

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

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEARS ENDED JUNE 30, 2010 AND 2009

**Smith  Sullivan
& Company PC**

CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 AND 2009

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying statements of financial position of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (a Massachusetts nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower.

A review consists principally of inquiries of the Organization's personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

As discussed in Note 9 to the financial statements, certain errors resulted in an overstatement of previously reported *Accounts Receivable*, *Program Services* and *Program Service Revenue* as of June 30, 2009, and were discovered by management of the Organization subsequent to the issuance of our report on those financial statements dated November 6, 2009. Accordingly, the accompanying FY 2009 financial statements have been restated to correct the error.

Smith, Sullivan & Company PC

Westborough, Massachusetts
December 9, 2010

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2010
(With Summarized Comparative Totals for 2009)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL NET ASSETS</u>	
			<u>2010</u>	<u>2009</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents <i>(Note 8)</i>	\$ 2,772	\$238,340	\$241,112	\$279,391
Funds Held by Fiscal Agent <i>(Note 4)</i>	105,871	-	105,871	70,820
Short-Term Investments	-	196,660	196,660	286,752
Accounts Receivable, Program Services <i>(Note 9)</i>	50,285	-	50,285	63,205
Grants Receivable <i>(Note 3)</i>	4,998	-	4,998	117,491
Prepaid Expenses	<u>3,761</u>	<u>-</u>	<u>3,761</u>	<u>6,022</u>
Total Current Assets	<u>167,687</u>	<u>435,000</u>	<u>602,687</u>	<u>823,681</u>
<u>PROPERTY AND EQUIPMENT:</u> <i>(Note 5)</i>				
Equipment	38,056	-	38,056	38,056
Less: Accumulated Depreciation	<u>(34,772)</u>	<u>-</u>	<u>(34,772)</u>	<u>(32,067)</u>
Net Property and Equipment	<u>3,284</u>	<u>-</u>	<u>3,284</u>	<u>5,989</u>
<u>TOTAL ASSETS</u>	<u>\$170,971</u>	<u>\$435,000</u>	<u>\$605,971</u>	<u>\$829,670</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 8,844	\$ -	\$ 8,844	\$ 386
Accrued Vacation	11,000	-	11,000	11,000
Funds Due to Fiscal Agent <i>(Note 4)</i>	39,971	-	39,971	69,144
Deferred Revenue	<u>44,550</u>	<u>-</u>	<u>44,550</u>	<u>37,925</u>
Total Current Liabilities	<u>104,365</u>	<u>-</u>	<u>104,365</u>	<u>118,455</u>
<u>NET ASSETS:</u>				
Unrestricted Net Assets <i>(Note 9)</i>	66,606	-	66,606	32,395
Temporarily Restricted Net Assets <i>(Note 6)</i>	<u>-</u>	<u>435,000</u>	<u>435,000</u>	<u>678,820</u>
Total Net Assets	<u>66,606</u>	<u>435,000</u>	<u>501,606</u>	<u>711,215</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$170,971</u>	<u>\$435,000</u>	<u>\$605,971</u>	<u>\$829,670</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010
(With Summarized Comparative Totals for 2009)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2010</u>	<u>2009</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Gifts, Grants and Contributions <i>(Note 3)</i>	\$115,800	\$ 135,000	\$ 250,800	\$ 160,091
Program Service Revenue <i>(Note 9)</i>	93,811	-	93,811	85,110
Summer Camp Program Fees	44,800	-	44,800	34,000
Donated Goods and Services <i>(Note 7)</i>	60,748	-	60,748	31,962
Interest Income	9,605	-	9,605	3,848
Miscellaneous Income	-	-	-	906
Total Support and Revenues	<u>324,764</u>	<u>135,000</u>	<u>459,764</u>	<u>315,917</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction <i>(Note 6)</i>	<u>378,820</u>	<u>(378,820)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>703,584</u>	<u>(243,820)</u>	<u>459,764</u>	<u>315,917</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program	541,838	-	541,838	445,757
Administrative	100,310	-	100,310	78,903
Fund Raising	<u>27,225</u>	<u>-</u>	<u>27,225</u>	<u>23,033</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>669,373</u>	<u>-</u>	<u>669,373</u>	<u>547,693</u>
<u>CHANGE IN NET ASSETS</u>	34,211	(243,820)	(209,609)	(231,776)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>32,395</u>	<u>678,820</u>	<u>711,215</u>	<u>942,991</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 66,606</u>	<u>\$ 435,000</u>	<u>\$ 501,606</u>	<u>\$ 711,215</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010
(With Summarized Comparative Totals for 2009)

	<u>PROGRAM</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL FUNCTIONAL EXPENSES</u>	
				<u>2010</u>	<u>2009</u>
Salaries <i>(Note 7)</i>	\$397,591	\$ 48,833	\$16,403	\$462,827	\$361,236
Payroll Taxes and Fringe Benefits	68,966	8,470	2,845	80,281	66,801
Professional Fees	-	15,051	-	15,051	24,911
Transportation	4,724	633	-	5,357	5,074
Overhead Assessment <i>(Note 4)</i>	770	71	54	895	4,108
Insurance	3,007	280	210	3,497	3,765
Payroll Processing Fees	-	3,042	-	3,042	2,290
Professional Development	2,203	696	-	2,899	510
Telephone	3,836	357	267	4,460	4,342
Advertising	195	270	-	465	235
Program Supplies and Activities <i>(Note 7)</i>	33,122	-	-	33,122	30,903
Admission Fees	1,272	-	-	1,272	1,802
Printing and Postage	1,871	9,128	10	11,009	8,750
Food	11,171	2,474	-	13,645	10,489
Dues and Subscriptions	203	177	14	394	1,056
Outside Services	1,300	-	7,300	8,600	2,725
Office Supplies	9,221	7,191	-	16,412	14,100
Depreciation Expense <i>(Note 5)</i>	2,386	197	122	2,705	3,516
Bad Debt Expense <i>(Note 3)</i>	-	3,440	-	3,440	1,080
Total Functional Expenses	<u>\$541,838</u>	<u>\$100,310</u>	<u>\$27,225</u>	<u>\$669,373</u>	<u>\$547,693</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	<u>\$(209,609)</u>	<u>\$(231,776)</u>
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Interest Income from Investments	(7,372)	(3,502)
Depreciation Expense	2,705	3,516
<i>(Increase) Decrease in Current Assets:</i>		
Funds Held by Fiscal Agent	(35,051)	(69,491)
Accounts Receivable, Program Services	12,920	(9,416)
Grants Receivable	112,493	78,309
Prepaid Expenses	2,261	683
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	8,458	(6,307)
Funds Due to Fiscal Agent	(29,173)	20,050
Deferred Revenue	6,625	4,199
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable	<u>-</u>	<u>185,000</u>
Net Adjustment	<u>73,866</u>	<u>203,041</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(135,743)</u>	<u>(28,735)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest Income from Investments	2,464	1,750
Sale (Purchase) of Short-Term Investments	95,000	(285,000)
Purchase of Property and Equipment	<u>-</u>	<u>(3,348)</u>
Net Cash Flows from Investing Activities	<u>97,464</u>	<u>(286,598)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(38,279)</u>	<u>(315,333)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>279,391</u>	<u>594,724</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 241,112</u>	<u>\$ 279,391</u>
<i>Supplemental Disclosures:</i>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 third year of a grant in 2008 - 2009 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 24, 2008 through March 2009 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, 2010

(Continued)

NOTE 2 *(Continued)*

MathGAINS (Grow Academically in Number Sense):

MathGAINS is a new program that was piloted in 2007 - 2009. MathGAINS is a diagnostic-based program that provides information to teachers about where students 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. The second program opened in September 2009.

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:

In accordance with generally accepted accounting principles, 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, 2010

(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:

In accordance with generally accepted accounting principles, 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.

The accompanying financial statements include certain FY 2009 comparative information. With respect to the Statement of Financial Position and the Statement of Activities, such prior year information is not presented by net asset class and, in the Statement of Functional Expenses, FY 2009 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE 3 *(Continued)*

Reclassifications:

Certain amounts in the prior year summarized comparative information have been reclassified to conform to the current year presentation. These reclassifications pertain to the functional allocation of certain expenses and the expense groupings as reported on the Statements of Activities and Functional Expenses. Reclassifications made to the prior year summarized comparative information have no impact on total net assets or changes in net assets.

Cash and Cash Equivalents:

For the purpose of these financial statements, cash and cash equivalents are defined as cash balances maintained in checking and savings accounts and certificates of deposit with original maturities of less 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.

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 camp 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, 2010 and 2009, *Bad Debt Expense* was \$3,440 and \$1,080, 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. *Grants Receivable*, with expected receipt dates that extend beyond one year, have not been discounted because these amounts are considered to be immaterial. As of June 30, 2010 and 2009, *Grants Receivable* in the amount of \$4,998 and \$110,000, respectively, are due from one grant, which represents 100% and 94% of total *Grants Receivable*. 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.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE 3 *(Continued)*

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, 2010 and 2009 consists of summer camp fees collected in advance.

Contributions, Gifts and Grants:

In accordance with generally accepted accounting principles, 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.

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. 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:

In accordance with generally accepted accounting principles, 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:

In accordance with generally accepted accounting principles, 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.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE 3 *(Continued)*

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.

Tax Position:

Accounting Standards for Income Taxes provide 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 2006 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). Certain donor directed grants are held by Northeastern for the benefit of Boston AIMS Project. These grants are recognized as restricted or unrestricted support from gifts, grants and contributions in the accompanying Statement of Activities. Periodically, the Organization supplements grants held at Northeastern with other operating funds to ensure the uninterrupted flow of operating activities, primarily payroll expenses. As of June 30, 2010 and 2009, Northeastern held funds for the benefit of Boston AIMS Project in the amount of \$105,871 and \$70,820, respectively, and the Organization owed Northeastern \$39,971 and \$69,144, respectively. This agreement also provides the Organization with office space and support, which is reported as *Overhead Assessment* in the accompanying Statement of Functional Expenses and is allocated on a functional basis pursuant to the Organization's payroll-based ratios. Boston AIMS Project incurred \$895 and \$4,108 of overhead fees in connection with this agreement in FY 2010 and FY 2009, respectively.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE 5 PROPERTY AND EQUIPMENT

The following is a fixed asset summary as of June 30, 2010 and 2009:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accum. Depreciation</u>	<u>Net Book Value</u>	<u>Prior Year</u>
Office Equipment and Computers	3	<u>\$38,056</u>	<u>\$34,772</u>	<u>\$3,284</u>	<u>\$5,989</u>

Depreciation Expense for the years ended June 30, 2010 and 2009 was \$2,705 and \$3,516, respectively.

NOTE 6 RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of June 30, 2010 and 2009:

<u>Nature of Restriction</u>	<u>2010</u>	<u>2009</u>
Summer Camp	\$ 60,000	\$130,000
Time Restricted	300,000	472,491
MathGAINS	75,000	75,000
Other	-	1,329
Total	<u>\$435,000</u>	<u>\$678,820</u>

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

<u>Nature of Restriction</u>	<u>2010</u>	<u>2009</u>
Time Restricted	\$172,491	\$110,000
Summer Camp	130,000	110,800
MathGAINS	75,000	75,000
Grant Reporting	<u>1,329</u>	<u>15,000</u>
Total	<u>\$378,820</u>	<u>\$310,800</u>

NOTE 7 DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following in-kind contributions in its financial statements:

	<u>2010</u>	<u>2009</u>
Donated Salaries	\$56,716	\$29,337
Program Supplies and Activities	<u>4,032</u>	<u>2,625</u>
Total	<u>\$60,748</u>	<u>\$31,962</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(Continued)

NOTE 8 CASH CONCENTRATIONS

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 \$187,772 and \$153,032 in excess of federally insured and other insured limits as of June 30, 2010 and 2009, respectively. However, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

NOTE 9 CORRECTION OF AN ERROR

Subsequent to the issuance of the June 30, 2009 financial statements, management of the Organization discovered that *Accounts Receivable, Program Services* and *Program Service Revenue* were overstated by \$14,400 due to a billing error. As a result, the June 30, 2009 financial statements have been restated to reflect a reduction of \$14,400 in *Unrestricted Net Assets, Accounts Receivable, Program Services* and *Program Service Revenue*.

NOTE 10 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 December 9, 2010, the date which the financial statements were available for issue, and noted no events which met the criteria.