

# **National Math & Science Initiative, Inc.**

Independent Auditor's Reports and Financial Statements

December 31, 2021 and 2020



**National Math & Science Initiative, Inc.**  
**December 31, 2021 and 2020**

**Contents**

<b>Independent Auditor's Report.....</b>	<b>1</b>	
 <b>Financial Statements</b>		
Statements of Financial Position .....	4	
Statements of Activities.....	5-6	
Statements of Functional Expenses .....	7-8	
Statements of Cash Flows .....	9	
Notes to Financial Statements .....	10	
 <b>Supplementary Information</b>		
Schedule of Expenditures of Federal Awards .....	23	
Notes to the Schedule of Expenditures of Federal Awards .....	24	
 <b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor's Report.....</b>		<b>25</b>
 <b>Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor's Report.....</b>		<b>27</b>
 <b>Schedule of Findings and Questioned Costs.....</b>		<b>30</b>
 <b>Summary Schedule of Prior Audit Findings.....</b>		<b>33</b>

## Independent Auditor's Report

Board of Directors  
National Math & Science Initiative, Inc.  
Dallas, Texas

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of National Math & Science Initiative, Inc. (NMSI), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NMSI as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NMSI, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NMSI's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NMSI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NMSI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 our consideration of NMSI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NMSI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NMSI's internal control over financial reporting and compliance.

**BKD, LLP**

Dallas, Texas  
May 31, 2022

**National Math & Science Initiative, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 10,430,563	\$ 8,473,819
Investments	11,147,820	11,152,318
Accounts Receivable - Net	3,038,056	4,002,047
Grants Receivable	1,264,755	5,178,303
Prepaid Expenses	237,987	283,076
Property and Equipment - Net	<u>97,392</u>	<u>155,777</u>
 Total Assets	 <u>\$ 26,216,573</u>	 <u>\$ 29,245,340</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 487,556	\$ 1,427,840
Grants Refund Liability	-	345,310
Grants Payable	-	278,785
Accrued Expenses	872,778	859,652
Deferred Rent	142,919	207,463
Deferred Revenue	<u>273,971</u>	<u>525,978</u>
 Total Liabilities	 1,777,224	 3,645,028
 <b>Net Assets</b>		
Without Donor Restrictions	13,203,581	12,358,806
With Donor Restrictions	<u>11,235,768</u>	<u>13,241,506</u>
 Total Net Assets	 <u>24,439,349</u>	 <u>25,600,312</u>
 <b>Total Liabilities and Net Assets</b>	 <u>\$ 26,216,573</u>	 <u>\$ 29,245,340</u>

**National Math & Science Initiative, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
Contributions	\$ 407,938	\$ 5,465,606	\$ 5,873,544
Government Grants	12,930,211	1,200,000	14,130,211
Fee for Service			
College Readiness Program	3,388,639	-	3,388,639
Laying the Foundation Training	676,791	-	676,791
AlignED	36,000	-	36,000
Investment Return	2,610	-	2,610
Paycheck Protection Program loan forgiveness	1,895,645	-	1,895,645
Other Income	11,435	-	11,435
Net Assets Released from Restrictions	8,671,344	(8,671,344)	-
Total Revenue and Other Support	28,020,613	(2,005,738)	26,014,875
<b>Expenses</b>			
Program Service Expense			
College Readiness Program	\$ 18,101,762	\$ -	\$ 18,101,762
Laying the Foundation Program	1,098,011	-	1,098,011
Teacher Pathways	654,069	-	654,069
AlignEd	606,382	-	606,382
Total Program Expenses	20,460,224	-	20,460,224
Supporting Service Expense			
General and Administrative	4,866,319	-	4,866,319
Fundraising	1,849,295	-	1,849,295
Total Support Expenses	6,715,614	-	6,715,614
Total Expenses	27,175,838	-	27,175,838
<b>Change in Net Assets</b>	844,775	(2,005,738)	(1,160,963)
<b>Net Assets, Beginning of Year</b>	12,358,806	13,241,506	25,600,312
<b>Net Assets, End of Year</b>	\$ 13,203,581	\$ 11,235,768	\$ 24,439,349

**National Math & Science Initiative, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
Contributions	\$ 152,802	\$ 9,844,433	\$ 9,997,235
Government Grants	17,468,436	-	17,468,436
Fee for Service			
College Readiness Program	5,265,884	-	5,265,884
Laying the Foundation Training	239,747	-	239,747
Investment Return	126,941	-	126,941
Other Income	224,896	-	224,896
Return of Grant Funds	-	(345,310)	(345,310)
Net Assets Released from Restrictions	10,922,755	(10,922,755)	-
Total Revenue and Other Support	34,401,461	(1,423,632)	32,977,829
<b>Expenses</b>			
Program Service Expense			
College Readiness Program	\$ 26,704,045	\$ -	\$ 26,704,045
Laying the Foundation Program	458,216	-	458,216
Teacher Pathways	2,137,496	-	2,137,496
AlignEd	759,068	-	759,068
Total Program Expenses	30,058,825	-	30,058,825
Supporting Service Expense			
General and Administrative	4,736,950	-	4,736,950
Fundraising	1,856,472	-	1,856,472
Total Support Expenses	6,593,422	-	6,593,422
Total Expenses	36,652,247	-	36,652,247
<b>Change in Net Assets</b>	(2,250,786)	(1,423,632)	(3,674,418)
<b>Net Assets, Beginning of Year</b>	14,609,592	14,665,138	29,274,730
<b>Net Assets, End of Year</b>	\$ 12,358,806	\$ 13,241,506	\$ 25,600,312



**National Math & Science Initiative, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2021**

	Program Services				Supporting Services			Total Supporting Services	Total
	College Readiness Program	Laying the Foundation	Teacher Pathways	AlignEd	Total Program Services	General and Administrative	Fundraising		
Salaries and Benefits	\$ 5,374,187	\$ 315,886	\$ 222,565	\$ 289,845	\$ 6,202,483	\$ 3,630,992	\$ 1,365,151	\$ 4,996,143	\$ 11,198,626
Professional Services	1,391,258	74,420	9,972	55,541	1,531,191	675,368	363,125	1,038,493	2,569,684
Occupancy and Office Expense	934,772	37,844	24,107	11,155	1,007,878	516,108	110,970	627,078	1,634,956
Depreciation	31,369	1,954	1,093	1,305	35,721	17,373	5,290	22,663	58,384
Travel and Meetings	3,293	-	39,400	982	43,675	26,478	4,759	31,237	74,912
Third Party Providers	205,920	-	265,000	53,921	524,841	-	-	-	524,841
Payments to Grantees	127,079	-	91,332	-	218,411	-	-	-	218,411
Educator and Student Payments	5,291,718	98,500	600	52,200	5,443,018	-	-	-	5,443,018
Exam Fees and Supplies	3,151,882	31,850	-	47,754	3,231,486	-	-	-	3,231,486
Teacher and Student Training:									
Coach Salaries and Benefits	1,569,617	501,137	-	93,284	2,164,038	-	-	-	2,164,038
Training Supplies and Miscellaneous	19,971	36,420	-	178	56,569	-	-	-	56,569
Program Travel	696	-	-	217	913	-	-	-	913
<b>Total Expenses</b>	<b>\$ 18,101,762</b>	<b>\$ 1,098,011</b>	<b>\$ 654,069</b>	<b>\$ 606,382</b>	<b>\$ 20,460,224</b>	<b>\$ 4,866,319</b>	<b>\$ 1,849,295</b>	<b>\$ 6,715,614</b>	<b>\$ 27,175,838</b>

## National Math & Science Initiative, Inc.

### Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services				Supporting Services				Total
	College Readiness Program	Laying the Foundation	Teacher Pathways	AlignEd	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and Benefits	\$ 8,336,329	\$ 306,771	\$ 364,626	\$ 559,641	\$ 9,567,367	\$ 3,728,418	\$ 1,441,931	\$ 5,170,349	\$ 14,737,716
Professional Services	2,947,480	51,588	68,251	35,152	3,102,471	443,347	287,803	731,150	3,833,621
Occupancy and Office Expense	1,240,763	53,784	31,270	10,729	1,336,546	480,916	81,286	562,202	1,898,748
Depreciation	40,948	1,698	1,506	192	44,344	13,452	3,882	17,334	61,678
Travel and Meetings	55,772	-	4,606	100	60,478	70,817	41,570	112,387	172,865
Third Party Providers	325,128	-	195,000	109,115	629,243	-	-	-	629,243
Payments to Grantees	380,596	-	1,470,319	-	1,850,915	-	-	-	1,850,915
Educator and Student Payments	5,878,346	29,500	-	18,600	5,926,446	-	-	-	5,926,446
Exam Fees and Supplies	4,153,777	212	-	6,323	4,160,312	-	-	-	4,160,312
Teacher and Student Training	3,288,556	14,009	1,625	18,327	3,322,517	-	-	-	3,322,517
Program Travel	56,350	654	293	889	58,186	-	-	-	58,186
<b>Total Expenses</b>	<b>\$ 26,704,045</b>	<b>\$ 458,216</b>	<b>\$ 2,137,496</b>	<b>\$ 759,068</b>	<b>\$ 30,058,825</b>	<b>\$ 4,736,950</b>	<b>\$ 1,856,472</b>	<b>\$ 6,593,422</b>	<b>\$ 36,652,247</b>

**National Math & Science Initiative, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (1,160,963)	\$ (3,674,418)
Adjustments to Reconcile Change in Net Assets to Net Cash Used In Operations		
Depreciation Expense	58,384	61,678
Realized/Unrealized Gain on Investment Securities	(1,458)	(63,204)
Decrease (Increase) in Prepaid Expenses	45,089	32,634
Decrease (Increase) in Accounts and Grants Receivable	4,877,539	(1,625,664)
Increase (Decrease) in Accounts Payable and Accrued Expenses	( 1,551,256 )	587,693
Increase (Decrease) in Deferred Revenue and Rent	( 316,551 )	335,282
	<u>1,950,784</u>	<u>(4,345,999)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(5,018)	(18,135,694)
Proceeds From Sale of Investments	10,978	19,029,545
	<u>5,960</u>	<u>893,851</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,956,744	(3,452,148)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>8,473,819</u>	<u>11,925,967</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 10,430,563</u>	<u>\$ 8,473,819</u>
<b>Non-Cash Operating Activities</b>		
Paycheck Protection Program loan forgiveness	\$ 1,895,645	\$ -

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

The National Math & Science Initiative, Inc. (NMSI) is a nonprofit organization created in February 2006, to facilitate the national scale up of programs that have a demonstrated impact on math and science education in the United States of America.

NMSI currently has four programs aimed at impacting STEM (Science, Technology, Engineering and Math) education. NMSI's College Readiness Program encourages excellence among teachers and students of Pre Advanced Placement™ (Pre AP®) and Advanced Placement™ (AP®) courses. The Teacher Pathways Program encourages math and science majors to enter the teaching profession by offering compact degrees and financial assistance for undergraduates. Laying the Foundation provides content-based training aimed at improving teacher effectiveness. The AlignEd Program supports districts allowing them to implement a comprehensive STEM pathway in grades K-12, which includes curriculum integration and professional development.

***Use of Estimates***

In preparing NMSI's financial statements in accordance with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

***Cash and Cash Equivalents***

NMSI considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 2021 and 2020, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

NMSI maintains cash balances at a commercial financial institution in Dallas, Texas, which at times, including as of December 31, 2021, exceeded federally insured limits. NMSI has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

***Investments and Net Investment Return***

NMSI invests in money market mutual funds, equity and treasury securities, and certificates of deposits (with original maturities greater than three months). These investments are valued at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external investment expenses.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

***Accounts Receivable***

Accounts receivables are stated at the amount of consideration from customers of which NMSI has an unconditional right to receive. Accounts receivable are carried as the original invoice amount less an estimate made for doubtful receivables based on management's review of receivables, historical collection experience, communications with counterparties and other known factors anticipated to affect collections. The allowance for uncollectible receivables was \$10,501 and \$2,618 as of December 31, 2021 and 2020, respectively.

***Grants Receivable***

Grants receivable consist of amounts due from government agencies and represent amounts due to NMSI in accordance with cost-reimbursement contracts. Grants receivable are stated at the amount that management expects to collect. Grants receivable are considered fully collectible by management.

***Property and Equipment***

Property and equipment consists of computer equipment and software, furniture and equipment, leasehold improvements and trademarks. NMSI capitalizes all expenditures for property and equipment in excess of \$5,000 and a useful life greater than one year.

Property and equipment are carried at cost as of the date of acquisition or fair value as of the date of donation, less accumulated depreciation and amortization. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the term of the lease.

Costs of software development are capitalized when incurred in accordance with generally accepted accounting principles.

***Long-Lived Asset Impairment***

NMSI evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Net Assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**Contributions**

Contributions are provided to NMSI either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on NMSI overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received, are recorded as revenue and net assets without donor restrictions.

***Conditional Gifts***

NMSI has received conditional promises to give at December 31, 2021 and 2020, that are not recognized in the financial statements of \$541,800 and \$923,402, respectively due to time restrictions and performance of deliverables in regard to the College Readiness Program.

***Intention to Give***

NMSI has been notified of an intention to give from a corporate donor that is not yet recognized in the financial statements. The intention to give is estimated to be \$19,200,000 and \$23,200,000, at December 31, 2021 and 2020, respectively.

***Government Grants***

A portion of NMSI's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when NMSI has incurred expenditures in compliance with specific contract or grant provisions. A grant refund liability of \$0 and \$345,310, has been recorded within the accompanying statements of financial position for the years ended December 31, 2021 and 2020, respectively. This liability relates to unspent restricted grant funds that, per the grant agreements, were to be returned to the grantors at the end of the grant period.

***Income Taxes***

NMSI is exempt from federal income tax under Internal Revenue Code Section 501(a) as an organization described in Section 501(c)(3), except to the extent it has unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements. Taxing authorities may review NMSI's prior year's Form 990 for the years 2018, 2019 and 2020.

***Functional Allocation of Expenses***

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related payroll expenses are recorded based on actual segregation of personnel by program or supporting services benefited. Distribution of all other expenses is based on actual usage or management's estimate of usage applicable to the various programs and supporting services benefited.

# **National Math & Science Initiative, Inc.**

## **Notes to Financial Statements**

**December 31, 2021 and 2020**

### ***Paycheck Protection Program (PPP) Loan Forgiveness***

In 2021, the Organization received a PPP loan established by the CARES Act and elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, Revenue Recognition. Revenue is recognized when conditions are met, which included meeting full-time equivalent and salary reduction requirements and incurring eligible expenditures. As of December 2021, the PPP loan, including accrued interest, was fully forgiven and recognized as revenue. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, the amount recognized could be impacted.



**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 2: Grant Reimbursements Receivable and Future Commitments**

NMSI receives its government grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of NMSI are prepared on the accrual basis, all unconditional portions of the grants not yet received as of December 31, 2021 and 2020, have been recorded as grants receivable. Following are the grant commitments that extend beyond December 31, 2021 and 2020:

Grant	Term	Grant Amount	Earned Through 2021	Funding Available at December 31, 2021
<b>Department of Education</b>				
Assessing College-Ready Computational Thinking	September 1, 2020 - August 31, 2024	\$ 159,714	\$ 122,646	\$ 37,068
Partnerships to Advance STEM Education: Building College Readiness for All Students	January 1, 2016 - June 30, 2021	19,998,619	19,998,619	-
Rural ACCESS: AP, College, and Career Excellence in STEM and Computer Science	October 1, 2018 - June 30, 2024	3,930,684	1,640,717	2,289,967
Lone Star AP Computer Science	October 1, 2019 - September 30, 2024	3,999,921	1,341,644	2,658,277
<b>Department of Defense</b>				
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	September 30, 2016 - February 26, 2023	32,422,289	32,422,289	-
DoD, NDEP, DOTC-STEM Education Outreach	March 1, 2019 - February 29, 2024	<u>21,767,576</u>	<u>7,203,116</u>	<u>14,564,460</u>
		<u>\$ 82,278,803</u>	<u>\$ 62,729,031</u>	<u>\$ 19,549,772</u>

Grant	Term	Grant Amount	Earned Through 2020	Funding Available at December 31, 2020
<b>Department of Education</b>				
Assessing College-Ready Computational Thinking	September 1, 2020 - August 31, 2024	\$ 159,714	\$ 16,792	\$ 142,922
Partnerships to Advance STEM Education: Building College Readiness for All Students	January 1, 2016 - June 30, 2021	19,943,180	18,642,772	1,300,408
Rural ACCESS: AP, College, and Career Excellence in STEM and Computer Science	October 1, 2018 - September 30, 2023	3,982,082	1,145,018	2,837,064
Lone Star AP Computer Science	October 1, 2019 - September 30, 2024	3,999,921	680,721	3,319,200
<b>Department of Defense</b>				
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	September 30, 2015 - February 26, 2023	40,822,289	35,850,440	4,971,849
DoD, NDEP, DOTC-STEM Education Outreach	March 1, 2019 - February 29, 2024	<u>21,744,576</u>	<u>2,210,971</u>	<u>19,533,605</u>
		<u>\$ 90,651,762</u>	<u>\$ 58,546,714</u>	<u>\$ 32,105,048</u>

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 3: Investments and Net Investment Return**

Investments at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 11,147,820	\$ 11,147,156
Equity securities	-	5,162
	<u>\$ 11,147,820</u>	<u>\$ 11,152,318</u>

Total net investment return is comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 1,152	\$ 63,737
Net Realized and Unrealized Gains on Investments Reported at Fair Value	1,458	63,204
	<u>\$ 2,610</u>	<u>\$ 126,941</u>

**Note 4: Property and Equipment**

Property and equipment at December 31, consists of:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 418,365	\$ 418,365	7 years
Furniture and equipment	222,702	222,702	3–7 years
Computer equipment and software	37,402	37,402	2–5 years
Total	678,469	678,469	
Less accumulated depreciation and amortization	<u>(581,077)</u>	<u>(522,692)</u>	
Property and equipment, net	<u>\$ 97,392</u>	<u>\$ 155,777</u>	

Depreciation and amortization expense for the years ended December 31, 2021 and 2020, was \$58,384 and \$61,678, respectively.

# National Math & Science Initiative, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

### Note 5: Net Assets With Donor Restriction

#### *Net Assets With Donor Restrictions*

Net assets with donor restrictions at December 31 and were restricted for the purposes and periods below. Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the years ended:

	<b>Net Assets With Donor Restrictions</b>	<b>Amounts Released From Restriction</b>
<b>December 31, 2021</b>		
College Readiness Program	\$ 8,847,698	\$ 7,543,723
Laying the Foundation	210,402	40,804
Teacher Pathways	2,174,367	700,237
AlignEd	3,301	386,580
Total	<b>\$ 11,235,768</b>	<b>\$ 8,671,344</b>

	<b>Net Assets With Donor Restrictions</b>	<b>Amounts Released From Restriction</b>
<b>December 31, 2020</b>		
College Readiness Program	\$ 9,925,815	\$ 8,094,471
Laying the Foundation	151,204	46,235
Teacher Pathways	2,774,605	2,288,233
AlignEd	389,882	404,441
Other	-	89,375
Total	<b>\$ 13,241,506</b>	<b>\$ 10,922,755</b>

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 6: Grant Disbursements**

NMSI awards grants to recipients to fund the College Readiness Program and The UTeach Expansion Program. These grants are conditional upon the recipients meeting applicable benchmarks established by NMSI at the time the grants are awarded. NMSI records these conditional promises to give as grant expense when they become unconditional, that is, when conditions are substantially met. NMSI had outstanding grant commitments of \$0 and \$278,785, as of December 31, 2021 and 2020, respectively. During 2021 and 2020, \$218,411 and \$1,850,915, respectively, was disbursed for grants that became unconditional due to benchmarks being met.

**Note 7: Operating Leases**

NMSI leases office space in Dallas, Texas. NMSI entered into a 92-month lease on August 1, 2012. This lease was amended in May 2016 (effective as of November 1, 2016), which reduced the square footage and extended the lease period to 2023. With the amendment, the effective rate was adjusted for the new lease terms and the new amount expensed each month is \$37,707. The difference between actual rent payments and the estimated average annual rent is recorded as a deferred rent liability. The total office lease expense for Dallas for 2021 and 2020, was \$467,735 and \$547,920, respectively, which includes operating costs required to be paid by the lease agreement.

The following schedule is the estimated future minimum rental commitments under all non-cancellable leases having terms in excess of a year as of the year ended December 31, 2021:

	<b>Office Space</b>
2022	\$ 474,190
2023	402,140
Total minimum lease payments	\$ 876,330

**Note 8: Profit-sharing Plan**

NMSI has a 401(k) profit-sharing plan covering substantially all full-time employees. NMSI matches employee deferrals, up to 6% of compensation. Contributions to the plan were \$432,908 and \$468,285, for 2021 and 2020, respectively.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 9: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2021</b>				
Money market funds	\$ 11,147,820	\$ 11,147,820	\$ -	\$ -
Total Investments	<u>\$ 11,147,820</u>	<u>\$ 11,147,820</u>	<u>\$ -</u>	<u>\$ -</u>
<b>December 31, 2020</b>				
U.S. Treasury Securities	\$ 11,147,156	\$ 11,147,156	\$ -	\$ -
Certificates of Deposits	<u>5,162</u>	<u>5,162</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 11,152,318</u>	<u>\$ 11,152,318</u>	<u>\$ -</u>	<u>\$ -</u>

# National Math & Science Initiative, Inc.

## Notes to Financial Statements

December 31, 2021 and 2020

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2021.

### *Investments*

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. NMSI did not hold any Level 3 investments at December 31, 2021 or 2020.

## **Note 10: Significant Estimates, Concentrations, and Other Events**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

### ***Grants and Contributions***

During the year ended December 31, 2021, approximately 62% of contributions were received from governmental agencies and approximately 17% of contributions were received from two donors. In addition, 100% of grant receivables at December 31, 2021, were from governmental agencies.

During the year ended December 31, 2020, approximately 53% of contributions were received from governmental agencies and approximately 20% of contributions were received from one donor. In addition, 100% of grant receivables at December 31, 2020, were from governmental agencies.

### ***Investments***

NMSI invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

**Note 11: Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, comprise the following:

	<u>2021</u>	<u>2020</u>
Financial Assets, at Year End	\$ 25,881,194	\$ 28,806,487
Donor Restricted Funds	<u>(11,235,768)</u>	<u>(13,241,506)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 14,645,426</u>	<u>\$ 15,564,981</u>

As part of NMSI's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other general obligations come due.

**Note 12: Revenue from Contracts with Customers**

***Fee for Service Revenue***

Fee for service revenue is generated from contracts with school districts for the purchase of specified services. Specified services may include the purchase of training seats, program management, private trainings, and student study sessions. Performance obligations are determined based on the nature of the services provided by NMSI in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on the time elapsed. NMSI believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the outputs needed to satisfy the obligation. The exchange portion of fees for service revenue was \$4,101,430 and \$5,505,631, for the years ended December 31, 2021 and 2020, respectively.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021 and 2020**

***Transaction Price and Recognition***

NMSI determines the transaction price based on standard charges for services provided. Payment terms are net 30 days. There are no explicit or implicit price concessions and the contracts do not contain a significant financing component or variable consideration.

NMSI has not incurred material refunds in the past, and accordingly, has not provided for a refund liability for the years ended December 31, 2021 or 2020.

NMSI has determined that the nature, amount, timing and uncertainty of revenue and cash flows vary based on each school district and when their funding is available and approved by their respective boards.

For the years ended December 31, 2021 and 2020, NMSI recognized no revenue from services that transfer to the customer at a point in time.

**Note 13: Subsequent Events**

Subsequent events have been evaluated through May 31, 2022, which is the date the financial statements were available to be issued.

**Note 14: Future Change in Accounting Principle**

***Accounting for Leases***

The FASB amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. NMSI is evaluating the impact the standard will have on the financial statements; however, the standard is expected to have a material impact on the financial statements due to the recognition of additional assets and liabilities for operating leases.



# **National Math & Science Initiative, Inc.**

## **Notes to Financial Statements**

**December 31, 2021 and 2020**

### ***Accounting for Contributed Nonfinancial Assets***

The FASB issued a standard related to the presentation and disclosure for contributed nonfinancial assets. Under the new standard, entities will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, segregated apart from contributions of cash and other financial assets. Additionally, disclosure requirements have been amended to require a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, as well as specific disclosure requirements for each category recognized. The new standard is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. NMSI is evaluating the effect the standard will have on the financial statements, however, the effect of this standard is yet to be determined.

## **Supplementary Information**

**National Math & Science Initiative, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>National Science Foundation</b>				
Direct Program:				
<i>Research and Development Cluster</i>				
Education and Human Resources	47.076		\$ -	\$ 105,854
<b>Total National Science Foundation</b>			<b>-</b>	<b>105,854</b>
<b>U.S. Department of Education</b>				
Direct Programs:				
Investing in Innovation (I3) Fund	84.411A		-	1,234,647
Investing in Innovation (I3) Fund	84.411C		-	1,156,622
Total Investing in Innovation (I3) Fund			-	2,391,269
<b>Total U.S. Department of Education</b>			<b>-</b>	<b>2,391,269</b>
<b>U.S. Department of Defense</b>				
Direct Program:				
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556		71,652	5,208,637
Passed through RTI International:				
DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560	W911NF1920007	-	4,992,145
<b>Total U.S. Department of Defense</b>			<b>71,652</b>	<b>10,200,782</b>
<b>Total Federal Awards Expended</b>			<b>\$ 71,652</b>	<b>\$ 12,697,905</b>

**National Math & Science Initiative, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

**Notes to Schedule**

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of National Math & Science Initiative, Inc. (NMSI) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NMSI, it is not intended to and does not present the financial position, changes in net assets or cash flows of NMSI.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. NMSI has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards**

**Independent Auditor's Report**

Board of Directors  
National Math & Science Initiative, Inc.  
Dallas, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of National Math & Science Initiative, Inc. (NMSI), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered NMSI's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NMSI's internal control. Accordingly, we do not express an opinion on the effectiveness of NMSI's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of NMSI's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NMSI's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Dallas, Texas  
May 31, 2022

## **Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

Board of Directors  
National Math & Science Initiative, Inc.  
Dallas, Texas

#### **Report on Compliance for the Major Federal Program**

##### ***Opinion on the Major Federal Program***

We have audited National Math & Science Initiative, Inc.'s (NMSI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on NMSI's major federal program for the year ended December 31, 2021. NMSI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, NMSI complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

##### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of NMSI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of NMSI's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to NMSI's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NMSI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NMSI's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NMSI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NMSI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NMSI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**BKD, LLP**

Dallas, Texas  
May 31, 2022

**National Math & Science Initiative, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2021**

**Summary of Auditor's Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None reported  
Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit?

Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for the major federal awards program disclosed:

Significant deficiency(ies)?       Yes       None reported  
Material weakness(es)?       Yes       No

5. The opinion expressed in the independent auditor's report on compliance for the major federal awards program was:

Unmodified       Qualified       Adverse       Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?

Yes       No

**National Math & Science Initiative, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2021**

7. NMSI's major federal awards program was:

<b>Name of Program</b>	<b>Assistance Listing Number</b>
DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The Organization qualified as a low-risk auditee?  Yes  No

**National Math & Science Initiative, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2021**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>
-----------------------------	----------------

---

No matters are reportable.

**Findings Required to be Reported by the Uniform Guidance**

<b>Reference Number</b>	<b>Finding</b>
-----------------------------	----------------

---

No matters are reportable.

**National Math & Science Initiative, Inc.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2021**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
-----------------------------	---------------------------	---------------

---

No matters are reportable.