 2010 consists of Summer Academy fees collected in advance.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 3 *(Continued)*

Contributions, including unconditional promises to give, are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. MathPower will be eligible, conditional upon approval by the grantor organization, for a grant of \$25,000 for FY 2012 and \$15,000 for FY 2013. Since the approval had not been received as of the reporting date, these conditional commitments have not been recorded in the accompanying financial statements. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets. The Organization has elected to report restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, Boston Algebra In Middle Schools Project, Inc. *dba* MathPower maintains a policy whereby contributions of donated services that create or enhance nonfinancial 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 recognized as revenue on the Statement of Activities and are reported as offsetting expenses on the Statement of Functional Expenses. The recognition of these donations does not have an impact on the overall change in net assets.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated on various statistical bases. Supporting services are those related to operating and managing the Boston Algebra In Middle Schools Project, Inc. *dba* MathPower and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to Boston Algebra In Middle Schools Project, Inc. *dba* MathPower internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 3 *(Continued)*

Advertising:

The Organization expenses its advertising costs as incurred. *Advertising* expense for the years ended June 30, 2011 and 2010 was \$2,455 and \$465, respectively.

Tax Position:

The *FASB Accounting Standards Codification*TM provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an organization's financial statements. The Organization adopted the provisions of this standard on July 1, 2009. The implementation of this standard did not have any impact on the financial position or net assets of the Organization.

The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to FY 2007 are no longer subject to examination by tax authorities.

NOTE 4 FISCAL AGENT AGREEMENT

Boston AIMS Project is a party to a fiscal agent agreement with Northeastern University ("Northeastern"). Under this agreement, funds are held by Northeastern on behalf of the Organization and the salary and benefits for certain Boston AIMS Project employees, as well as certain incidental charges, are paid by Northeastern through the use of these funds. The Organization periodically supplements the funds held at Northeastern to cover these expenses. This agreement also provides the Organization with office space, classroom space and support services which, prior to the fiscal years presented, was charged to Boston AIMS Project via an Overhead Assessment. Effective with FY 2010, Northeastern discontinued the policy of charging an Overhead Assessment and now donates the use of space and support services to the Boston AIMS project (*See Note 7*).

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2011 and 2010:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accum. Depreciation</u>	<u>Net Book Value 2011</u>
Office Equipment and Computers	3	<u>\$38,056</u>	<u>\$37,684</u>	<u>\$372</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 5 (Continued)

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accum. Depreciation</u>	<u>Net Book Value 2010</u>
Office Equipment and Computers	3	<u>\$38,056</u>	<u>\$34,772</u>	<u>\$3,284</u>

Depreciation Expense for the years ended June 30, 2011 and 2010 was \$2,912 and \$2,705, respectively.

NOTE 6 RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of June 30, 2011 and 2010:

<u>Nature of Restriction</u>	<u>2011</u>	<u>2010</u>
Summer Academy	\$ 44,800	\$ 60,000
Time Restricted	125,000	300,000
MathGAINS	274,199	75,000
MathSTARZ	<u>26,000</u>	<u>-</u>
Total	<u>\$469,999</u>	<u>\$435,000</u>

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2011</u>	<u>2010</u>
Time Restricted	\$220,000	\$172,491
Summer Academy	132,300	130,000
MathGAINS	122,121	75,000
Grant Reporting	<u>-</u>	<u>1,329</u>
Total	<u>\$474,421</u>	<u>\$378,820</u>

NOTE 7 DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following in-kind contributions as expenses with offsetting contribution revenue in its financial statements:

	<u>2011</u>	<u>2010</u>
Salaries	\$ 46,097	\$56,716
Contributed Services -		
Social Innovator Award *	77,917	-
Food (Camp Lunches)	<u>4,687</u>	<u>4,032</u>
Total	<u>\$128,701</u>	<u>\$60,748</u>

* In FY 2011, MathPower was an awardee of the Social Innovation Forum, which is a Root Cause social enterprise. The goal of the Social Innovation Forum is to accelerate the development of enduring solutions to social problems by directing an alternate flow of local resources to innovative, results-oriented organizations striving for efficiency, effectiveness, and sustainability.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

(Continued)

NOTE 7 *(Continued)*

MathPower received an unrestricted cash award of \$10,000 and access to a variety of pro bono consulting and coaching services.

As discussed in Note 4, effective with FY 2010, Northeastern University no longer charges MathPower an overhead assessment for the use of its facilities for both program and office space, and payroll and employee benefit services. Although these donations are significant, the Organization is unable to quantify the value of these donations from Northeastern; therefore, they have not been recognized in the accompanying financial statements.

NOTE 8 CONCENTRATIONS

Cash and Short-Term Investments:

The Organization is subject to some credit risk through cash balances in checking and savings accounts and certificates of deposit which are placed with high credit quality financial institutions. At times during the year, the Organization's balances may exceed FDIC and other insured limits. The Organization had \$40,745 and \$187,772 in excess of federally insured and other insured limits as of June 30, 2011 and 2010, respectively. However, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

Grants Receivable:

For the years ended June 30, 2011 and 2010, one foundation grant accounted for 53% and 100% of total *Grants Receivable*.

Accounts Receivable, Program Services:

For the years ended June 30, 2011 and 2010, balances due from the Boston Public Schools accounted for 56% and 41% of total *Accounts Receivable, Program Services*.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through November 3, 2011, the date which the financial statements were available for issue, and noted no events which met the criteria.