

FEI SCHOLARSHIP FOUNDATION

ANNUAL FINANCIAL REPORT

JUNE 30, 2012 AND 2011

FEI SCHOLARSHIP FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

December 20, 2012

Board of Directors
FEI Scholarship Foundation:

We have audited the accompanying statements of financial position of the FEI Scholarship Foundation (the "Foundation") as of June 30, 2012 and 2011 and the related statements of activities and changes in net assets, and statements of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the FEI Scholarship Foundation, as of June 30, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Hein & Associates LLP

Certified Public Accountants

FEI SCHOLARSHIP FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	JUNE 30, 2012	JUNE 30, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 338,703	$ 294,084
Pledges receivable	–	10,000
Total current assets	338,703	304,084
Total assets	$ 338,703	$ 304,084
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES–		
Prepaid donations	$ –	$ 150
Total current liabilities	–	150
NET ASSETS:		
Unrestricted	337,703	293,934
Temporarily restricted	1,000	10,000
Total net assets	338,703	303,934
Total liabilities and net assets	$ 338,703	$ 304,084

See accompanying notes to these financial statements.

FEI SCHOLARSHIP FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEARS ENDED JUNE 30,					
	2012			2011		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES:						
Contributions – corporations and individuals	$ 65,998	$ 1,000	$ 66,998	$ 60,590	$ –	$ 60,590
Net assets released from restrictions	10,000	(10,000)	–	10,000	(10,000)	–
Contributed services	4,720	–	4,720	4,720	–	4,720
Interest income	771	–	771	2,367	–	2,367
Total revenue	81,489	(9,000)	72,489	77,677	(10,000)	67,677
OPERATING EXPENSES:						
Program services – scholarships	33,000	–	33,000	36,000	–	36,000
Professional and administrative	4,720	–	4,720	4,720	–	4,720
Total operating expenses	37,720	–	37,720	40,720	–	40,720
CHANGE IN NET ASSETS	43,769	(9,000)	34,769	36,957	(10,000)	26,957
NET ASSETS, beginning of year	293,934	10,000	303,934	256,977	20,000	276,977
NET ASSETS, end of year	$ 337,703	$ 1,000	$ 338,703	$ 293,934	$ 10,000	$ 303,934

See accompanying notes to these financial statements.

FEI SCHOLARSHIP FOUNDATION

STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 34,769	$ 26,957
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Net change in operating assets and liabilities:		
Prepaid donations	(150)	–
Pledges receivable	10,000	–
Long-term pledges receivable	–	10,000
Net cash provided by operating activities	44,619	36,957
CASH AND CASH EQUIVALENTS, beginning of year	294,084	257,127
CASH AND CASH EQUIVALENTS, end of year	$ 338,703	$ 294,084

See accompanying notes to these financial statements.

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization – The FEI Scholarship Foundation (the "Foundation"), a not-for-profit organization, provides scholarships for Southeast, Texas area college students in need of financial assistance.

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

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

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

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

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

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

For the years ended June 30, 2012 and 2011, the Foundation's net assets consisted of unrestricted and temporarily restricted net assets.

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

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

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

Contributions – The Foundation records unconditional contributions received, including promises to give, as revenue when received. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. There have been no conditional contributions received during the years ended June 30, 2012 or 2011.

Multi-Year Pledges – Unconditional promises to give to the Foundation that extend beyond the current fiscal year are considered multi-year pledges. These multi-year pledges are recorded as pledges receivable and temporarily restricted revenue at the time of the promise at the present value of the expected future cash flows. The temporarily restricted net assets are transferred to unrestricted net assets as each year of the multi-year pledge passes. The Foundation estimates the collectability of these pledges, and when necessary, reduces the carrying value of the pledges by an allowance for uncollectible amounts. All pledges were considered collectible at June 30, 2012 and 2011.

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

2. RELATED PARTY

Financial Executives International – Houston Chapter ("FEI") established the Foundation. FEI provides financial backing and resources to the Foundation including contributed funds, contributed services and volunteer time. The Foundation recorded contributed services from FEI of $4,720 during both the years ended June 30, 2012 and 2011. The Foundation also receives donated services from unpaid volunteers who assist in fundraising, special projects, and governance. No amounts have been recognized in the statements of activities because the criteria for recognition have not been satisfied.

3. SOURCES OF REVENUE

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

	2012	2011
FEI	$ 33,000	$ 28,000
FEI members	10,798	13,900
Corporate sponsors	22,000	17,500
Other individuals	1,200	1,190
Total	$ 66,998	$ 60,590

4. SCHOLARSHIPS

The Foundation annually provides academic scholarships to accounting or finance students attending accredited colleges and universities in Southeast Texas. The scholarship recipients are selected for their economic need, academic achievements, and extracurricular activity records in their respective schools. In 2011, the Foundation increased its annual academic scholarship from $2,000 to $3,000 per recipient.

5. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through December 20, 2012, the date which the financial statements were available to be issued. No events or transactions have occurred that would require adjustment to or disclosure in these financial statements.