

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

**FINANCIAL STATEMENTS**

***with***

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2012 AND 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](http://www.smithsullivancpa.com)

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

**REPORT ON FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2012 AND 2011**

**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, 2012 AND 2011

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# Smith Sullivan & Company PC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (a Massachusetts nonprofit organization) as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years 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.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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, 2012 and 2011 and the changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Smith, Sullivan + Company, P.C.*

Westborough, Massachusetts  
November 14, 2012

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

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED *</u>	<u>TOTAL NET ASSETS</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Cash	\$ 268,488	\$ 14,316	\$ 282,804
Short-Term Investments	-	198,835	198,835
Accounts Receivable, Program Services	39,736	-	39,736
Grants Receivable	25,000	-	25,000
Prepaid Expenses	8,046	-	8,046
Total Current Assets	341,270	213,151	554,421
<b><u>PROPERTY AND EQUIPMENT:</u></b>			
Equipment	38,056	-	38,056
Less: Accumulated Depreciation	(38,056)	-	(38,056)
Net Property and Equipment	-	-	-
<b><u>TOTAL ASSETS</u></b>	<b>\$ 341,270</b>	<b>\$ 213,151</b>	<b>\$ 554,421</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>CURRENT LIABILITIES:</u></b>			
Accounts Payable and Accrued Expenses	\$ 8,564	\$ -	\$ 8,564
Accrued Salaries, Vacation and Related Costs	22,296	-	22,296
Funds Due to Fiscal Agent	42,577	-	42,577
Deferred Revenue	57,250	-	57,250
Total Current Liabilities	130,687	-	130,687
<b><u>NET ASSETS:</u></b>			
Unrestricted Net Assets	210,583	-	210,583
Temporarily Restricted Net Assets	-	213,151	213,151
Total Net Assets	210,583	213,151	423,734
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b>\$ 341,270</b>	<b>\$ 213,151</b>	<b>\$ 554,421</b>

\* 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, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED *</u>	<u>TOTAL NET ASSETS</u>
<b><u>ASSETS</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Cash	\$ 96,989	\$ 164,458	\$ 261,447
Short-Term Investments	-	198,041	198,041
Accounts Receivable, Program Services	101,457	-	101,457
Grants Receivable	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>
<b><u>PROPERTY AND EQUIPMENT:</u></b>			
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>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 239,252</u></b>	<b><u>\$ 469,999</u></b>	<b><u>\$ 709,251</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b><u>CURRENT LIABILITIES:</u></b>			
Accounts Payable and Accrued Expenses	\$ 6,133	-	\$ 6,133
Accrued Salaries, Vacation and Related Costs	23,618	-	23,618
Funds Due to Fiscal Agent	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>
<b><u>NET ASSETS:</u></b>			
Unrestricted Net Assets	111,715	-	111,715
Temporarily Restricted Net Assets	<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>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$ 239,252</u></b>	<b><u>\$ 469,999</u></b>	<b><u>\$ 709,251</u></b>

\* 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, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u> *	<u>TOTAL ACTIVITIES</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 67,987	\$ 318,400	\$ 386,387
Program Service Revenue	77,930	-	77,930
Summer Academy Fees	50,270	-	50,270
Donated Goods and Services	71,721	-	71,721
Interest Income	957	-	957
Total Support and Revenues	<u>268,865</u>	<u>318,400</u>	<u>587,265</u>
 <i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction	<u>575,248</u>	<u>(575,248)</u>	<u>-</u>
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>844,113</u></b>	<b><u>(256,848)</u></b>	<b><u>587,265</u></b>
 <b><u>FUNCTIONAL EXPENSES:</u></b>			
Program	611,791	-	611,791
Administrative	96,260	-	96,260
Fund Raising	37,194	-	37,194
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>745,245</u></b>	<b><u>-</u></b>	<b><u>745,245</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b>98,868</b>	<b>(256,848)</b>	<b>(157,980)</b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>111,715</u></b>	<b><u>469,999</u></b>	<b><u>581,714</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 210,583</u></b>	<b><u>\$ 213,151</u></b>	<b><u>\$ 423,734</u></b>

\* 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

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

\* 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, 2012

	<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	\$ 432,752	\$ 40,150	\$ 16,931	\$ 489,833
Payroll Taxes and Fringe Benefits	81,051	9,234	5,278	95,563
Contributed Services - Social Innovator Award	12,000	-	-	12,000
Professional Fees and Consultants	22,000	23,488	14,500	59,988
Program Supplies and Activities	15,389	761	-	16,150
Admission Fees	1,866	-	-	1,866
Food and Meals	20,348	1,678	-	22,026
Professional Development	2,679	-	-	2,679
Telephone	5,243	486	206	5,935
Advertising	1,305	120	-	1,425
Transportation	872	646	-	1,518
Insurance	7,136	662	279	8,077
Payroll Processing Fees	-	3,003	-	3,003
Printing and Postage	3,473	3,822	-	7,295
Dues and Subscriptions	78	1,250	-	1,328
Office Supplies	5,599	3,588	-	9,187
Depreciation Expense	-	372	-	372
Bad Debt Expense	-	7,000	-	7,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Functional Expenses</b>	<b><u>\$ 611,791</u></b>	<b><u>\$ 96,260</u></b>	<b><u>\$ 37,194</u></b>	<b><u>\$ 745,245</u></b>

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

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

	<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	\$ 409,046	\$ 24,423	\$ 15,960	\$ 449,429
Payroll Taxes and Fringe Benefits	68,652	6,845	4,780	80,277
Contributed Services - Social Innovator Award	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	16,742	1,548	470	18,760
Professional Development	2,791	480	-	3,271
Telephone	3,687	343	257	4,287
Advertising	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	-	2,912	-	2,912
Bad Debt Expense	-	3,025	-	3,025
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Functional Expenses</b>	<b><u>\$ 607,004</u></b>	<b><u>\$ 79,768</u></b>	<b><u>\$ 39,595</u></b>	<b><u>\$ 726,367</u></b>

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

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets \$ (157,980)

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

Interest Income from Investments (794)  
Depreciation Expense 372

*(Increase) Decrease in Current Assets:*

Accounts Receivable, Program Services 61,721  
Grants Receivable 117,500  
Prepaid Expenses (2,612)

*Increase (Decrease) in Current Liabilities:*

Accounts Payable and Accrued Expenses 2,431  
Accrued Salaries, Vacation and Related Costs (1,322)  
Funds Due to Fiscal Agent (4,839)  
Deferred Revenue 6,880  
Net Adjustment 179,337

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 21,357

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest Income from Investments 794  
Sale (Purchase) of Short-Term Investments (794)  
Net Cash Flows From Investing Activities -

**NET INCREASE IN CASH** 21,357

**CASH - BEGINNING OF YEAR** 261,447

**CASH - END OF YEAR** \$ 282,804

*Supplemental Disclosures :*

Interest Paid \$ -  
Income Taxes Paid \$ -

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

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

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets \$ 80,108

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

Interest Income from Investments	(1,381)
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>(59,773)</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 20,335

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest Income from Investments	1,381
Sale (Purchase) of Short-Term Investments	<u>(1,381)</u>
Net Cash Flows From Investing Activities	<u>-</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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(Continued)*

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 sixth 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(Continued)*

NOTE 2     *(Continued)*

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.

**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:**

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(Continued)*

NOTE 3     *(Continued)*

The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

For the years presented, the Organization did not have any assets that require re-measurement on a recurring basis, which would be required to be classified under the fair value hierarchy.

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(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.

**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, 2012 and 2011, *Bad Debt Expense* was \$7,000 and \$3,025, 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 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.

**Revenue Recognition and Deferred Revenue:**

For the years presented, *Program Service Revenue* consists of fees for training and coaching services that are recognized as revenue in the period in which the related services are performed. *Summer Academy Fees* consists of tuition fees for the Summer Academy, net of financial aid, which is recognized as revenue at the time the camp is held. *Deferred Revenue* as of June 30, 2012 and 2011 consists of Summer Academy fees collected in advance.

**Contributions, Gifts and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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, 2012

*(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 \$15,000 for FY 2013. Since the approval had not been received as of the reporting date, this conditional commitment has 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.

**Donated Goods and Services:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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*<sup>TM</sup>, 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.  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

(Continued)

NOTE 3 (Continued)

**Tax Position:**

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. 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. 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 2008 are no longer subject to examination by tax authorities.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of June 30, 2012 and 2011:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accum. Depreciation</u>	<u>Net Book Value 2012</u>
Office Equipment and Computers	3	\$38,056	\$38,056	\$ -
<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	\$38,056	\$37,684	\$372

NOTE 5 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. Amounts due to Northeastern University under this agreement amounted to \$42,577 and \$47,416, respectively, as of June 30, 2012 and 2011. This agreement also provides the Organization with office space, classroom space and support services (See Note 7).

NOTE 6 RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of June 30, 2012 and 2011:

<u>Nature of Restriction</u>	<u>2012</u>	<u>2011</u>
Summer Academy	\$ 34,000	\$ 44,800
Time Restricted	27,500	125,000
MathGAINS	147,476	274,199
MathSTARZ	4,175	26,000
Total	<u>\$213,151</u>	<u>\$469,999</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(Continued)*

NOTE 6     *(Continued)*

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

<u>Nature of Restriction</u>	<u>2012</u>	<u>2011</u>
Time Restricted	\$152,500	\$220,000
Summer Academy	182,200	132,300
MathGAINS	193,723	122,121
MathSTARZ	<u>46,825</u>	<u>-</u>
Total	<u>\$575,248</u>	<u>\$474,421</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>2012</u>	<u>2011</u>
Salaries	\$52,783	\$ 46,097
Contributed Services -		
Social Innovator Award *	12,000	77,917
Food (Camp Lunches)	<u>6,938</u>	<u>4,687</u>
Total	<u>\$71,721</u>	<u>\$128,701</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. MathPower received an unrestricted cash award of \$10,000 and access to a variety of pro bono consulting and coaching services.

Northeastern University donates the use of its facilities for both program and office space, and payroll and employee benefit services to the Organization. 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 \$41,790 and \$40,745 in excess of federally insured and other insured limits as of June 30, 2012 and 2011, respectively. However, the Organization has not experienced any losses on such accounts and credit risk on cash and cash equivalents is considered low.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

*(Continued)*

NOTE 8     *(Continued)*

**Grants Receivable:**

For the years ended June 30, 2012 and 2011, one foundation grant accounted for 100% and 53% of total *Grants Receivable*.

**Accounts Receivable, Program Services:**

For the years ended June 30, 2012 and 2011, balances due from the Boston Public Schools accounted for 53% and 56% of total *Accounts Receivable, Program Services*.

**Revenue:**

For the year ended June 30, 2012, grants from one organization accounted for 23% of total support and revenues.

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 14, 2012, the date which the financial statements were available for issue, and noted no events which met the criteria.