



***FEI SCHOLARSHIP FOUNDATION***

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2009, 2008 AND 2007**

***FEI SCHOLARSHIP FOUNDATION***

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## INDEPENDENT AUDITOR'S REPORT

November 3, 2009

Board of Directors  
FEI Scholarship Foundation:

We have audited the accompanying statements of financial position of the FEI Scholarship Foundation (the "Foundation") as of June 30, 2009, 2008 and 2007 and the related statements of activities and changes in net assets, and statements of cash flows for the fiscal years then ended. These financial statements are the responsibility of the Foundation's management. 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 audits 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the FEI Scholarship Foundation, as of June 30, 2009, 2008 and 2007, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Hein & Associates LLP*

Certified Public Accountants

**FEI SCHOLARSHIP FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

	JUNE 30,		
	2009	2008	2007
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS—</b>			
Cash and cash equivalents	\$ 115,752	\$ 85,138	\$ 53,090
Total current assets	115,752	85,138	53,090
<b>CERTIFICATES OF DEPOSIT</b>	103,323	109,743	105,709
Total assets	\$ 219,075	\$ 194,881	\$ 158,799
<b><u>LIABILITIES AND UNRESTRICTED NET ASSETS</u></b>			
<b>CURRENT LIABILITIES—</b>			
Prepaid donations	\$ 200	\$ 300	\$ 400
Total current liabilities	200	300	400
<b>UNRESTRICTED NET ASSETS</b>	218,875	194,581	158,399
Total liabilities and unrestricted net assets	\$ 219,075	\$ 194,881	\$ 158,799

*See accompanying notes to these financial statements.*

**FEI SCHOLARSHIP FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	FOR THE YEARS ENDED JUNE 30,		
	2009	2008	2007
<b>REVENUES:</b>			
Contributions – corporation and individuals	\$ 40,775	\$ 53,970	\$ 26,500
Interest income	5,519	6,212	7,454
Total revenue	46,294	60,182	33,954
<b>OPERATING EXPENSES–</b>			
Program services – scholarships	22,000	24,000	20,000
Total operating expenses	22,000	24,000	20,000
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	24,294	36,182	13,954
<b>UNRESTRICTED NET ASSETS, beginning of year</b>	194,581	158,399	144,445
<b>UNRESTRICTED NET ASSETS, end of year</b>	<u>\$ 218,875</u>	<u>\$ 194,581</u>	<u>\$ 158,399</u>

*See accompanying notes to these financial statements.*

**FEI SCHOLARSHIP FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	FOR THE FISCAL YEARS ENDED JUNE 30,		
	2009	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in unrestricted net assets	\$ 24,294	\$ 36,182	\$ 13,954
Adjustments to reconcile the change in unrestricted net assets to net cash provided by operating activities:			
Net change in operating assets and liabilities:			
Certificates of deposit	6,420	(4,034)	(5,709)
Prepaid donations	(100)	(100)	(100)
Net cash provided by operating activities	<u>30,614</u>	<u>32,048</u>	<u>8,145</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>85,138</u>	<u>53,090</u>	<u>44,945</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 115,752</u></u>	<u><u>\$ 85,138</u></u>	<u><u>\$ 53,090</u></u>

*See accompanying notes to these financial statements.*

# ***FEI SCHOLARSHIP FOUNDATION***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009, 2008 AND 2007**

### **1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*History* – The FEI Scholarship Foundation (the “Foundation”), a not-for-profit organization, provides scholarships for Southeast, Texas area college students in need of financial assistance. The Foundation targets academically accomplished students who wish to complete college, and have an economic need.

*Tax-Exempt Status* – On November 3, 2003, the Foundation received an advanced ruling from the Internal Revenue Service granting exemption from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501 (c)(3).

*Basis of Accounting* – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*Financial Statement Presentation* – The Foundation is required to report information regarding its financial position and activities, according to three classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

*Unrestricted Net Assets* – Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* – Net assets subject to the donor imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Fund to use all or part of the income earned on any related investments for general or specific purposes.

For the years ended June 30, 2009, 2008 and 2007, the only class of net assets were unrestricted.

*Cash and Cash Equivalents* – Cash held in checking accounts, money markets, and certificates of deposit with maturities of less than three months from the date of purchase are classified as cash and cash equivalents.

**FEI SCHOLARSHIP FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009, 2008 AND 2007**

**1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Estimates* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Contributions* – The Foundation records unconditional contributions received, including promises to give, as revenue when received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. There have been no conditional contributions received during the years ended June 30, 2009, 2008 or 2007.

*Contributed Services* – Fees for administrative services incurred by the Foundation are paid by a related party. The value of the fees paid is not recognized as contributed service revenue because the services provided are immaterial to the financial statements.

**2. RELATED PARTY**

Financial Executives International – Houston Chapter (“FEI”) established the Foundation. FEI provides financial backing and resources to the Foundation including contributed funds, contributed services, and volunteer time.

**3. SOURCES OF REVENUE**

The following table details sources of contributions received by the Foundation for the years ended June 30:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
FEI	\$ 32,000	\$ 42,000	\$ 12,000
FEI members	8,525	10,275	9,500
Corporate sponsors	–	1,500	5,000
Other individuals	250	195	–
Total	<u>\$ 40,775</u>	<u>\$ 53,970</u>	<u>\$ 26,500</u>



***FEI SCHOLARSHIP FOUNDATION***

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009, 2008 AND 2007**

**4. SCHOLARSHIPS**

The Foundation annually provides academic scholarships in the amount of \$2,000 per recipient to twelve accounting or finance students attending accredited colleges and universities in Southeast Texas. The scholarship recipients are selected for their economic need, academic achievements, and extracurricular activity records in their respective schools.