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

## **Independent Auditor's Reports and Financial Statements**

December 31, 2022 and 2021

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**National Math & Science Initiative, Inc.**  
**December 31, 2022 and 2021**

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## 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, 2022 and 2021, 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, 2022 and 2021, 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.

#### *Emphasis of Matter*

As discussed in *Note 8* to the financial statements, in 2022, NMSI adopted new lease accounting guidance. Our opinion is not modified with respect to this matter.

#### *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 June 23, 2023 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.

**FORVIS, LLP**

**Fort Worth, Texas  
June 23, 2023**

**National Math & Science Initiative, Inc.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,081,157	\$ 10,430,563
Accounts Receivable - Net	1,836,309	3,038,056
Grants Receivable	1,339,072	1,264,755
Prepaid Expenses	222,322	237,987
Investments	17,660,980	11,147,820
Property and Equipment - Net	44,269	97,392
Right of Use Asset	332,909	-
Total Assets	\$ 22,517,018	\$ 26,216,573
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 713,843	\$ 487,556
Grant Payable	76,007	-
Accrued Expenses	560,984	872,778
Deferred Rent	-	142,919
Deferred Revenue	125,388	273,971
Right of Use Liability	395,764	-
Total Liabilities	1,871,986	1,777,224
<b>Net Assets</b>		
Without Donor Restrictions	11,408,116	13,203,581
With Donor Restrictions	9,236,916	11,235,768
Total Net Assets	20,645,032	24,439,349
<b>Total Liabilities and Net Assets</b>	<b>\$ 22,517,018</b>	<b>\$ 26,216,573</b>

**National Math & Science Initiative, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and Other Support</b>			
Contributions	\$ 167,177	\$ 5,934,988	\$ 6,102,165
Government Grants	7,848,312	-	7,848,312
Fee for Service			
College Readiness Program	2,334,290	-	2,334,290
Laying the Foundation Training	707,940	-	707,940
AlignED	496,070	-	496,070
Investment Return	201,024	-	201,024
Other Income	1,989	-	1,989
Return of Grant Funds	-	(27,261)	(27,261)
Net Assets Released from Restrictions	7,906,579	(7,906,579)	-
Total Revenue and Other Support	19,663,381	(1,998,852)	17,664,529
<b>Expenses</b>			
Program Service Expense			
College Readiness Program	\$ 12,178,102	\$ -	\$ 12,178,102
Laying the Foundation Program	1,418,534	-	1,418,534
Teacher Pathways	410,055	-	410,055
AlignEd	1,351,297	-	1,351,297
Total Program Expenses	15,357,988	-	15,357,988
Supporting Service Expense			
General and Administrative	4,617,249	-	4,617,249
Fundraising	1,483,609	-	1,483,609
Total Support Expenses	6,100,858	-	6,100,858
Total Expenses	21,458,846	-	21,458,846
<b>Change in Net Assets</b>	(1,795,465)	(1,998,852)	(3,794,317)
<b>Net Assets, Beginning of Year</b>	13,203,581	11,235,768	24,439,349
<b>Net Assets, End of Year</b>	\$ 11,408,116	\$ 9,236,916	\$ 20,645,032

**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)	-
	<u>28,020,613</u>	<u>(2,005,738)</u>	<u>26,014,875</u>
Total Revenue and Other Support			
<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	<u>20,460,224</u>	<u>-</u>	<u>20,460,224</u>
Supporting Service Expense			
General and Administrative	4,866,319	-	4,866,319
Fundraising	1,849,295	-	1,849,295
Total Support Expenses	<u>6,715,614</u>	<u>-</u>	<u>6,715,614</u>
Total Expenses	<u>27,175,838</u>	<u>-</u>	<u>27,175,838</u>
<b>Change in Net Assets</b>	844,775	(2,005,738)	(1,160,963)
<b>Net Assets, Beginning of Year</b>	<u>12,358,806</u>	<u>13,241,506</u>	<u>25,600,312</u>
<b>Net Assets, End of Year</b>	<u>\$ 13,203,581</u>	<u>\$ 11,235,768</u>	<u>\$ 24,439,349</u>



**National Math & Science Initiative, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services				Supporting Services			Total	Total
	College Readiness Program	Laying the Foundation	Teacher Pathways	AlignEd	Total Program Services	General and Administrative	Fundraising		
Salaries and Benefits	\$ 5,013,071	\$ 324,550	\$ 62,193	\$ 463,322	\$ 5,863,136	\$ 3,172,478	\$ 1,010,404	\$ 4,182,882	\$ 10,046,018
Professional Services	1,028,947	103,557	13,351	85,935	1,231,790	689,529	327,534	1,017,063	2,248,853
Occupancy and Office Expense	942,995	104,791	27,880	43,449	1,119,115	638,228	106,578	744,806	1,863,921
Depreciation	27,531	2,643	1,301	195	31,670	16,175	5,279	21,454	53,124
Travel and Meetings	84,498	9,188	26,485	4,320	124,491	100,839	33,814	134,653	259,144
Third Party Providers	206,991	-	200,000	554,059	961,050	-	-	-	961,050
Payments to Grantees	6,686	-	76,007	-	82,693	-	-	-	82,693
Educator and Student Payments	2,878,693	90,000	600	28,000	2,997,293	-	-	-	2,997,293
Exam Fees and Supplies	1,028,383	-	-	87,746	1,116,129	-	-	-	1,116,129
Teacher and Student Training:									
Coach Salaries and Benefits	840,535	281,848	-	35,895	1,158,278	-	-	-	1,158,278
Training Supplies and Miscellaneous	101,404	501,957	-	43,087	646,448	-	-	-	646,448
Program Travel	18,368	-	2,238	5,289	25,895	-	-	-	25,895
<b>Total Expenses</b>	<b>\$ 12,178,102</b>	<b>\$ 1,418,534</b>	<b>\$ 410,055</b>	<b>\$ 1,351,297</b>	<b>\$ 15,357,988</b>	<b>\$ 4,617,249</b>	<b>\$ 1,483,609</b>	<b>\$ 6,100,858</b>	<b>\$ 21,458,846</b>

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

	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	\$ 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.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (3,794,317)	\$ (1,160,963)
Items not requiring (providing) operating activities cash flows		
Depreciation Expense	53,124	58,384
Lease Amortization	399,490	-
Realized/Unrealized Gain on Investment Securities	(162,442)	(1,458)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used In Operations		
Decrease (Increase) in Accounts and Grants Receivable	1,127,430	4,877,539
Decrease (Increase) in Prepaid Expenses	15,665	45,089
Increase (Decrease) in Accounts and Grants Payable and Accrued Expenses	(9,500)	(1,551,256)
Increase (Decrease) in Deferred Revenue and Rent	(291,502)	(316,551)
Increase (Decrease) in Right of Use Liability	<u>(337,232)</u>	<u>-</u>
Net Cash Provided by (Used In) Operating Activities	<u>(2,999,284)</u>	<u>1,950,784</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments	(33,972,761)	(5,018)
Proceeds From Sale of Investments	<u>27,622,639</u>	<u>10,978</u>
Net Cash Provided By (Used In) Investing Activities	<u>(6,350,122)</u>	<u>5,960</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(9,349,406)	1,956,744
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>10,430,563</u>	<u>8,473,819</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,081,157</u>	<u>\$ 10,430,563</u>
<b>Supplemental Cash Flows Information</b>		
Right of use asset obtained in exchange for new lease liabilities	\$ 732,399	\$ -

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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. Uninvested cash and cash equivalents included in investment account are considered to be cash and cash equivalents. At December 2022 and 2021, 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, 2022, 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.

***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 \$16,334 and \$10,501 as of December 31, 2022 and 2021, respectively.

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

## **Notes to Financial Statements**

**December 31, 2022 and 2021**

### ***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.

### ***Investments and Net Investment Return***

NMSI invests in money market mutual funds, 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.

### ***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, 2022 and 2021.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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.

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, 2022 and 2021, that are not recognized in the financial statements of \$1,978,970 and \$541,800, 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 \$15,200,000 and \$19,200,000, at December 31, 2022 and 2021, 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.

***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.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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. The statements of functional expenses present the natural classification detail of expenses by function. 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.

**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 June 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.

**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, 2022 and 2021, have been recorded as grants receivable.

Following are the grant commitments that extend beyond December 31, 2022 and 2021:

Grant	Term	Grant Amount	Earned Through 2022	Funding Available at December 31, 2022
<b>Department of Education</b>				
Assessing College-Ready Computational Thinking	September 1, 2020 - August 31, 2024	\$ 238,653	\$ 222,021	\$ 16,632
Rural ACCESS: AP, College, and Career Excellence in STEM and Computer Science	October 1, 2018 - June 30, 2024	3,930,684	2,430,529	1,500,155
Lone Star AP Computer Science	October 1, 2019 - September 30, 2024	3,999,921	2,143,034	1,856,887
<b>Department of Defense</b>				
DoD, NDEP, DOTC-STEM Education Outreach	March 1, 2019 - February 29, 2024	21,767,576	12,321,838	9,445,738
		<u>\$ 29,936,834</u>	<u>\$ 17,117,422</u>	<u>\$ 12,819,412</u>



**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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 - September 30, 2023	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, 2015 - February 26, 2023	32,422,289	32,422,289	-
DoD, NDEP, DOTC-STEM Education Outreach	March 1, 2019 - February 29, 2024	21,767,576	7,203,116	14,564,460
		<u>\$ 82,278,803</u>	<u>\$ 62,729,031</u>	<u>\$ 19,549,772</u>

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

Investments at December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
U.S. Treasury Securities	<u>\$ 17,660,980</u>	<u>\$ -</u>
Money market funds	<u>\$ -</u>	<u>\$ 11,147,820</u>

Total net investment return is comprised of the following:

	<u>2022</u>	<u>2021</u>
Interest Income	\$ 38,582	\$ 1,152
Net Realized and Unrealized Gains on Investments Reported at Fair Value	<u>162,442</u>	<u>1,458</u>
	<u>\$ 201,024</u>	<u>\$ 2,610</u>

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 4: Property and Equipment**

Property and equipment at December 31, consists of:

	<b>2022</b>	<b>2021</b>	<b>Estimated Useful Lives</b>
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	<u>678,469</u>	<u>678,469</u>	
Less accumulated depreciation and amortization	<u>(634,200)</u>	<u>(581,077)</u>	
Property and equipment, net	<u>\$ 44,269</u>	<u>\$ 97,392</u>	

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$53,124 and \$58,384, respectively.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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, 2022</b>		
College Readiness Program	\$ 7,067,184	\$ 7,238,241
Laying the Foundation	164,085	146,317
Teacher Pathways	1,676,644	497,724
AlignEd	329,003	24,297
Total	<u>\$ 9,236,916</u>	<u>\$ 7,906,579</u>

	<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	<u>\$ 11,235,768</u>	<u>\$ 8,671,344</u>

**Note 6: Grant Disbursements**

NMSI awards grants to recipients to fund 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 \$76,007 and \$0, as of December 31, 2022 and 2021, respectively. The outstanding grant commitment is reported as grant payable on the statements of financial position. During 2022 and 2021, \$82,693 and \$218,411, respectively, was disbursed for grants that became unconditional due to benchmarks being met. The grants disbursed are reported as payments to grantees on the statements of functional expenses.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 7: Operating Leases (ASC 840)**

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, was \$467,735 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:

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

**Note 8: Leases (ASC 842)**

***Change in Accounting Principle***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented, or as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

NMSI adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. NMSI elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. NMSI has lease agreements with nonlease components that relate to the lease components. NMSI elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, NMSI elected to keep short-term leases with an initial term of 12 months or less off the statement of position. NMSI did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$732,399 and \$847,468, respectively. As part of adopting the standard, previously recognized liabilities for deferred rent and lease incentives were reclassified as a component of the ROU assets. The standard did not significantly affect our statements of activities or cash flows.

***Accounting Policies***

NMSI determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. NMSI determines lease classification as operating or finance at the lease commencement date.

NMSI combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. NMSI has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that NMSI is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

NMSI has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***Nature of Leases***

NMSI has entered into the following lease arrangements:

***Operating Leases***

NMSI has leases for office space that expire in 2023 with an option to renew at the prevailing rate. The lease requires NMSI to pay all executory costs (property taxes, maintenance and insurance). Lease payments have an escalating fee schedule of approximately 3% percent increase each year. Termination of the leases is allowed with a 9-month advance notice and a termination fee.

***All Leases***

NMSI has no material related-party leases.

NMSI's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

***Quantitative Disclosures***

The lease cost and other required information for the year ended December 31, 2022 are:

<b>Lease expense</b>	
Operating lease expense	\$ 399,490
Variable lease expense (utilities, property taxes, maintenance)	<u>36,507</u>
	<u>\$ 435,997</u>

Future minimum lease payments and reconciliation to the statements of financial position at December 31, 2022, are as follows:

2023	\$ 402,140
Total undiscounted cash flows	<u>402,140</u>
Less: present value discount	<u>(6,376)</u>
Total lease liabilities	<u>\$ 395,764</u>

**Note 9: 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 \$383,689 and \$432,908, for 2022 and 2021, respectively.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 10: 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, 2022 and 2021.

	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, 2022</b>				
U.S. Treasury Securities	\$ 17,660,980	\$ 17,660,980	\$ -	\$ -
Total Investments	<u>\$ 17,660,980</u>	<u>\$ 17,660,980</u>	<u>\$ -</u>	<u>\$ -</u>
<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>

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, 2022 and 2021.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 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, 2022 or 2021.

**Note 11: 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, 2022, approximately 99% of government grants were received from three governmental agencies and approximately 77% of contributions were received from two donors. In addition, 14% of grant receivables at December 31, 2022, were from governmental agencies.

During the year ended December 31, 2021, approximately 62% of contributions were received from governmental agencies and approximately 17% of contributions were received from one donor. In addition, 10% of grant receivables at December 31, 2021, 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.

***General Litigation***

NMSI is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of NMSI. Events could occur that would change this estimate materially in the near term.



**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 12: Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	<b>2022</b>	<b>2021</b>
Financial Assets, at Year End	\$ 21,917,518	\$ 25,881,194
Donor Restricted Funds	(9,236,916)	(11,235,768)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 12,680,602	\$ 14,645,426

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 13: 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 \$3,538,300 and \$4,101,430, for the years ended December 31, 2022 and 2021, respectively.

***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, 2022 or 2021.

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.

**National Math & Science Initiative, Inc.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

For the years ended December 31, 2022 and 2021, NMSI recognized no revenue from services that transfer to the customer at a point in time.

***Financing Component***

NMSI has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from customers and third parties for the effects of a significant financing component due to NMSI'S expectation that the period between the time the service is provided to a customer and the time the customer pays for that service will be one year or less.

**Note 14: Subsequent Events**

Subsequent events have been evaluated through June 23, 2023, which is the date the financial statements were available to be issued.

**Note 15: Future Change in Accounting Principle**

***Accounting for Financial Instruments – Credit Losses***

The Financial Accounting Standards Board amended its standards related to the accounting for credit losses on financial instruments. This amendment introduces new guidance for accounting for credit losses on instruments including trade receivables and finance receivables. The new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within those years. NMSI is in the process of evaluating the effect the amendment will have on the financial statements.

## **Supplementary Information**

**National Math & Science Initiative, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2022**

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>				
STEM Education (formerly Education and Human Resources)	47.076		\$ -	\$ 99,375
<b>Total National Science Foundation</b>			<u>-</u>	<u>99,375</u>
<b>U.S. Department of Education</b>				
Direct Programs:				
Education Innovation and Research (formerly Investng in Innovation (i3) Fund)	84.411C		0	773526
Education Innovation and Research (formerly Investng in Innovation (i3) Fund)	84.411C		<u>-</u>	<u>801,390</u>
<b>Total U.S. Department of Education</b>			<u>-</u>	<u>1,574,916</u>
<b>U.S. Department of Defense</b>				
Direct Program:				
DOD, NDEP, DOTC-STEM Education Outreach Implementation	12.560	W911NF1920007		5,118,722
<b>Total U.S. Department of Defense</b>			<u>-</u>	<u>5,118,722</u>
<b>Total Federal Awards Expended</b>			<u>\$ -</u>	<u>\$ 6,793,013</u>

**National Math & Science Initiative, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2022**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "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, 2022. 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.

**Note 2: Summary of Significant Accounting Policies**

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.

**Note 3: Indirect Cost Rate**

NMSI has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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**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, 2022, 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 June 23, 2023.

***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.

**FORVIS, LLP**

**Fort Worth, Texas  
June 23, 2023**



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## 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, 2022. 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, 2022.

##### *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.

**FORVIS,LLP**

**Fort Worth, Texas**

**June 23, 2023**



**National Math & Science Initiative, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2022**

7. NMSI's major federal awards program was:

<b>Name of Program</b>	<b>Assistance Listing Number</b>
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411C

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, 2022**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
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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>
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No matters are reportable.