

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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2014 AND 2013

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
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BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba **MATHPOWER**

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

Mission Statement

*MathPOWER's mission is to transform the lives of urban youth
by developing proficiency in advanced mathematics and personal resiliency*

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

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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 financial statements of Boston Algebra In Middle Schools Project, Inc. *dba* MathPower (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
March 25, 2015

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

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL NET ASSETS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash	\$ 133,241	\$ 74,884	\$ 208,125
Short-Term Investments	-	100,116	100,116
Accounts Receivable, Program Services	17,862	-	17,862
Grants and Pledges Receivable	2,000	5,000	7,000
Prepaid Expenses	4,370	-	4,370
Total Current Assets	157,473	180,000	337,473
<u>PROPERTY AND EQUIPMENT:</u>			
Software	11,800	-	11,800
Less: Accumulated Depreciation	(2,458)	-	(2,458)
Net Property and Equipment	9,342	-	9,342
<u>TOTAL ASSETS</u>	\$ 166,815	\$ 180,000	\$ 346,815
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Current Portion of Long-Term Debt	\$ 3,537	\$ -	\$ 3,537
Accounts Payable and Accrued Expenses	7,300	-	7,300
Accrued Salaries, Vacation and Related Costs	51,518	-	51,518
Funds Due to Fiscal Agent	5,991	-	5,991
Deferred Revenue	56,465	-	56,465
Total Current Liabilities	124,811	-	124,811
<u>LONG-TERM LIABILITIES:</u>			
Long-Term Debt, Net of Current Portion	7,369	-	7,369
Total Long-Term Liabilities	7,369	-	7,369
<u>TOTAL LIABILITIES</u>	132,180	-	132,180
<u>NET ASSETS:</u>			
Unrestricted Net Assets	34,635	-	34,635
Temporarily Restricted Net Assets	-	180,000	180,000
Total Net Assets	34,635	180,000	214,635
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 166,815	\$ 180,000	\$ 346,815

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

STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL NET ASSETS</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Cash	\$ 135,310	\$ -	\$ 135,310
Short-Term Investments	32,032	167,500	199,532
Accounts Receivable, Program Services	74,429	-	74,429
Grants Receivable	35,000	85,000	120,000
Funds Held by Fiscal Agent	20,343	-	20,343
Prepaid Expenses	4,930	-	4,930
Total Current Assets	<u>302,044</u>	<u>252,500</u>	<u>554,544</u>
<u>TOTAL ASSETS</u>	<u>\$ 302,044</u>	<u>\$ 252,500</u>	<u>\$ 554,544</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES:</u>			
Accounts Payable and Accrued Expenses	\$ 7,271	\$ -	\$ 7,271
Accrued Salaries, Vacation and Related Costs	23,601	-	23,601
Deferred Revenue	46,475	-	46,475
Total Current Liabilities	<u>77,347</u>	<u>-</u>	<u>77,347</u>
<u>NET ASSETS:</u>			
Unrestricted Net Assets	224,697	-	224,697
Temporarily Restricted Net Assets	-	252,500	252,500
Total Net Assets	<u>224,697</u>	<u>252,500</u>	<u>477,197</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 302,044</u>	<u>\$ 252,500</u>	<u>\$ 554,544</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 75,784	\$ 363,312	\$ 439,096
Program Service Revenue	45,540	-	45,540
Summer Academy Fees	46,475	-	46,475
Donated Goods and Services	54,861	-	54,861
Interest Income	161	-	161
Total Support and Revenues	<u>222,821</u>	<u>363,312</u>	<u>586,133</u>
 <i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction	<u>435,812</u>	<u>(435,812)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>658,633</u>	<u>(72,500)</u>	<u>586,133</u>
 <u>FUNCTIONAL EXPENSES:</u>			
Program Services	654,073	-	654,073
Administrative	104,698	-	104,698
Fund Raising	89,924	-	89,924
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>848,695</u>	<u>-</u>	<u>848,695</u>
<u>CHANGE IN NET ASSETS</u>	<u>(190,062)</u>	<u>(72,500)</u>	<u>(262,562)</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>224,697</u>	<u>252,500</u>	<u>477,197</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 34,635</u>	<u>\$ 180,000</u>	<u>\$ 214,635</u>

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 78,495	\$ 508,443	\$ 586,938
Program Service Revenue	66,690	-	66,690
Summer Academy Fees	57,250	-	57,250
Donated Goods and Services	78,468	-	78,468
Interest Income	791	-	791
Total Support and Revenues	<u>281,694</u>	<u>508,443</u>	<u>790,137</u>
 <i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction	<u>469,094</u>	<u>(469,094)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>750,788</u>	<u>39,349</u>	<u>790,137</u>
 <u>FUNCTIONAL EXPENSES:</u>			
Program Services	629,501	-	629,501
Administrative	105,316	-	105,316
Fund Raising	56,386	-	56,386
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>791,203</u>	<u>-</u>	<u>791,203</u>
<u>CHANGE IN NET ASSETS FROM OPERATIONS</u>	<u>(40,415)</u>	<u>39,349</u>	<u>(1,066)</u>
 <u>OTHER CHANGE IN NET ASSETS:</u>			
Reclassification of Debt	<u>54,529</u>	<u>-</u>	<u>54,529</u>
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>14,114</u>	<u>39,349</u>	<u>53,463</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>210,583</u>	<u>213,151</u>	<u>423,734</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 224,697</u>	<u>\$ 252,500</u>	<u>\$ 477,197</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	<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	\$ 477,213	\$ 49,348	\$ 70,732	\$ 597,293
Payroll Taxes and Fringe Benefits	60,534	7,998	11,474	80,006
Professional Fees and Consultants	13,160	20,303	-	33,463
Fiscal Agency Fees	14,871	885	2,655	18,411
Program Supplies and Activities	22,861	-	-	22,861
Admission Fees	1,864	-	-	1,864
Food and Meals	22,646	2,416	-	25,062
Professional Development	3,121	1,211	696	5,028
Telephone	5,437	193	867	6,497
Advertising	2,120	-	-	2,120
Transportation	463	1,100	66	1,629
Insurance	5,386	764	947	7,097
Payroll Processing and Merchant Fees	-	4,757	148	4,905
Printing and Postage	3,669	2,384	165	6,218
Dues and Subscriptions	-	264	-	264
Office Supplies	7,853	10,617	2,174	20,644
Depreciation Expense	-	2,458	-	2,458
Bad Debt Expense	12,875	-	-	12,875
Total Functional Expenses	<u>\$ 654,073</u>	<u>\$ 104,698</u>	<u>\$ 89,924</u>	<u>\$ 848,695</u>

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

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 474,671	\$ 28,855	\$ 28,133	\$ 531,659
Payroll Taxes and Fringe Benefits	61,933	6,183	6,295	74,411
Contributed Services - Social Innovator Award	-	23,715	-	23,715
Professional Fees and Consultants	12,000	23,215	20,770	55,985
Program Supplies and Activities	28,148	-	-	28,148
Admission Fees	1,941	-	-	1,941
Food and Meals	20,887	1,109	97	22,093
Professional Development	3,469	271	315	4,055
Telephone	4,310	262	243	4,815
Advertising	2,128	383	-	2,511
Transportation	3,397	668	32	4,097
Insurance	7,463	469	435	8,367
Payroll Processing Fees	-	3,674	-	3,674
Printing and Postage	4,909	2,742	56	7,707
Dues and Subscriptions	148	90	-	238
Office Supplies	4,097	11,600	10	15,707
Bad Debt Expense	-	2,080	-	2,080
	<hr/>	<hr/>	<hr/>	<hr/>
Total Functional Expenses	<u>\$ 629,501</u>	<u>\$ 105,316</u>	<u>\$ 56,386</u>	<u>\$ 791,203</u>

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets \$ (262,562)

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

Depreciation Expense 2,458
Interest Income from Investments (161)

(Increase) Decrease in Current Assets:

 Accounts Receivable, Program Services 56,567
 Funds Held By Fiscal Agent 20,343
 Grants and Pledges Receivable 113,000
 Prepaid Expenses 560

Increase (Decrease) in Current Liabilities:

 Accounts Payable and Accrued Expenses 29
 Accrued Salaries, Vacation and Related Costs 27,917
 Funds Due to Fiscal Agent 5,991
 Deferred Revenue 9,990
 Net Adjustment 236,694

NET CASH (USED) BY OPERATING ACTIVITIES

(25,868)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income from Investments 161
Sale of Short-Term Investments 99,416
Acquisition of Property and Equipment (11,800)
Net Cash Flows From Investing Activities 87,777

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from Note Payable 14,147
Principal Payments on Note Payable (3,241)
Net Cash Flows From Financing Activities 10,906

NET INCREASE IN CASH BALANCES

72,815

CASH - BEGINNING OF YEAR

135,310

CASH - END OF YEAR

\$ 208,125

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 53,463
<i>Adjustments to Reconcile the Above to Net Cash (Used) by Operating Activities:</i>	
Interest Income from Investments	(697)
<i>(Increase) Decrease in Current Assets:</i>	
Accounts Receivable, Program Services	(34,693)
Funds Held By Fiscal Agent	(20,343)
Grants Receivable	(95,000)
Prepaid Expenses	3,116
<i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	(1,293)
Accrued Salaries, Vacation and Related Costs	1,305
Funds Due to Fiscal Agent	(42,577)
Deferred Revenue	(10,775)
Net Adjustment	<u>(200,957)</u>
<u>NET CASH (USED) BY OPERATING ACTIVITIES</u>	<u>(147,494)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest Income from Investments	697
Purchase of Short-Term Investments	<u>(697)</u>
Net Cash Flows From Investing Activities	<u>-</u>

NET DECREASE IN CASH BALANCES

(147,494)

CASH - BEGINNING OF YEAR

282,804

CASH - END OF YEAR

\$ 135,310

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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:

Coaching:

Our experienced math coaches serve numerous teachers, students, and youth workers. The coaches work in Boston Public schools with teachers to help them provide the best instruction to students by supporting their curriculum development and data analysis. Our coaches have a measurable impact on MCAS gains. Our Coaches support youth workers who provide out of school time academic support through professional development workshops. Our programs have consistent repeat customers and increase the number of workshops each year. Participants report increased understanding of math content after the workshops which they directly use in their work with students.

Summer Academy:

Our summer program served 200 students last year. The program focuses on math and social-emotional growth. Average growth from the pre-test to post-test was above 100% in both remedial and enrichment skills. The social-emotional growth of students in the program is assessed by Boston After School and Beyond using the Harvard PEAR HSA survey and NIOST survey and observations. The Academy was in the top 10% compared to summer programs across Boston in several categories and was above average in all categories. The program has been so successful that Boston After School and Beyond wants to increase its sponsorship of students from 55 to 125.

Math*STARS After-School Programs:

Our Math*STARS program began as a way to continue supporting students from Summer Academy into the school year. Many of our students have significant gaps in their math learning and require the additional learning time after school. We have increased our number of partners this year and have more requests for partnerships that we can follow through upon. Teachers report that students involved in Math*STARS participate more in class. Students come in with significant learning gaps while still trying to complete grade level content. With the program’s Personal Learning Plans, students are able to make gains both in remedial skills and grade level content.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

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.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

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

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

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

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 3 *(Continued)*

Short-Term Investments:

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

Accounts Receivable:

Account Receivable, Program Services represents amounts which are due from Boston Public Schools, Northeastern University 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, 2014 and 2013, *Bad Debt Expense* was \$12,875 and \$2,080, respectively.

Grants and Pledges Receivable:

Grants and Pledges 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 and pledges 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 or pledges 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, 2014 and 2013 consists of Summer Academy fees collected in advance.

Contributions, Gifts and Grants:

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

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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. 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*TM, Boston Algebra In Middle Schools Project, Inc. *dba* MathPower maintains a policy whereby contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recognized as revenue on the Statement of Activities and are reported as offsetting expenses on the Statement of Functional Expenses. The recognition of these donations does not have an impact on the overall change in net assets.

Functional Expenses:

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

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

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

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 2011 are no longer subject to examination by tax authorities.

BOSTON ALGEBRA IN MIDDLE SCHOOLS PROJECT, INC.
dba MATHPOWER

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 4 FISCAL AGENT AGREEMENT

Boston AIMS Project is a party to a fiscal agent agreement with Northeastern University (“Northeastern”). Under this agreement, funds are held by Northeastern on behalf of the Organization and the salary and benefits for certain Boston AIMS Project employees, as well as certain incidental charges, are paid by Northeastern through the use of these funds. The Organization periodically supplements the funds held at Northeastern to cover these expenses. This agreement also provides the Organization with office space, classroom space and support services (*See Note 7*). Beginning in FY 2014, the Organization paid Northeastern *Fiscal Agency Fees* representing 15% of payroll costs incurred by Northeastern related to MathPower’s activities. As of June 30, 2014, MathPower reported a balance owed to Northeastern of \$5,991 for services rendered during FY 2014. Funds in the amount of \$20,343 were held by Northeastern on behalf of the Organization as of June 30, 2013.

NOTE 5 LONG-TERM DEBT

The Organization secured an interest-free, term note for \$14,147 with LEAF Capital Funding, LLC to finance the purchase of fundraising software and related training and maintenance costs. The note is payable in 48 monthly installments of \$295 and matures in July 2017.

As of June 30, 2014, the outstanding balance on the term note was \$10,906. The principal portion scheduled for payment in FY 2015 is \$3,537, and the remaining non-current portion due in subsequent periods is scheduled below:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2016	\$ 3,537
June 30, 2017	3,537
June 30, 2018	<u>295</u>
Total	<u>\$7,369</u>

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of June 30, 2014 and 2013:

<u>Nature of Restriction</u>	<u>2014</u>	<u>2013</u>
Summer Academy	\$ 72,500	\$ 59,000
Time Restricted	15,000	23,500
MathGAINS	85,000	170,000
MathSTARZ	<u>7,500</u>	<u>-</u>
Total	<u>\$180,000</u>	<u>\$252,500</u>

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(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>2014</u>	<u>2013</u>
Summer Academy	\$174,862	\$148,994
Time Restricted	53,500	126,000
MathGAINS	110,000	80,475
MathSTARZ	94,950	93,625
Software Purchases	2,500	-
Assistant Director Position	-	20,000
Total	<u>\$435,812</u>	<u>\$469,094</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>2014</u>	<u>2013</u>
Salaries	\$49,236	\$49,566
Contributed Services - Social Venture Partner Awards*	-	23,715
Food (Camp Lunches)	<u>5,625</u>	<u>5,187</u>
Total	<u>\$54,861</u>	<u>\$78,468</u>

* For the year ended June 30, 2013, MathPower was an awardee of Social Venture Partners. Through this award, MathPower received unrestricted cash awards \$15,000 during FY 2013 and access to a variety of pro bono consulting and coaching services.

In addition to the above in-kind contributions, 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

NOTE 8 DECREASE IN NET ASSETS AND MANAGEMENT'S PLANS

Boston AIMS Project has experienced an overall decrease in net assets of \$262,562 for the fiscal year ended June 30, 2014. Management recognizes that the Organization cannot sustain these losses in future years and is committed to making the necessary changes to create a sustainable Organization. During the first quarter of the subsequent fiscal year, the Executive Director resigned and the Board engaged Third Sector New England (TSNE), a highly regarded agency that specializes in transitions. They assigned an interim Executive Director to drive the development of a plan to increase grant revenues, increase earned revenues, diversify funding streams, and control and evaluate the overall cost structure of the Organization. Based on the Interim Executive Director's financial evaluation and strategic analysis of the market and programs, the Board now has ample information to craft a viable and sustainable path forward for MathPOWER. In addition, TSNE facilitated a 90% funding grant from the Barr Foundation for a TSNE "Transition Consultant" whose function is to lead the board through a process to determine the most effective leadership structure to support the continuation of MathPOWER programs and services.

The ability of the Organization to continue as a going concern is dependent on the ongoing success of these actions. The financial statements do not include any adjustments relating to the recoverability of recorded asset amounts or the amounts of liabilities that might be necessary should the Organization be unable to continue as a going concern.

NOTE 9 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 \$36,553 and \$90,047 in excess of federally insured and other insured limits as of June 30, 2014 and 2013, respectively. However, the Organization has never experienced any losses on such accounts.

Grants and Pledges Receivable:

For each of the years presented, one foundation grant accounted for 71% of total *Grants and Pledges Receivable*.

Accounts Receivable, Program Services:

For the years ended June 30, 2014 and 2013, respectively, balances due from one organization accounted for 44% and 47% of total *Accounts Receivable, Program Services*.

Revenue:

For the years ended June 30, 2014 and 2013, respectively, grants from one organization accounted for 15% and 21% of total support and revenues.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

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 March 25, 2015, the date which the financial statements were available for issue, and noted no events which met the criteria.