

Financial Statements (Cash Basis)
(With Independent Auditors' Report)

June 30, 2021

The STEM Advocacy Institute, Inc.

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Muhammad Hammad C P A
certified public accountant

Independent Auditor's Report

The Board of Directors
The STEM Advocacy Institute, Inc.
Boston, MA

Report on the Financial Statements

We have audited the accompanying financial statements (cash basis) of The STEM Advocacy Institute, Inc. (SAI), which comprise the statement of financial position (cash basis) as of June 30, 2021, and the related statement of activities (cash basis), functional expenses (cash basis), and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As described in note 1, these financial statements were prepared on a cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and unrestricted net assets of The STEM Advocacy Institute, Inc., and its support, revenue and expenses, and cash flows for the year ended, on the basis of accounting described in note 1.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The STEM Advocacy Institute, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Muhammad", with a long, sweeping horizontal stroke extending to the right.

Muhammad Hammad, CPA
California Board of Accountancy License Number 139806
CARROLLTON, TEXAS
October 20,2021

The STEM Advocacy Institute, Inc.
Statement of Financial Position
June 30, 2021

Assets	
Cash	\$ 23,536
Certificate of Deposit	<u>1,000</u>
Total assets	<u>\$ 24,536</u>
Liabilities and Net Assets	
Credit card	<u>\$ 179</u>
Total liabilities	<u>179</u>
Net Assets	
Without donor restrictions	24,357
With donor restrictions	<u>-</u>
Total net assets	<u>24,357</u>
Total liabilities and net assets	<u>\$ 24,536</u>

The STEM Advocacy Institute, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	\$ 26,312	\$ -	\$ 26,312
Grants	34,199	-	34,199
Sales	481	-	481
Interest earned	16	-	16
Net assets released from restrictions	-	-	-
Total revenue, support, and gains	<u>61,008</u>	<u>-</u>	<u>61,008</u>
Expenses			
Program services expense	<u>40,646</u>	<u>-</u>	<u>40,646</u>
Total program service expenses	<u>40,646</u>	<u>-</u>	<u>40,646</u>
Supporting services expense			
Management and General	11,348	-	11,348
Fundraising and development	<u>1,296</u>	<u>-</u>	<u>1,296</u>
Total supporting services expenses	<u>12,644</u>	<u>-</u>	<u>12,644</u>
Total expenses	<u>53,290</u>	<u>-</u>	<u>53,290</u>
Change in Net Assets	7,718	-	7,718
Net Assets, Beginning of Year	<u>16,639</u>	<u>-</u>	<u>16,639</u>
Net Assets, End of Year	<u>\$ 24,357</u>	<u>\$ -</u>	<u>\$ 24,357</u>

The STEM Advocacy Institute, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Management and General	Fundraising and Development	Total
Employee Salaries	\$ 12,670	\$ 405	\$ -	\$ 13,075
Independent Contractors	3,144	7,126	-	10,270
Teaching/Instructors	9,650	-	-	9,650
Fellow Stipends	7,824	-	-	7,824
Computers and Tablets	1,955	-	-	1,955
Online Communications	1,522	-	389	1,911
Resident Stipends	1,555	-	-	1,555
Accounting Services	-	1,280	-	1,280
Website Expenses	347	-	839	1,186
Payroll Services	-	825	-	825
Payroll Taxes	646	45	-	691
Workers Comp Insurance	50	545	-	594
Software Purchase	484	20	-	504
Honoraria	245	150	-	395
Liability Insurance	-	350	-	350
Mailbox	-	338	-	338
Professional Org Dues	161	165	-	326
Intern Stipends	200	-	-	200
Online Marketing	74	-	40	114
External Event Sponsorships	100	-	-	100
State Fees	-	54	-	54
Promotional Materials	-	-	28	29
Conference Fees	-	25	-	25
Bank Fees	-	20	-	22
Photography and Printing Supplies	19	-	-	20
Total expenses by function	<u>\$ 40,646</u>	<u>\$ 11,348</u>	<u>\$ 1,296</u>	<u>\$ 53,290</u>

See Notes to Financial Statements

The STEM Advocacy Institute, Inc.
Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operating Activities	
Contributions received	\$ 26,312
Grants received	34,199
Sales made	481
Interest received	16
Payments for salaries and payroll taxes	(13,766)
Payments to contractors and vendors	(39,524)
Net Cash from (used for) Operating Activities	<u>7,718</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	<u>-</u>
Net Cash used for Investing Activities	<u>-</u>
Cash Flows from Financing Activities	
Credit card	<u>268</u>
Net Cash from (used for) Financing Activities	<u>268</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	7,986
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>15,550</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 23,536</u></u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The STEM Advocacy Institute, Inc. (SAI, we, us, our) is a nonprofit organization established to conduct research that leads to the development of new ideas, tools, and insights to support students, organizations, and policy makers in science around the world.

The specific objectives and purpose of this institute shall be:

Research & Advocacy

To conduct research that addresses fundamental questions in science development, and also promote innovative ideas, programming, initiatives, and projects in science.

Development

To design and develop new tools and databases to assist trainees, organizations, and policy makers in science around the world.

Advising

To provide analysis and feedback for organizations engaged in promoting science education and development around the world.

Basis of Presentation

The accompanying financial statements have been prepared on the cash basis of accounting. Under that basis, revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred.

The cash basis of accounting differs from generally accepted accounting principles primarily because SAI has not recognized contributions and program service fees receivable; and accounts payable to vendors, and their related effects on the change in net assets.

Cash, Cash Equivalents, and Restricted Cash

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions

Revenue and Revenue Recognition

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2021

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$1,296 during the year ended June 30, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, insurance and interest, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of time and effort.

Income Taxes

The STEM Advocacy Institute, Inc. is organized as a Maryland nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Short Form Return of Organization Exempt from Income Tax (Form 990-EZ) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash	\$ 23,536
Certificate of deposit	1,000
	<u>\$ 24,536</u>

Our goal is to maintain financial assets at a level equal to 90-180 days of our operating expenses. As part of our liquidity management plan, we invest cash in excess of daily requirements in CDs, and money market funds.

Note 3 - Property and Equipment

The STEM Advocacy Institute, Inc. had no property and equipment during or as of the fiscal year ending June 30, 2021.

Note 4 - Contingent Liabilities and Commitments

SAI is subject to legal proceedings, claims and litigation arising in the ordinary course of business. As of June 30, 2021, SAI does not have any known outstanding commitments, contingent liabilities, or legal proceedings outstanding against them.

Note 5 - Net Assets With Donor Restrictions

There were no net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2021.

There were no net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2021.

Note 6 - Subsequent Events

SAI has evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through October 20, 2021, the date on which the financial statements were available to be issued and has indicated that no material subsequent events affecting the financial statements existed as of that date.