

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

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

YEAR ENDED JUNE 30, 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, 2009 (UNAUDITED) 2008 (AUDITED)

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, 2009 (UNAUDITED) AND 2008 (AUDITED)

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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 statement of financial position of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (a Massachusetts nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year 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 review, 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.

The financial statements for the year ended June 30, 2008, were audited by us and we expressed an unqualified opinion on them in our report dated December 1, 2008, but we have not performed any auditing procedures since that date. The FY 2008 financial information has been extracted from those statements and is presented for comparative purposes only.

Smith, Sullivan & Company PC

Westborough, Massachusetts
November 6, 2009

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba **MATHPOWER**
STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2009 (UNAUDITED)
(With Comparative Audited Totals for 2008)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL NET ASSETS</u> 2009 <i>(Unaudited)</i>	2008 <i>(Audited)</i>
<u>ASSETS</u>				
<u>CURRENT ASSETS:</u>				
Cash and Cash Equivalents <i>(Notes 3 and 5)</i>	\$ 4,814	\$274,577	\$279,391	\$ 594,724
Funds Held by Fiscal Agent <i>(Note 4)</i>	70,820	-	70,820	1,329
Short-Term Investments <i>(Note 3)</i>	-	286,752	286,752	-
Accounts Receivable, Program Services <i>(Note 3)</i>	77,605	-	77,605	53,789
Grants Receivable <i>(Notes 3 and 6)</i>	-	117,491	117,491	195,800
Prepaid Expenses	<u>6,022</u>	<u>-</u>	<u>6,022</u>	<u>6,705</u>
Total Current Assets	<u>159,261</u>	<u>678,820</u>	<u>838,081</u>	<u>852,347</u>
<u>PROPERTY AND EQUIPMENT:</u> <i>(Note 3)</i>				
Equipment	38,056	-	38,056	34,708
Less: Accumulated Depreciation	<u>(32,067)</u>	<u>-</u>	<u>(32,067)</u>	<u>(28,551)</u>
Net Property and Equipment	<u>5,989</u>	<u>-</u>	<u>5,989</u>	<u>6,157</u>
<u>NON-CURRENT ASSETS:</u>				
Grants Receivable <i>(Notes 3 and 6)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,000</u>
<u>TOTAL ASSETS</u>	<u>\$165,250</u>	<u>\$678,820</u>	<u>\$844,070</u>	<u>\$1,043,504</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts Payable and Accrued Expenses	\$ 386	\$ -	\$ 386	\$ 6,693
Accrued Vacation	11,000	-	11,000	11,000
Funds Due to Fiscal Agent <i>(Note 4)</i>	69,144	-	69,144	49,094
Deferred Revenue <i>(Note 3)</i>	<u>37,925</u>	<u>-</u>	<u>37,925</u>	<u>33,726</u>
Total Current Liabilities	<u>118,455</u>	<u>-</u>	<u>118,455</u>	<u>100,513</u>
<u>NET ASSETS:</u> <i>(Note 3)</i>				
Temporarily Restricted Net Assets	-	678,820	678,820	927,129
Unrestricted Net Assets	<u>46,795</u>	<u>-</u>	<u>46,795</u>	<u>15,862</u>
Total Net Assets	<u>46,795</u>	<u>678,820</u>	<u>725,615</u>	<u>942,991</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$165,250</u>	<u>\$678,820</u>	<u>\$844,070</u>	<u>\$1,043,504</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009 (UNAUDITED)
(With Comparative Audited Totals for 2008)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2009</u> <i>(Unaudited)</i>	<u>2008</u> <i>(Audited)</i>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Gifts, Grants and Contributions <i>(Notes 3 and 6)</i>	\$ 97,600	\$ 62,491	\$ 160,091	\$1,125,800
Program Service Revenue	99,510	-	99,510	55,855
Summer Camp Program Fees	34,000	-	34,000	25,948
In-Kind Contributions <i>(Note 3)</i>	31,962	-	31,962	3,150
Interest Income	3,848	-	3,848	273
Miscellaneous Income	906	-	906	-
Total Support and Revenues	<u>267,826</u>	<u>62,491</u>	<u>330,317</u>	<u>1,211,026</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction	<u>310,800</u>	<u>(310,800)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>578,626</u>	<u>(248,309)</u>	<u>330,317</u>	<u>1,211,026</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program	445,757	-	445,757	270,653
Administrative	78,903	-	78,903	52,440
Fund Raising	<u>23,033</u>	<u>-</u>	<u>23,033</u>	<u>17,111</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>547,693</u>	<u>-</u>	<u>547,693</u>	<u>340,204</u>
<u>CHANGE IN NET ASSETS</u>	<u>30,933</u>	<u>(248,309)</u>	<u>(217,376)</u>	<u>870,822</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>15,862</u>	<u>927,129</u>	<u>942,991</u>	<u>72,169</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 46,795</u>	<u>\$ 678,820</u>	<u>\$ 725,615</u>	<u>\$ 942,991</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009 (UNAUDITED)
(With Comparative Audited Totals for 2008)

	<u>PROGRAM</u>	<u>ADMINI- STRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL</u>	
				<u>FUNCTIONAL EXPENSES</u> <u>2009</u> <i>(Unaudited)</i>	<u>2008</u> <i>(Audited)</i>
Salaries <i>(Note 3)</i>	\$318,588	\$26,259	\$16,389	\$361,236	\$226,161
Payroll Taxes and Fringe Benefits	55,366	7,036	4,399	66,801	47,892
Professional Fees <i>(Note 3)</i>	-	24,911	-	24,911	11,223
Transportation	3,993	1,081	-	5,074	1,610
Overhead Assessment <i>(Note 4)</i>	1,644	2,379	85	4,108	4,547
Insurance	3,320	274	171	3,765	3,000
Payroll Processing Fees	-	2,290	-	2,290	2,375
Professional Development	-	510	-	510	1,823
Telephone	3,829	316	197	4,342	310
Recruitment	60	175	-	235	1,293
Program Supplies and Activities <i>(Note 3)</i>	12,535	650	-	13,185	3,959
Admission Fees	1,802	-	-	1,802	1,059
Printing and Postage	961	7,731	58	8,750	6,897
Food	9,461	1,028	-	10,489	4,933
Dues and Subscriptions	500	556	-	1,056	1,526
Outside Services	1,150	-	1,575	2,725	4,668
Office Supplies	29,447	2,371	-	31,818	15,016
Depreciation Expense <i>(Note 3)</i>	3,101	256	159	3,516	1,348
Bad Debt Expense <i>(Note 3)</i>	-	1,080	-	1,080	564
Total Functional Expenses	<u>\$445,757</u>	<u>\$78,903</u>	<u>\$23,033</u>	<u>\$547,693</u>	<u>\$340,204</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 (UNAUDITED) AND 2008 (AUDITED)

	<u>2009</u> <i>(Unaudited)</i>	<u>2008</u> <i>(Audited)</i>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	<u>\$(217,376)</u>	<u>\$ 870,822</u>
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Interest Income from Investments	(3,502)	-
Depreciation Expense	3,516	1,348
<i>(Increase) Decrease in Current Assets:</i>		
Funds Held by Fiscal Agent	(69,491)	19,060
Accounts Receivable, Program Services	(23,816)	(44,099)
Accounts Receivable, Related Parties	-	4,458
Grants Receivable	78,309	(185,000)
Prepaid Expenses	683	97
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(6,307)	1,277
Accrued Vacation	-	231
Funds Due to Fiscal Agent	20,050	15,205
Deferred Revenue	4,199	11,583
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable	<u>185,000</u>	<u>(185,000)</u>
Net Adjustment	<u>188,641</u>	<u>(360,840)</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>(28,735)</u>	<u>509,982</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest Income from Investments	1,750	-
Sale (Purchase) of Short-Term Investments	(285,000)	41,284
Purchase of Property and Equipment	<u>(3,348)</u>	<u>(5,072)</u>
Net Adjustment	<u>(286,598)</u>	<u>36,212</u>
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(315,333)</u>	<u>546,194</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>594,724</u>	<u>48,530</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 279,391</u>	<u>\$ 594,724</u>

Supplemental Disclosures:

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

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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, 2009

(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.

Financial Statement Presentation:

Boston Algebra In Middle Schools Project, Inc. *dba* MathPower prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 3

(Continued)

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. The following is a summary of temporarily restricted net assets as of June 30, 2009 and 2008:

<u>Nature of Restriction</u>	<u>2009</u>	<u>2008</u>
Summer Camp	\$130,000	\$185,800
Time Restricted	472,491	575,000
MathGAINS	75,000	150,000
Other	<u>1,329</u>	<u>16,329</u>
Total	<u>\$678,820</u>	<u>\$927,129</u>

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 2008 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 2008 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, 2008, from which the summarized information was derived.

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.

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.

Short-Term Investments:

Short-Term Investments consists of certificates of deposit with original maturities of less than twelve months and greater than ninety days.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(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.

Depreciation expense for the years ended June 30, 2009 and 2008 was \$3,516 and \$1,348, respectively.

The following is a fixed asset summary as of June 30, 2009 and 2008:

<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>\$32,067</u>	<u>\$5,989</u>	<u>\$6,157</u>

Contributions, Gifts and Grants:

Boston Algebra In Middle Schools Project, Inc. *dba* MathPower follows Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." SFAS No. 116 requires that contributions be recorded as receivables and revenues and requires the Organization 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. For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2009</u>	<u>2008</u>
Time Restricted	\$110,000	\$ -
Summer Camp	110,800	30,800
MathGAINS	75,000	-
Grant Reporting	<u>15,000</u>	<u>-</u>
Total	<u>\$310,800</u>	<u>\$30,800</u>

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 3 *(Continued)*

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, 2009 and 2008, *Bad Debt Expense* was \$1,080 and \$564, 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. As of June 30, 2008, non-current grants receivable of \$185,000 are due to be paid in FY 2010. *Grants Receivable*, with expected receipt dates that extend beyond one year, have not been discounted because these amounts are considered to be immaterial. 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. The Organization did not experience any loss on uncollectible grants for the years presented. *Grants Receivable* in the amount of \$110,000 are due from one grant, which represents 94% of total *Grants Receivable* as of June 30, 2009. *Grants Receivable* in the amount of \$370,000 are due from two grants, which represents 97% of total *Grants Receivable* as of June 30, 2008.

Deferred Revenue:

Deferred Revenue as of June 30, 2009 and 2008 consists of summer camp fees collected in advance.

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. 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, 2009

(Continued)

NOTE 3 *(Continued)*

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.

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

	<u>2009</u>	<u>2008</u>
Donated Salaries	\$29,337	\$ -
Program Supplies and Activities	<u>2,625</u>	<u>3,150</u>
Total	<u>\$31,962</u>	<u>\$3,150</u>

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. As of June 30, 2009 and 2008, Northeastern held unexpended grant funds for the benefit of Boston AIMS Project in the amount of \$70,820 and \$1,329, respectively, and the Organization owed Northeastern \$69,144 and \$49,094, respectively. Periodically, the Organization supplements grants held at Northeastern with other operating funds to ensure the uninterrupted flow of operating activities, primarily payroll expenses. 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 \$4,108 and \$4,547 of overhead fees in connection with this agreement in FY 2009 and FY 2008, respectively.

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NOTES TO FINANCIAL STATEMENTS

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NOTE 5 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 \$153,032 and \$495,215 in excess of federally insured and other insured limits as of June 30, 2009 and 2008, respectively. However, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

NOTE 6 MAJOR GRANTS

During FY 2008, MathPower received three grants and commitments totaling \$960,000, which were temporarily restricted. These grants represent approximately 79% of total support and revenues for the year ended June 30, 2008, and of this amount, two foundations contributed \$480,000, which includes *Grants Receivable* of \$370,000 as of June 30, 2008 (*See Note 3*).

NOTE 7 TAX POSITION

As permitted by FASB Staff Position FIN 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises", issued in December 2008, the Organization has elected to defer the application of the provisions of FIN 48 until the Organization's first fiscal year beginning after December 15, 2008. 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.

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective with the June 30, 2009 financial statements, the Organization partially adopted Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*" ("SFAS 157"), and has applied its provisions to financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis (at least annually). SFAS 157 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 disclosure requirement for fair value measurements.

The Organization has not yet adopted SFAS No. 157 for nonfinancial assets and liabilities, in accordance with FASB Staff Position No. FSP 157-2, "*Effective Date of FASB Statement No. 157*" ("FSP 157-2"). FSP 157-2 defers the effective date of SFAS No. 157 until fiscal years beginning after November 15, 2008, for nonfinancial assets and nonfinancial liabilities, except for those that are recognized or disclosed on a recurring basis. The adoption of SFAS 157 for those assets and liabilities within the scope of FSP 157-2 is not expected to have a material impact on the Organization's financial position, changes in net assets or cash flows.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

(Continued)

NOTE 8 *(Continued)*

The three levels of the fair value hierarchy defined by SFAS 157 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.

The fair values of the Organization's financial instruments are as follows:

	<u>Fair Value</u>
Financial Assets:	
Cash and Cash Equivalents	\$279,391
Funds Held by Fiscal Agent	70,820
Short-Term Investments	286,752
Receivables	195,096
Financial Liabilities:	
Funds Due to Fiscal Agent	69,144
Deferred Revenue	37,925

The following methods and assumptions were used to estimate the fair value of the above financial instruments:

Fair value approximates carrying value due to the short maturities of those instruments and are classified within Level 1 of the fair value hierarchy.

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 6, 2009, the date which the financial statements were available for issue, and noted no events which met the criteria.