



HEIN

*FEI SCHOLARSHIP FOUNDATION*

ANNUAL FINANCIAL REPORT

JUNE 30, 2011 AND 2010

*FEI SCHOLARSHIP FOUNDATION*

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## INDEPENDENT AUDITOR'S REPORT

October 18, 2011

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, 2011 and 2010 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 above present fairly, in all material respects, the financial position of the FEI Scholarship Foundation, as of June 30, 2011 and 2010, 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,	
	2011	2010
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 294,084	\$ 257,127
Pledges receivable	10,000	10,000
Total current assets	304,084	267,127
<b>LONG-TERM PLEDGES RECEIVABLE</b>	-	10,000
Total assets	<u>\$ 304,084</u>	<u>\$ 277,127</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES-</b>		
Prepaid donations	\$ 150	\$ 150
Total current liabilities	150	150
<b>NET ASSETS:</b>		
Unrestricted	293,934	256,977
Temporarily restricted	10,000	20,000
Total net assets	303,934	276,977
Total liabilities and net assets	<u>\$ 304,084</u>	<u>\$ 277,127</u>

*See accompanying notes to these financial statements.*

**FEISCHOLARSHIP FOUNDATION**

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

YEARS ENDED JUNE 30,

	2011				2010				
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL		UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL		
<b>REVENUES:</b>									
Contributions – corporation and individuals	\$ 60,590	\$ –	\$ 60,590		\$ 58,700	\$ 20,000	\$ 78,700		
Net assets released from restrictions	10,000	(10,000)	–		–	–	–		
Contributed services	4,720	–	4,720		7,110	–	7,110		
Interest income	2,367	–	2,367		3,448	–	3,448		
Total revenue	77,677	(10,000)	67,677		69,258	20,000	89,258		
<b>OPERATING EXPENSES:</b>									
Program services – scholarships	36,000	–	36,000		24,000	–	24,000		
Professional and administrative	4,720	–	4,720		7,110	–	7,110		
Other	–	–	–		46	–	46		
Total operating expenses	40,720	–	40,720		31,156	–	31,156		
<b>CHANGE IN NET ASSETS</b>	36,957	(10,000)	26,957		38,102	20,000	58,102		
<b>NET ASSETS, beginning of year</b>	256,977	20,000	276,977		218,875	–	218,875		
<b>NET ASSETS, end of year</b>	\$ 293,934	\$ 10,000	\$ 303,934		\$ 256,977	\$ 20,000	\$ 276,977		

See accompanying notes to these financial statements.

**FEI SCHOLARSHIP FOUNDATION**

**STATEMENTS OF CASH FLOWS**

	<u>YEARS ENDED JUNE 30,</u>	
	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 26,957	\$ 58,102
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Net change in operating assets and liabilities:		
Certificates of deposit	—	103,323
Prepaid donations	—	(50)
Pledges receivable	—	(10,000)
Long-term pledges receivable	10,000	(10,000)
Net cash provided by operating activities	<u>36,957</u>	<u>141,375</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>257,127</u>	<u>115,752</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 294,084</u>	<u>\$ 257,127</u>

*See accompanying notes to these financial statements.*

**FEI SCHOLARSHIP FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2011 AND 2010**

**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.

*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, 2011 and 2010, the Foundation’s net assets consisted of unrestricted and temporarily restricted net assets.

*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, 2011 AND 2010

### 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, 2011 or 2010.

*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. The Foundation estimates the collectability of these pledges, and when necessary, reduces the carrying value of the pledges by an allowance for uncollectible amounts. All pledges were considered collectible at June 30, 2011 and 2010.

*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 services revenue in the Statement of Activities and Changes in Net Assets.

*Reclassifications* – Certain amounts in the prior year have been reclassified to conform to the current year presentation. Such reclassifications had no effect on previously reported results.

### 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 \$4,720 and \$7,110 during the years ending June 30, 2011 and 2010, respectively. The Foundation also receives donated services from unpaid volunteers who assist in fundraising, special projects, and governance. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.



***FEI SCHOLARSHIP FOUNDATION***

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2011 AND 2010**

**3. SOURCES OF REVENUE**

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

	<u>2011</u>	<u>2010</u>
FEI	\$ 28,000	\$ 32,000
FEI members	13,900	8,750
Corporate sponsors	17,500	37,500
Other individuals	<u>1,190</u>	<u>450</u>
Total	<u>\$ 60,590</u>	<u>\$ 78,700</u>

**4. SCHOLARSHIPS**

The Foundation annually provides academic scholarships 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. In 2011, the Foundation increased its annual academic scholarship from \$2,000 to \$3,000 per recipient.

**5. SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through October 18, 2011, the date which the financial statements were available to be issued. No events or transactions have occurred that would require adjustment to or disclosure in these financial statements.