



FEI SCHOLARSHIP FOUNDATION

ANNUAL FINANCIAL REPORT

JUNE 30, 2010 AND 2009

FEI SCHOLARSHIP FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

October 11, 2010

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, 2010 and 2009 and the related statements of activities and changes in net assets, and statements of cash flows for the 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, 2010 and 2009, 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,	
	2010	2009
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 257,127	\$ 115,752
Pledges receivable	10,000	-
Total current assets	267,127	115,752
CERTIFICATES OF DEPOSIT	-	103,323
LONG-TERM PLEDGES RECEIVABLE	10,000	-
Total assets	<u>\$ 277,127</u>	<u>\$ 219,075</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES-		
Prepaid donations	\$ 150	\$ 200
Total current liabilities	150	200
NET ASSETS:		
Unrestricted	256,977	218,875
Temporarily restricted	20,000	-
Total net assets	276,977	218,875
Total liabilities and net assets	<u>\$ 277,127</u>	<u>\$ 219,075</u>

See accompanying notes to these financial statements.

FEI SCHOLARSHIP FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEARS ENDED JUNE 30,					
	2010			2009		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES:						
Contributions – corporation and individuals	\$ 58,700	\$ 20,000	\$ 78,700	\$ 40,775	\$ –	\$ 40,775
Contributed services	7,110	–	7,110	–	–	–
Interest income	3,448	–	3,448	5,519	–	5,519
Total revenue	69,258	20,000	89,258	46,294	–	46,294
OPERATING EXPENSES:						
Program services – scholarships	24,000	–	24,000	22,000	–	22,000
Professional and administrative	7,110	–	7,110	–	–	–
Other	46	–	46	–	–	–
Total operating expenses	31,156	–	31,156	22,000	–	22,000
CHANGE IN NET ASSETS	38,102	20,000	58,102	24,294	–	24,294
NET ASSETS, beginning of year	218,875	–	218,875	194,581	–	194,581
NET ASSETS, end of year	<u>\$ 256,977</u>	<u>\$ 20,000</u>	<u>\$ 276,977</u>	<u>\$ 218,875</u>	<u>\$ –</u>	<u>\$ 218,875</u>

See accompanying notes to these financial statements.

FEI SCHOLARSHIP FOUNDATION

STATEMENTS OF CASH FLOWS

	<u>YEARS ENDED JUNE 30,</u>	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 58,102	\$ 24,294
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	103,323	6,420
Prepaid donations	(50)	(100)
Pledges receivable	(20,000)	—
Net cash provided by operating activities	<u>141,375</u>	<u>30,614</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>115,752</u>	<u>85,138</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 257,127</u></u>	<u><u>\$ 115,752</u></u>

See accompanying notes to these financial statements.

FEI SCHOLARSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization – 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 year ended June 30, 2010, the Foundation’s net assets consisted of unrestricted and temporarily restricted net assets. For the year ended June 30, 2009 the only class of net assets was 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, 2010 AND 2009

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, 2010 or 2009.

Multi-Year Pledges – Unconditional promises to give to the Foundation that extend beyond the current fiscal year are considered multi-year pledges. These multi-year pledges are recorded as pledges receivable and temporarily restricted revenue at the time of the promise at the present value of the expected future cash flows. The temporarily restricted net assets are transferred to unrestricted net assets as each year of the multi-year pledge passes.

Contributed Services – Fees for professional and administrative services incurred by the Foundation are paid by a related party. The Foundation records the expense for the services, and recognizes the value of the fees paid as contributed service revenue in the Statement of Activities.

Recent Accounting Pronouncements – In May 2009, the Financial Accounting Standards Board issued guidance related to “Subsequent Events,” which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued and requires disclosure of the date through which an entity has evaluated subsequent events. This guidance is effective for interim and annual periods ending after June 15, 2009. The adoption of this guidance in 2009 did not have a material impact on the Foundation’s results of operations or financial position. The Foundation has evaluated subsequent events through October 11, 2010, the date which the financial statements were available to be issued.

FEI SCHOLARSHIP FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010 AND 2009

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. The Foundation recorded contributed services from FEI of \$7,110 and \$-0- during the years ending June 30, 2010 and 2009, respectively.

3. SOURCES OF REVENUE

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

	<u>2010</u>	<u>2009</u>
FEI	\$ 32,000	\$ 32,000
FEI members	8,750	8,525
Corporate sponsors	17,500	–
Other individuals	450	250
Total	<u>\$ 58,700</u>	<u>\$ 40,775</u>

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.