



**COUNTY OF HENRICO  
DEPARTMENT OF FINANCE  
PURCHASING DIVISION  
CONTRACT EXTRACT  
NOTICE OF RENEWAL**

|                                                                                   |                                                                          |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| DATE:                                                                             | June 30, 2023                                                            |
| CONTRACT COMMODITY/SERVICE:<br><i>(include contracting entity if cooperative)</i> | Digital Math (Prek-12) Curriculum for Tier I,II and III                  |
| CONTRACT NUMBER:                                                                  | 2142E                                                                    |
| COMMODITY CODE:                                                                   | 924.16                                                                   |
| CONTRACT PERIOD:                                                                  | July 1, 2023 through June 30, 2024                                       |
| RENEWAL OPTIONS:                                                                  | Two one-year renewal options through 2026                                |
| USER DEPARTMENT:                                                                  | Schools                                                                  |
| Contact Name:                                                                     | Kennedy Williams Venaglia                                                |
| Phone Number:                                                                     | 804-652-3640                                                             |
| Email Address:                                                                    | kmwilliams3@henrico.k12.va.us                                            |
| HENRICO COOPERATIVE TERMS INCLUDED:                                               | Yes                                                                      |
| SUPPLIER: Name:                                                                   | MIND Research Institute                                                  |
| Address:                                                                          | 5281 California Ave. Suite 300                                           |
| City, State:                                                                      | Irvine, CA 92617                                                         |
| Contact Name:                                                                     | Karen Talbert                                                            |
| Phone Number:                                                                     | 803-319-3529                                                             |
| Email address:                                                                    | <a href="mailto:ktalbert@mindresearch.org">ktalbert@mindresearch.org</a> |
| ORACLE SUPPLIER NUMBER:                                                           | 243500                                                                   |
| BUSINESS CATEGORY:                                                                | Non-Swam                                                                 |
| PAYMENT TERMS:                                                                    | Net 45                                                                   |
| DELIVERY:                                                                         | As needed and requested                                                  |
| FOB:                                                                              | Destination                                                              |
| BUYER: Name:                                                                      | Eileen M. Falcone CPPB                                                   |
| Title:                                                                            | Assistant Division Director                                              |
| Phone:                                                                            | 804-501-5637                                                             |
| Email:                                                                            | Fal51@henrico.us                                                         |

This contract is the result of a competitive solicitation issued by the Department of Finance, Purchasing Division. A requisition must be generated for all purchases made against this contract and the requisition must reference the contract number.

**PRICE SCHEDULE – CONTRACT NO. 2142D**  
**See Exhibit E**

## I. SCOPE OF SERVICES

### A. General Requirements:

Students and their teachers who are enrolled at New Bridge Learning center should have access to any Division Wide purchases made at the K-12 (72 Schools) or Elementary (46 Schools) level at no additional cost. The Pre-K students at New Bridge Learning Center (150 each year) are housed at this location to accommodate overflow or lack of school space. The teachers and students exist as their own entity in PowerSchool and Clever but would need access to division level purchases and resources provisioned by their homeschool.

Students who are attending Virginia Randolph Education Center (VREC) and PACE should be included in any purchases made by the Academy of Virginia Randolph (AVR). This is our alternative school and all 3 schools reside in the same building, but are denoted as separate entities in PowerSchool and Clever.

1. The proposed solution shall have the capability of content scaffolding to include a tiered approach and acceleration for students who need additional help with mathematics skills and those who need to demonstrate mathematics gains of one or more than one year.
2. The Successful Offeror(s) shall provide a solution where the digital content can be created with an Internet consumer in mind rather than a traditional textbook consumer. Therefore, the content must be rich in multimedia, interactive in nature and sufficiently compelling to lead the student in a self-directed manner.
3. Intervention materials shall be systematic and simple in design, addressing one or more of the selected areas of mathematics (number and number sense, computational fluency, problem solving) and support a variety of instructional settings.
4. Instructional materials for students receiving intervention shall include lessons and activities covering an appropriate range of mathematics skills, are age appropriate, include engaging tasks of high interest, build upon conceptual understanding, and support/remediate basic skills in an adaptive manner. The materials provided shall be digital or blended format.
5. Materials shall align to the Virginia Standards of Learning (Virginia SOLs) and for Pre K Virginia's Foundation Blocks for Early Learning, a comprehensive set of standards for 4-year-olds. Tier II Intervention should target improvement of basic skill deficits in the selected areas of mathematics (number and number sense, computational fluency, problem solving) while supporting and enhancing Tier I (Virginia SOLs) instructional objectives in a different instructional design rather than replace or duplicate it. Tier II is not an SOL Remediation Program.
6. Materials used need not be grade level specific in order to provide intervention that meets the instructional level of each student.
7. Materials shall provide opportunities for differentiation to include intensive, explicit, and systematic instruction. These materials should be targeted specifically to selected areas of mathematics (number and number sense, computational fluency, problem solving).
8. The proposed solution shall allow teachers to monitor student progress in the resource. This will allow teachers to group students and/or assign additional topics as needed for remediation.

### III. TECHNICAL SPECIFICATIONS

#### A. User Interface

1. Browser Support – the proposed solution shall:
  - a. Have compatibility with the current versions of multiple browsers- at minimum, current versions of Edge, Safari, and Chrome browsers.
  - b. Maintain compatibility with listed browsers and future versions/updates/releases of the listed browsers for the duration of the contract.
  - c. Only require standard browser plugins.
2. The proposed solution will be compliant with the Americans with Disabilities Act requirements for accessibility.
3. The proposed solution shall be cloud-based and delivered via the Internet over wireless LANs to the client's browser.
4. The proposed solution shall provide an intuitive user interface that allows for ease of use by teachers and students.
5. The proposed solution shall support mobile technology including but not limited to the specific mobile devices currently used in HCPS (iOS, Chromebooks, Windows, and Android Platforms)

#### B. Integration

1. The proposed solution shall provide methods for user account administration that are easy to use and maintain.
2. The proposed solution shall support a single sign-on solution that does not require staff or students to have a separate account or password for accessing the vendor's application.
3. The proposed solution shall allow for LTI, Azure Active Directory or LDAP as a method of authentication and authorization.
4. The proposed solution shall provide a means to identify the individual or client using the application, authenticate the individual and determine the authorities and rights granted to that individual as well as a reporting engine for tracking usage and progress.
5. Any requirements for student, staff, course, roster or school information must be supported through a common specification. The exchange of data must be through a common protocol and not require the installation of vendor-specific software in the HCPS internal infrastructure. HCPS currently supports the following means of exchanging student information in order of preference but will accept other non-vendor specific protocols:
  - a. LTI integration as a Tool Provider(TP) with our LMS Solution (Schoology)
  - b. SIF - Student Information framework
  - c. Exchange of information through Clever - a third party vendor for exchanging common data for school systems; The Successful Offeror is responsible for any costs incurred with Clever implementation.
  - d. API integration with our SIS, PowerSchool
  - e. File exchange to a vendor-supported sFTP server

6. No additional fees may be charge to HCPS for data integration.
7. Solutions that allow for seamless integration of their product through the IMS Global interoperability standards are preferred.

### **C. Infrastructure and System Administration**

1. HCPS's preference is a SaaS system and hosting the solution on a 3rd party, such as AWS or Azure, is acceptable.
2. The proposed solution will provide a secure, web-based system for data in transit and at rest.
3. Successful Offeror(s) will document compliance with all local, state, and federal laws related to student data privacy.
4. The proposed solution shall contain neither commercial content nor serve as a vehicle to market goods and services.
5. Web Accessibility  
The digital math resource must comply with the [Information Technology Accessibility Act](#) (Code of Virginia - 2-2-3500) which requires that information technology developed, purchased, or provided is accessible to individuals with disabilities.
  - a. The solution shall be accessible to persons with disabilities, including:
    - i. Blindness, color blindness, visual impairment
    - ii. Deafness, hearing impairment
    - iii. Speech impairment
    - iv. Mobility, strength, dexterity or reach impairment
  - b. The solution shall support the use of commonly available screen readers.
  - c. The solution shall comply with Federal Web Accessibility Standards (part of Section 508 of the Rehabilitation Act).
  - d. The solution shall meet Level A and Level AA guidelines as specified by the W3C's WCAG 2.0 guidelines.
6. The proposed solution shall be able to handle at least 60,000+ concurrent HCPS users with less than 30 ms latency. Offeror(s) must provide comprehensive documentation to evidence the ability to accommodate concurrent users based on data collected from a similar environment.
7. If the solution is reliant on LDAP authentication, HCPS will only accept a defined external IP address to allow Firewall transactions and will not accept the allowance of entire network segments.
8. HCPS shall have the ability to submit requests for alteration of the digital content (including additional supporting data, modification of current data, or removal of data deemed inappropriate by HCPS) via email or web-based forms embedded in the digital content.
9. Provide all documentation for each piece of software equipment, or software, including copyright information, all operator and user manual, training materials necessary for the proper and successful use of the software where an installation or configuration on HCPS network or devices are required.



#### D. Computer, Software and Network Specifications

The proposed solution shall meet all performance requirements defined in this document and shall be currently compatible with the following minimum computer specifications as well as maintaining compatibility with updates/patches/versions of listed software for the duration of the contract (at a minimum beginning with the versions listed below)

1. Staff District-wide; All High, Middle Students and limited numbers for Elementary Students
  - a. Software
    - i. OS – Windows 10, 1903 or higher: 64-bit
    - ii. Browsers – Google Chrome 86.x or above; Microsoft Edge 89.x or above
    - iii. Java – 1.8.0\_251 or above
    - iv. PDF Reader - embedded within Chrome and Edge
    - v. Adobe Reader - standalone application
    - vi. Adobe Shockwave – 12.2 or above
    - vii. O365 Pro Plus
  - b. Hardware:
    - i. Latitude 3380s model:
      1. Specifications
        - a. Display - 13.3-inch HD Anti-Glare LED with integrate webcam and noise reducing array microphone
        - b. Hard drive - 128GB SSD
        - c. Processor - 2.50 GHz Intel® i5 -Dual Core
        - d. Memory - 8GB DDR3 SDRAM
        - e. Graphics Card – 128MB Dedicated VRAM; 1366X768 - Native Resolution
        - f. Network Connections - Built-in Wireless Card (802.11ac) and 10/100/1000 Gigabit Ethernet
        - g. Other:
          - i. Stereo headphone/Microphone combo jack
    - ii. Latitude 5420 model:
      1. Specifications
        - a. Display - 14" FHD (1920x1080) Non-Touch, Anti-Glare, IPS, 250nits, WLAN/WWAN, HD Camera
        - b. Hard drive – 128GB PCIe NVMe Class 35 SSD
        - c. Processor – 11th Generation Intel® Core™ i3-1125G4 (4 Core, 8M cache, base 2.0GHz, up to 3.7GHz)
        - d. Memory – 8GB DDR4 Non-ECC
        - e. Network connections - Intel® Wi-Fi 6 AX201 2x2 .11ax 160MHz + Bluetooth 5.1
        - f. Graphic cards - i3-1125G4 Trans, Intel UHD Graphics, Thunderbolt
    - iii. Latitude 3310 model
      1. Specifications:
        - a. Display – 13.3" HD (1366 x 768) Anti-Glare Non-Touch, Camera & Microphone, WLAN Capable
        - b. Hard drive – 128GB PCIe NVMe Class 35 SSD
        - c. Processor – 8th Generation Intel® Core™ i5-8265U Processor (4 Core, 6MB Cache,1.6GHz,15W)
        - d. Memory – 8GB DDR4 Non-ECC

- e. Network Connections - Intel Dual Band Wireless Driver 9560 (802.11ac) 2x2 + Bluetooth 5.0; Intel® Dual Band Wireless AC 9560 (802.11ac) 2x2 + Bluetooth 5.0
    - f. Graphics card - Intel® Core™ i3-8145U Processor w/Intel® HD Graphics 620
  - iv. Latitude 3180 Education model – Elementary Carts:
    - 1. Specifications:
      - a. Display - 11-inch HD with integrated webcam
      - b. Hard drive - 64GB eMMC Storage - Hard drive
      - c. Processor - Intel® Pentium® N4200
      - d. Memory - 4GB 1600MHz LPDDR3
      - e. Video Card – Intel integrated HD graphics 4600
      - f. Network Connections – Intel Dual Band Wireless-AC 7265 802.11AC Wi-Fi + BT 4.0 LE Wireless Card (2x2)
      - g. Other:
        - i. 2 speakers
        - ii. 1 Combo headphone/microphone jack
        - iii. USB card reader
- 2. Dell Chromebooks (primary device for all elementary students)
  - a. Software
    - i. Chromium OS 86.x+ or above
  - b. Hardware:
    - i. Dell Chromebook 3180 (touch & non-touch):
      - 1. Specifications:
        - a. Display - 11.6-inch HDF
        - b. Hard drive - 16GB eMMC
        - c. Processor - Celeron N3060
        - d. Memory - 4GB
        - e. Video Card - Intel integrated HD graphics 4600
        - f. Network - Built-in Wireless Card (802.11a/g/n)
        - g. Other:
          - i. 2 speakers
          - ii. Headphone/Microphone jack
          - iii. Integrated webcam
    - ii. Dell Chromebook 3100 (touch & non-touch):
      - 1. Specifications:
        - a. Display - 11.6" HD (1366 x 768) Anti-Glare Non-Touch, Camera & Microphone, WLAN Capable - Display
        - b. Hard drive - 16GB eMMC
        - c. Processor - Intel Celeron N4020 (Dual Core, up to 2.8GHz, 4M Cache, 6W) 1 USB Type-C, 1 USB 3.1
        - d. Memory - 4GB 2400MHz LPDDR4 Non-ECC
- 3. iOS Devices - Elementary and Secondary
  - a. Software
    - i. iOS version - 14.x
    - ii. Safari browser
  - b. Hardware (Based on iPad MR7F2LL/A)
    - i. Specifications:
      - 1. Display - 9.7-inch (diagonal) LED-backlit, multi-touch with IPS technology
      - 2. Storage – 32GB

3. Wireless-A, Wireless-AC, Wireless-B, Wireless-G, Wireless-N
4. Bluetooth 4.2 Technology
5. Camera, Photos and Video Recording

E. Networking Environment

1. Location WAN Circuit Bandwidth
  - a. 400 Mbps or greater Comcast ENS Data WAN Circuit to High Schools.
  - b. 300 Mbps or greater Comcast ENS Data WAN Circuit to Middle Schools.
  - c. 200 Mbps or greater Comcast ENS Data WAN Circuit to Elementary Schools.
  - d. 100 Mbps or greater Comcast ENS Data WAN Circuit to remote Administrative sites.
2. Data Center WAN Circuit Bandwidth
  - a. 10 Gbps Comcast ENS Backbone WAN connectivity between; Comcast and the Data Center facility.
3. District Internet Bandwidth
  - a. 2x 4 Gbps Comcast ENI circuits to provide a total district bandwidth of 8 Gbps of Internet Service to the Data Center which is then distributed to the entire district via the size and type of WAN circuits listed above.
4. Firewall Protection
  - a. Cisco Firepower 9300 series Firewalls.
5. Local Area Network and Wireless Infrastructure
  - a. All Schools/Sites utilize either 1 Gbps or 10 Gbps fiber backbone connections between their MDF & IDF network closets.
  - b. All Schools/Sites utilize a combination of LightWeight or Cloud-Controlled wireless access points capable of supporting the IEEE 802.11 ac wireless standard and are connected at 1 Gbps, or greater, to Cisco Catalyst 9200 & 9300 series POE switches.

F. Training and Support

1. The Successful Offeror(s) shall provide a toll -free number for help desk support to HCPS at a minimum from 8 am to 5 pm EST, Monday- Friday.
2. The Successful Offeror(s) shall provide any required training for implementation of the proposed solution to include options for continued training including on-site, webinar and printed materials.



COMMONWEALTH OF VIRGINIA  
**County of Henrico**

**Non-Professional Services Contract**  
**Contract No. 2142E**

This Non-Professional Services Contract (this "Contract") entered into this 3 day of <sup>September</sup> ~~August~~ 2021, by MIND Research Institute (the "Contractor") and the County School Board of Henrico County, Virginia ("HCPS").

**WHEREAS** HCPS has awarded the Contractor this Contract pursuant to Request for Proposals No. 21-2142-3EMF as modified by Addenda 1, dated April 1, 2021, and Addenda 2, dated April 16, 2021 (the "Request for Proposals"), for "Digital Mathematics (PreK-12) Curriculum for Tier I, Tier II and Tier III".

**WITNESSETH** that the Contractor and HCPS, in consideration of the mutual covenants, promises and agreements herein contained, agree as follows:

**SCOPE OF CONTRACT:** The Contractor shall provide the services to the HCPS as set forth in the Contract Documents.

**COMPENSATION:** The compensation HCPS will pay to the Contractor under this Contract shall be in accordance with Exhibit D.

**CONTRACT TERM:** The Contract term shall be for a period beginning <sup>September</sup> ~~August~~ 3, 2021 and ending June 30, 2022. HCPS may renew the Contract for up to four (4) one-year terms giving 30 days' written notice before the end of the term unless Contractor has given HCPS written notice that it does not wish to renew at least 90 days before the end of the term.

**CONTRACT DOCUMENTS:** This Contract hereby incorporates by reference the documents listed below (the "Contract Documents") which shall control in the following descending order:

1. This Non-Professional Services Contract between HCPS and Contractor;
2. License Agreement Addendum (Exhibit A)
3. Data Security Agreement (Exhibit B)
4. Terms of Use and Privacy (Exhibit C)
5. The General Contract Terms and Conditions included in the Request for Proposals;
6. Contractor's Best and Final Offer dated June 29, 2021 (Exhibit D);
7. Contractor's Original Proposal dated April 26, 2021 (Exhibit E; and
8. The Scope of Services included in the Request for Proposals.

IN WITNESS WHEREOF, the parties have caused this Contract to be duly executed intending to be bound hereby.

MIND Research Institute  
5281 California Avenue, Suite 300  
Irvine, CA 92617

Signature

Josephine Garrett, CFO

Printed Name and Title

August 30, 2021

Date

County School Board of Henrico County, Virginia  
406 Dabbs House Road  
Henrico, VA 23223

Signature

Oscar Knott, CPP, CPPO, VCO  
Purchasing Director

Date

APPROVED AS TO FORM

*Alyssa D Brown*  
9-3-21

ASSISTANT COUNTY ATTORNEY

**EXHIBIT A**  
**ATTACHMENT F**  
**LICENSE AGREEMENT ADDENDUM**

The County School Board of Henrico County, Virginia (the "**County**"), and MIND Research Institute. ("**Supplier**"), a California corporation, are this day entering into an agreement for Digital Mathematics (PreK-12) Curriculum for Tier I, Tier II and Tier III (the "**Agreement**") and, for their mutual convenience, the parties are using the standard form contract ("Terms of Use last updated October 7, 2016") provided by Supplier ("**Contract**"). This License Agreement Addendum ("**LAA**"), duly signed by the County and Supplier (each a "**Party**"), is attached to and made a part of the Agreement and the Contract by incorporation, and with the Agreement governs the use of any and all software licensed by the County under the Agreement (the "**Software**") and this LAA.

As used in this LAA, the term "**Contract**" means the Supplier's standard form contract and any and all exhibits and attachments thereto. The term(s) "**Customer**", "**You**" or "**you**" as used in the Contract and this LAA, means, as applicable, the County, or any of their officers, directors, agents or employees.

Supplier represents and warrants that it is a California corporation authorized to do in business in Virginia. If Supplier is not a U.S.-based entity, Supplier maintains a registered agent and a certification of authority to do business in Virginia.

Supplier's Contract is generally acceptable to the County, with the exceptions noted in this LAA below. Despite the general acceptability of the Contract, certain standard clauses may appear in, or be incorporated by reference into, the Contract that cannot be accepted by the County. In consideration of the convenience of using Supplier's standard form contract without the necessity of specifically negotiating a separate contract document, the Parties specifically agree that any of the following provisions contained in the Contract are deemed void and will not have any effect and will not be enforceable against any Customer:

1. Requiring the application of the law of any state other than the Commonwealth of Virginia in interpreting or enforcing the Contract or requiring or permitting that any dispute under the Contract be resolved in any court other than the state courts located in Henrico County, Virginia;
2. Requiring any total or partial compensation or payment for lost profit or liquidated damages by any Customer if the Contract is terminated before the end of its ordinary term;
3. Imposing any interest charge(s) contrary to that specified by § 2.2-4347 *et seq.* of the Code of Virginia;
4. Requiring the County to maintain any type of insurance for Supplier's benefit;
5. Granting Supplier a security interest in any property of the County;
6. Requiring the County to indemnify, defend, or to hold harmless Supplier for any act or omission;
7. Limiting or adding to the time period within which claims can be made or actions can be brought (Reference Tit. 8.01 of the Code of Virginia);
8. Limiting selection and approval of counsel and approval of any settlement in any claim arising under the Contract and in which the County is a named party;
9. Binding the County to any arbitration or to the decision of any arbitration board, commission, panel or other entity;
10. Obligating the County to pay costs of collection or attorney's fees;
11. Requiring any dispute resolution procedure(s) other than those in accordance with § 2.2-4363 *et seq.* of the Code of Virginia;
12. Permitting Supplier to access any of the County's records or data, except pursuant to court order;

13. Permitting Supplier to use any information provided by the County except for Supplier's own internal administrative purposes;
14. Requiring the County to limit its rights or waive its remedies at law or in equity;
15. Bestowing any right, or incurring any obligation, that is beyond the duly granted authority of the undersigned representative of the County to bestow, or incur, on behalf of the County;
16. Establishing a presumption of severe or irreparable harm to Supplier by the actions or inactions of the County;
17. Limiting the liability of Supplier for property damage, death, or personal injury;
18. Permitting Supplier to assign, subcontract, delegate or otherwise convey the Contract, or any of its rights and obligations under the Contract, to any entity without the prior written consent of the County, except as set forth in paragraph 39 below;
19. Not complying with the contractual claims provision § 2.2-4363 of the Code of Virginia, which is also incorporated into this LAA and the Contract by reference;
20. Enforcing the United Nations Convention on Contracts for the International Sale of Goods and all other laws and international treaties or conventions relating to the sale of goods. They are expressly disclaimed. UCITA shall apply to the Contract only to the extent required by § 59.1-501.15 of the Code of Virginia;
21. Not complying with all applicable federal, state, and local laws, regulations, and ordinances;
22. Requiring that the County waive its sovereign immunity or its immunity;
23. Requiring that the County, which is tax exempt, be responsible for payment of any taxes, duties, or penalties;
24. Requiring or construing that any provision in this Contract conveys any rights or interest in the County's data to Supplier;
25. Requiring the use of foreign currency. The currency used for the Contract will be United States Dollars;
26. Obligating the County beyond approved and appropriated funding. All payment obligations from the County under the Contract are subject to receipt of necessary appropriations from the County's Board of Supervisors. In the event of non-appropriation of funds for the items under the Contract, the County may terminate, in whole or in part, the Contract or any order, for those goods or services for which funds have not been appropriated. This may extend to the renewal of maintenance services for only some of the licenses granted by Supplier. The County shall provide written notice to the Supplier as soon as possible after legislative action is completed. There will be no time limit for termination due to termination for lack of appropriations;
27. Permitting unilateral modification of the Contract by Supplier;
28. Permitting termination by Supplier of the Contract or the licenses granted pursuant to the Contract, or permitting suspension of services by Supplier, except pursuant to an order from a court of competent jurisdiction;
29. Requiring or stating that the terms of the Supplier's standard form contract will prevail over the terms of this LAA in the event of conflict;
30. Renewing or extending the Contract beyond the term set forth in the Agreement or automatically continuing the Contract period from term to term;
31. Requiring that the Contract be "accepted" or endorsed by the home office or by any other officer subsequent to signing by an official of the County before the Contract is considered in effect;
32. Delaying the acceptance of the Contract or its effective date beyond the date of signing;

33. Defining "perpetual" license rights to have any meaning other than license rights that exist in perpetuity unless otherwise terminated in accordance with the applicable provisions of the Contract;
34. Permitting modification or replacement of the Contract pursuant to any new release, update or upgrade of Software, or subsequent renewal of maintenance. If Supplier provides any update or upgrade subject to additional payment, the County will have the right to reject such update or upgrade;
35. Requiring the purchase of a new release, update, or upgrade of Software, or subsequent renewal of maintenance, in order for the County to receive or maintain the benefits of Supplier's indemnification of the County against any claims of infringement on any third-party intellectual property rights;
36. Prohibiting the County from transferring or assigning to any entity the Contract or any license to Software granted pursuant to the Contract;
37. Granting Supplier or an agent of Supplier the right to audit or examine the books, records, or accounts of the County;
38. Requiring the County to agree to a general release.

In addition to the provisions set forth above in this LAA, the Parties further agree as follows:

39. Supplier warrants that it is the owner of the Software or otherwise has the right to grant to the County the license to use the Software granted under the Contract without violating or infringing any law, rule, regulation, copyright, patent, trade secret, or other proprietary right of any third party.
40. Supplier may assign all or any of its rights and obligations to a third party as a result of a merger or acquisition or sale of all or substantially all of its assets to the third party so long as Supplier's assignee agrees in writing to be bound by the terms and conditions set forth in the Contract, and provided the third party is a U.S.-based entity or maintains a registered agent and a certification of authority to do business in Virginia. Supplier may assign all or any of its rights and obligations to an affiliate of Supplier, provided Supplier remains liable for the affiliate's compliance with the terms and conditions set forth in this Contract
41. Supplier agrees to indemnify, defend and hold harmless the County of Henrico (including Henrico County Public Schools), the County's officers, agents and employees, from any claims, damages, suits, actions, liabilities and costs of any kind or nature, including attorneys' fees, to the extent the claim in any way relates to, arise out of or result from: (i) any negligent act, negligent omission, or intentional or willful conduct of any employee or subcontractor of Supplier, (ii) any breach of any representation, warranty or covenant of Supplier contained in the Contract and LAA, (iii) any defect in the Software, or (iv) any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Software.
42. The County will only be liable to pay for Supplier's travel-related expenses, including transportation, meals, lodging and incidental expenses that have been authorized by the County in advance. The travel-related expenses will be reimbursable at the County's then-current per diem rates.
43. The County may require that Supplier personnel submit to a criminal background check prior to performance of any services under the Contract.
44. Payments for license fees, including subscription fees, and support services are only authorized to be made to the Supplier pursuant to the Contract.

Together with the Agreement, the Contract and this LAA constitute the entire agreement between the Parties and may not be waived or modified except by written agreement between the Parties.

[SIGNATURE PAGE(S) TO FOLLOW]



IN WITNESS WHEREOF, the Parties have caused this License Agreement Addendum to be duly executed as of the last date set forth below by the undersigned authorized representatives of the parties, intending thereby to be legally bound.

MIND Research Institute

By:   
(Signature)

Name: Josephine Garrett  
(Print)

Title: CFO

Date: August 30, 2021

✓ School Board  
County of Henrico, Virginia  
County

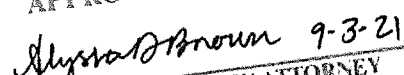
By:   
(Signature)

Name: Oscar Knott  
(Print)

Title: Purchasing Director

Date: 9/3/21

APPROVED AS TO FORM

 9-3-21

ASSISTANT COUNTY ATTORNEY

**EXHIBIT B**

**HENRICO COUNTY PUBLIC SCHOOLS**

**DATA SECURITY AGREEMENT**

This Data Security Agreement ("Agreement") is agreed upon effective \_\_\_\_\_, 2021, by and between MIND Research Institute ("Vendor") and the County School Board of Henrico County, Virginia ("HCPS").

**I. DEFINITIONS**

- A. **HCPS Data:** HCPS Data is any and all data that HCPS has disclosed to Vendor. For the purposes of this Agreement, HCPS Data does not cease to be HCPS Data solely because it is transferred or transmitted beyond HCPS's immediate possession, custody, or control.
- B. **Data Breach:** The unauthorized access and acquisition of computerized data that materially compromises the security or confidentiality of confidential or sensitive personal information maintained by HCPS as part of a database of personal information regarding multiple individuals and that causes or HCPS reasonably believes has caused or will cause loss or injury to any HCPS constituent.
- C. **System:** An assembly of components that supports an operational role or accomplishes a specific objective. This may include a discrete set of information resources (network, server, computer, software, application, operating system or storage devices) organized for the collection, processing, maintenance, use, sharing, dissemination, or disposition of information.
- D. **Contract.** Shall mean the contract between Vendor and HCPS outlining the services to be provided.

**II. DISCLOSURE OF HCPS DATA**

- A. The Vendor shall not disclose HCPS Data in any manner that would constitute a violation of state or federal law or the terms of this agreement including, without limitation, by means of outsourcing, sharing, retransfer, or access, to any person or entity, except:
- B. Employees or agents who actually and legitimately need to access or use HCPS Data in the performance of Vendor's duties to HCPS;
- C. Such third parties, such as but not limited to, vendors, suppliers or subcontractors, but only after such third party has agreed in writing and in advance of any disclosure, to be bound by confidentiality terms at least as stringent as the terms of this Agreement; or
- D. Any other third party approved by HCPS in writing and in advance of any disclosure, but only to the extent of such approval.

- E. The Vendor may also store HCPS Data on servers housed in datacenters owned and operated by third parties, provided the third parties take reasonable precautions to protect the security and confidentiality of HCPS data.

### **III. USE OF, STORAGE OF, OR ACCESS TO HCPS DATA**

- A. Vendor shall only use, store, or access HCPS data:
  - 1. In accordance with, and only to the extent permissible under the contract for services; and
  - 2. In full compliance with any and all applicable laws and regulations, only to the extent applicable to Vendor, including the Family Educational Rights and Privacy Act (FERPA); and
- B. Vendor agrees that the use, storage, and access to HCPS Data shall be performed with that degree of skill, care, and judgment customarily accepted as sound, quality, and professional practices. Vendor shall implement and maintain safeguards necessary to ensure the confidentiality, availability, and integrity of HCPS Data. Vendor shall also implement and maintain any safeguards required to be implemented by applicable state and federal laws and regulations.
- C. HCPS reserves the right to request security information reasonably necessary to ascertain HCPS's own compliance with state and federal data privacy laws.
- D. If Vendor becomes aware that HCPS Data may have been accessed, disclosed, or acquired without proper authorization and contrary to the terms of this Agreement or the Contract, Vendor shall use reasonable efforts to alert HCPS of any Data Breach within two business days, and shall immediately take such actions as may be necessary to preserve forensic evidence and eliminate the cause of the Data Breach. Vendor shall give highest priority to immediately correcting any Data Breach and shall devote such resources as may be required to accomplish that goal. Vendor shall provide HCPS information necessary to enable HCPS to fully understand the nature and scope of the Data Breach. Upon request, Vendor shall provide HCPS information about what Vendor has done or plans to do to mitigate any deleterious effect of the unauthorized use or disclosure of, or access to, HCPS Data. In the event that a Data Breach requires Vendor's assistance for mitigation, such assistance shall be provided at no cost to HCPS. HCPS may discontinue any services or products provided by Vendor and any payments to Vendor until HCPS, in its sole discretion, determines that the cause of the Data Breach has been sufficiently mitigated.
- E. If Vendor is served with any subpoena, discovery request, court order, or other legal request or command that calls for disclosure of any HCPS Data, Vendor shall promptly notify HCPS in writing and provide HCPS sufficient time to obtain a court order or take any other action HCPS deems necessary to prevent disclosure or otherwise protect HCPS Data. In such event, Vendor shall provide HCPS prompt and full assistance in HCPS's efforts to protect HCPS Data. Where

Vendor is prohibited by law from notifying HCPS of a legal request for HCPS Data, Vendor will comply with all applicable laws and regulations with respect to the requested HCPS Data.

- F. Upon expiration or termination of the Contract, Vendor shall ensure that no Data Breach occurs and shall follow HCPS's instructions as to the preservation, transfer, or destruction of HCPS Data. The method of destruction shall be accomplished by "purging" or "physical destruction", in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88. Upon request by HCPS, Vendor shall certify in writing to HCPS that return or destruction of data has been completed. Prior to such return or destruction, Vendor shall continue to protect HCPS Data in accordance with this Agreement.
- G. This Agreement shall survive the expiration or earlier termination of the Contract. However, upon expiration or termination of the Contract, either party may terminate this Agreement.

FOR HCPS:

FOR VENDOR: MIND Research Institute

John B. Wack

Name

*John B. Wack*

Signature

Chief Financial Officer

Title

09/03/2021

Date

Josephine Garrett

Name

*[Signature]*

Signature

CFO

Title

August 30, 2021

Date

**APPROVED AS TO FORM**

*Alyssa Brown 9-3-21*

ASSISTANT COUNTY ATTORNEY



# Terms of Use

[Terms of Use](#)[Privacy Policy](#)

## Terms of Use

**Last updated: October 7, 2016**

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An LEA may terminate use of the Sites or Software by provision of written notice of termination to us, pursuant to the notice provisions set forth in Section 11 (General) below. We will terminate use and storage of any Student Records received from the

## **Termination or Suspension by Us.**

We may suspend or terminate your access to all or any part of the Sites or Services, or block or disable your access or use of the Apps, at any time, with or without cause, with or without notice, effective immediately. Without limiting the foregoing, we may suspend or terminate your access to all or any part of the Sites or Services, or block or disable your access or use of the Apps if (a) we believe, in our sole discretion that you are in breach of this Agreement or are acting in a manner that shows that you do not intend to, or are unable to, comply with the Terms and Conditions; (b) we are required to do so by law (for example, where the provision of Services to you is, or becomes, unlawful); (c) we elect to no longer provide the Sites or Services to users in the state or country in which you are resident or from which you use the Sites or Services; (d) we believe that your use of the Sites or Services may infringe or violate the rights of a third party or subject us or one of our affiliates to civil or criminal liability or reputational harm; or (e) we believe such suspension or termination is necessary or appropriate to avoid harm to the Sites, Services, or persons; in each such a case, no portion of your subscription payment will be refunded. If we suspend or terminate your access for no reason or for a reason other than those set forth in the preceding sentence, we will refund to you any unused portion of your subscription payment, if any, which will be your sole and exclusive remedy upon such suspension or termination. Termination may result, in our sole discretion, in the forfeiture and destruction of all information associated with your account. All Terms and Conditions that by their nature should survive termination of this Agreement, including, without limitation, ownership provisions, warranty disclaimers, indemnity, limitations of liability, shall so survive. If your account is cancelled or terminated for any reason, you will no longer be able to access information under your account.

## **11.General.**

### **Assignment.**

You will not assign any of your rights and obligations under these Terms of Use without our prior written consent. We reserve the right to assign or transfer our rights and obligations under this Agreement in connection with an acquisition by or



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If any provision of these Terms of Use is found to be void or unenforceable, then the remainder will have full force and effect, and the invalid provision will be partially enforced to the maximum extent permitted by law to effectuate the purpose of these Terms of Use.

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No waiver of any term of these Terms shall be deemed a further or continuing waiver of such term or any other term, and the MIND Research Institute's failure to assert any right or provision under these Terms of Use shall not constitute a waiver of such right or provision.

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Attention: Controller

[controller@mindresearch.org](mailto:controller@mindresearch.org)

MIND Research Institute

5281 California Avenue, Suite 300

Irvine, CA 92617

Tel: (949) 345-8700

Toll Free: (888) 751-5443

Fax: (949) 572-2680

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## EXHIBIT D

**ATTACHMENT B**  
**PRICING OPTIONS AFTER ORALS**

| Provide pricing as it relates to the proposed solution                                                                                                                | Price                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Price per Student                                                                                                                                                     | Not Applicable – ST Math is price an annual subscription per site per year                                                                  |
| Price per Teacher                                                                                                                                                     | Not Applicable – ST Math is price an annual subscription per site per year                                                                  |
| Price per Classroom                                                                                                                                                   | Not Applicable – ST Math is price an annual subscription per site per year                                                                  |
| Price per Site                                                                                                                                                        | \$12,000                                                                                                                                    |
| Price for District License PreK-5                                                                                                                                     | <b>District Total (46 Elementary)</b><br>\$432,000*<br><i>*Includes additional MIND in Kind grant funding due to volume</i>                 |
| Price for District License PreK-8                                                                                                                                     | <b>District Total (46 Elementary &amp; 12 Middle)</b><br>\$546,000*<br><i>*Includes additional MIND in Kind grant funding due to volume</i> |
| Price for District License PreK-12                                                                                                                                    | Not applicable – ST Math offers K-8                                                                                                         |
| Price for District License 6-8                                                                                                                                        | <b>District Total MS. 12 Middle Schools</b><br>\$144,000 based on 12 Middle Schools                                                         |
| Price for District License 6-12                                                                                                                                       | Not applicable – ST Math offers K-8                                                                                                         |
| Price for District License 9-12                                                                                                                                       | Not applicable – ST Math offers K-8                                                                                                         |
| 1 day of Professional Development- train the trainer model (20 Elementary or Secondary ILCs/ITRTs, 3 Educational Specialist, + 1 additional personnel- total of 20 ±) | \$                                                                                                                                          |
| 1 day of Professional Development - price per teacher                                                                                                                 | Not applicable                                                                                                                              |
| 1 day of Professional Development for Elementary or Secondary School Staff- approximately 35 - 100                                                                    | \$2,500 for up 1 day of professional development for staff of up to 25                                                                      |
| Additional Professional Development models                                                                                                                            | \$1,500 per offering for up to 2 hour online professional development.                                                                      |

|                                                                                                                                                                                                  |                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                  | ST Math Academy online self-paced learning is available to all educators at no additional charge. |
| Printed materials – provide list of pricing for each product offered                                                                                                                             | Not Applicable - There are no printed materials/consumables for ST Math K8                        |
| Consumables – provide list of pricing for each product offered                                                                                                                                   | Not Applicable - There are no printed materials/consumables for ST Math K8                        |
| <p>Provide information on price breaks for volume purchases.</p> <p>MIND Research as a Not for Profit is able to provide MIND in Kind grants each year based on various commitment criteria.</p> |                                                                                                   |
| Implementation or Startup Cost if any:                                                                                                                                                           |                                                                                                   |
| Recurring Cost for renewal year 2-5                                                                                                                                                              |                                                                                                   |
| Year 1: All costs above are annual recurring subscription fees. Additional Professional Learning is optional.                                                                                    |                                                                                                   |
| Year 2: All costs above are annual recurring subscription fees. Additional Professional Learning is optional.                                                                                    |                                                                                                   |
| Year 3: All costs above are annual recurring subscription fees. Additional Professional Learning is optional.                                                                                    |                                                                                                   |
| Year 4: All costs above are annual recurring subscription fees. Additional Professional Learning is optional.                                                                                    |                                                                                                   |

## Attachment C

### Pricing Scenario – After Orals

Provide pricing for the scenarios below based off pricing being offered for the proposed solution. Offers must put a Price for each scenario they are submitting for based on the information provided below. All cost must be included. This scenario is for Year One.

| A                                                                                                                             | B                                                                                                                                                                                                                                                                                                                                                                         | C                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Scenario                                                                                                                      | Methodology: (i.e. What is included and how the price in Column C was determined.                                                                                                                                                                                                                                                                                         | Price                                                                      |
| Provide pricing for an annual subscription for one site license for an elementary school with <b>415 students</b> .           | This price includes Annual ST Math Software subscription for all students, teachers, and administrators - One (1) Professional Learning Offering, ST Math Implementation Support, Annual access to ST Math Academy on-demand professional learning modules, Embedded program help and tutorials, Ongoing Minor Software Updates, Technical Support Via Email and/or Phone | \$12,000                                                                   |
| Provide pricing for an annual subscription for one site license for a middle school with <b>900 students</b> .                | This price includes Annual ST Math Software subscription for all students, teachers, and administrators - One (1) Professional Learning Offering, ST Math Implementation Support, Annual access to ST Math Academy on-demand professional learning modules, Embedded program help and tutorials, Ongoing Minor Software Updates, Technical Support Via Email and/or Phone | \$12,000                                                                   |
| Provide pricing for an annual subscription for one site license for a high school with <b>1,700 students</b> .                | This price includes Annual ST Math Software subscription for all students, teachers, and administrators - One (1) Professional Learning Offering, ST Math Implementation Support, Annual access to ST Math Academy on-demand professional learning modules, Embedded program help and tutorials, Ongoing Minor Software Updates, Technical Support Via Email and/or Phone | \$12,000                                                                   |
| Printed Materials (Offerors must provide the number of copies needed and price, if applicable, based on scenario information) |                                                                                                                                                                                                                                                                                                                                                                           | Not Applicable - There are no printed materials/consumables for ST Math K8 |
| Consumables (Offerors must provide the number of copies needed and price, if applicable, based on scenario information)       |                                                                                                                                                                                                                                                                                                                                                                           | Not Applicable - There are no printed materials/consumables for ST Math K8 |
| Provide pricing for 1 day (6 hours) of on-site professional development training for staff of 25                              | Includes preparation, materials and travel costs to site.                                                                                                                                                                                                                                                                                                                 | \$2,500                                                                    |

|                                                                                                                                                                                                                                                                                                            |                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>Total Cost</b>                                                                                                                                                                                                                                                                                          | \$                           |
| Take the <b>Total Cost</b> from above and divide by the number of students offeror has submitted for, based on the number of students in each scenario. (i.e. if submitting only for 415 students then divide the total cost by 415. If submitting for 900 and 1,700 then divided the total cost by 2,600) | Per Student price<br>\$14.80 |



COMMONWEALTH OF VIRGINIA  
**County of Henrico**

DEPARTMENT OF FINANCE  
Purchasing Division

June 29, 2021

Ms. Karen Talbert  
MIND Research Institute  
5281 California Ave., Ste 300  
Irvine, CA 92617

RE: RFP 21-2142-3EMF – Digital Mathematics (PreK-12) Curriculum for Tier I,II and III

Dear Ms. Talbert:

This letter is to inform you that your firm has been selected to enter into negotiations for the above referenced solicitation.

To begin this process, please submit the following items:

1. Answers to the attached list of questions. (Attachment A)
2. Provide all cost for proposed solution on Attachment B.
3. For evaluation purposes, provide pricing for the attached scenarios (Attachment C). This form has been modified and is not the same as in the RFP. Pricing for the scenarios shall be based on the pricing listed on Attachment B

Please provide the above items by 3:00 p.m. on July 9, 2021. A response via email attachment is sufficient.

If you have any questions, please contact me at 804-501-5637 or [fal51@henrico.us](mailto:fal51@henrico.us).

Sincerely,

Eileen M. Falcone  
Assistant Division Director

**Attachment A**  
**RFP #21-2142-3EMF**  
**Digital Mathematics (PreK-12) Curriculum for Tier I,II and III**

**OFFEROR: MIND Research Institute ST Math**

1. If HCPS chooses not to sync with PowerSchool directly, what other options are there for rostering and data sync beyond CSV file through SFTP? (i.e. Clever or other)
  - a. Beyond CSV file through SFTP, MIND offers Clever, Classlink and OneRoster synchronizations.
2. What version of the proposed solution is being offered for this contract? If awarded the contract how are new versions or updated version handled?
  - a. ST Math generation 6 which is an HTML5 web delivered SaaS solution. Enhancements and modifications are included with subscriptions
3. Is the proposed solution proven to be compatible with the following devices used by HCPS?

| Device                                                                              | Grade Level | Explanation                       |
|-------------------------------------------------------------------------------------|-------------|-----------------------------------|
| iPad                                                                                | PreK – K    | Yes – launched through a browser. |
| Chromebook                                                                          | 1-5         | Yes – launched through a browser. |
| Laptop                                                                              | 6-12        | Yes – launched through a browser. |
| Students using non-grade specific device(i.e. iPad by any grade level SPED student) |             | Yes – launched through a browser. |





**ST Math**  
Created by MIND Research Institute

**RFP Name:**

Digital Mathematics (PreK-12)  
Curriculum for Tier I, Tier II, and Tier III  
for Henrico County Public Schools

**Response to Solicitation No.:**

21-2142-3EMF

**Prepared for**

**Henrico County Public Schools**

**Opening Date:**

April 29<sup>th</sup>, 2021

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**ST Math**  
Created by MIND Research Institute

## **Tab 1 - Introduction and Signed Forms**

- A. Cover Letter (Signed)**
- B. Proposal Signature Sheet (Attachment A)**
- C. Business Classification Form (Attachment B)**
- D. Virginia State Corporation Commission Registration Information (Attachment C)**
- E. Proprietary/Confidential Information (Attachment D)**
- F. Direct Contact with Students (Attachment F)**



## COVER LETTER

April 26, 2021

### Henrico County Public Schools

Attn: Eileen M. Falcone  
8600 Staples Mill Road  
Henrico, VA 23273-0775

### RE: RFP No. 21-2142-3EMF "Digital Mathematics (PreK-12) Curriculum for Tier 1, Tier II, and Tier III for Henrico County Public Schools"

Dear Ms. Falcone,

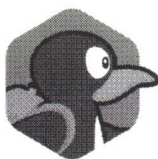
MIND Research Institute is pleased to provide this proposal in response to Henrico County Public Schools' request for a digital math curriculum. We look forward to supporting the goal of adding productive, engaged academic instruction, through our innovative visual mathematics pedagogy and program offerings for teachers and students. We have read the solicitation in detail, and our proposal outlines our compliance with the intent, spirit, and letter of the solicitation. We are committed to providing the goods and services described in this solicitation.

Our guiding principle in preparing this proposal has been to ensure the quality and effectiveness of the learning environments for teachers and students. In addition we are supplying a clear training and implementation model, and ongoing guidance and support. All are designed for scalability and sustainability. We view this proposal as an opportunity to help retool math instruction and learning via our proven visual approach, elevating how teachers teach and students learn math to a new higher level.

We are pleased to offer the Henrico County Public Schools our supplemental digital mathematics curriculum **ST Math K8**.

ST Math has been designed from its inception in 1998 to use visual representations which met the learning goals of the subsequently-published Common Core Standards for Mathematical Practice, including:

- Using concrete objects or pictures to help conceptualize a problem
- Seeing mathematics as sensible
- Diagrams of important features and relationships
- Create a coherent representation of a problem
- Plan a solution pathway
- Develop a belief in diligence



**ST Math**  
Created by MIND Research Institute

ST Math is currently used by over 5,500 schools and 1.3 million students in 50 states. MIND Research is headquartered in Irvine, California, and is a \$27 million organization with over 150 employees

Sincerely,

Kari Applegate

Direct, Partnerships Operations

MIND Research Institute

[kapplegate@mindresearch.org](mailto:kapplegate@mindresearch.org)

*Please send response letter and  
correspondence regarding this  
proposal to:*

Kari Applegate  
Director, Partnerships Operations  
MIND Research Institute  
5281 California Ave., Ste. 300  
Irvine, CA 92617  
Phone: (949) 345-8630  
Fax: (866) 569-7014  
Email:  
[kapplegate@mindresearch.org](mailto:kapplegate@mindresearch.org)

*Sales Contact for the Henrico County  
Public Schools:*

Karen Talbert  
RVP, Education Partnerships  
Phone: (803) 319-3529  
Fax: (866) 569-7014  
Email: [ktalbert@mindresearch.org](mailto:ktalbert@mindresearch.org)

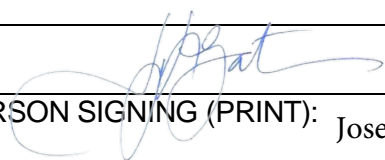
## ATTACHMENT A

### PROPOSAL SIGNATURE SHEET

My signature certifies that the proposal as submitted complies with all requirements specified in this Request for Proposal ("RFP") No. 21-2142—3EMF Mathematics (PreK-12) Curriculum Tier I, Tier II and Tier III.

My signature also certifies that by submitting a proposal in response to this RFP, the Offeror represents that in the preparation and submission of this proposal, the Offeror did not, either directly or indirectly, enter into any combination or arrangement with any person or business entity, or enter into any agreement, participate in any collusion, or otherwise take any action in the restraining of free, competitive bidding in violation of the Sherman Act (15 U.S.C. Section 1) or Sections 59.1-9.1 through 59.1-9.17 or Sections 59.1-68.6 through 59.1-68.8 of the Code of Virginia.

I hereby certify that I am authorized to sign as a legal representative for the business entity submitting this proposal.

|                                                                                                |
|------------------------------------------------------------------------------------------------|
| LEGAL NAME OF OFFEROR (DO <u>NOT</u> USE TRADE NAME):                                          |
| MIND Research Institute                                                                        |
| ADDRESS:                                                                                       |
| 5281 California Avenue, Suite 300                                                              |
| Irvine, CA 92617                                                                               |
| FEDERAL ID NO: 33-0798804                                                                      |
| SIGNATURE:  |
| NAME OF PERSON SIGNING (PRINT): Josephine Garrett                                              |
| TITLE: Chief Financial Officer                                                                 |
| TELEPHONE: (949) 345-8700                                                                      |
| FAX: (866) 569-7014                                                                            |
| EMAIL ADDRESS: kapplegate@mindresearch.org                                                     |
| DATE: April 26, 2021                                                                           |

## ATTACHMENT B BUSINESS CATEGORY CLASSIFICATION FORM

Company Legal Name: MIND Research Institute

This form completed by: Signature:  Title: Josephine Garrett

Date: April 26, 2021

PLEASE SPECIFY YOUR **BUSINESS CATEGORY** BY CHECKING THE APPROPRIATE BOX(ES) BELOW.

(Check all that apply.)

- ☐ SMALL BUSINESS
- ☐ WOMEN-OWNED BUSINESS
- ☐ MINORITY-OWNED BUSINESS
- ☐ SERVICE-DISABLED VETERAN
- ☐ EMPLOYMENT SERVICES ORGANIZATION
- ☐ NON-SWaM (Not Small, Women-owned or Minority-owned)

**SUPPLIER REGISTRATION** – The County of Henrico encourages all suppliers interested in doing business with the County to register with eVA, the Commonwealth of Virginia's electronic procurement portal, <http://eva.virginia.gov>.

eVA Registered? ☒ Yes ☐ No

If certified by the Virginia Minority Business Enterprises (DMBE), provide DMBE certification number and expiration date.

\_\_\_\_\_ NUMBER

\_\_\_\_\_ DATE

### DEFINITIONS

For the purpose of determining the appropriate business category, the following definitions apply:

**"Small business"** means a business, independently owned and controlled by one or more individuals who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees, or annual gross receipts of \$10 million or less averaged over the previous three years. One or more of the individual owners shall control both the management and daily business operations of the small business.

**"Women-owned business"** means a business that is at least 51 percent owned by one or more women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more women.

**"Minority-owned business"** means a business that is at least 51 percent owned by one or more minority individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more minority individuals.

**"Minority individual"** means an individual who is a citizen of the United States or a legal resident alien and who satisfies one or more of the following definitions:

1. "African American" means a person having origins in any of the original peoples of Africa and who is regarded as such by the community of which this person claims to be a part.
2. "Asian American" means a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands, including but not limited to Japan, China, Vietnam, Samoa, Laos, Cambodia, Taiwan, Northern Mariana Islands, the Philippines, a U.S. territory of the Pacific, India, Pakistan, Bangladesh, or Sri Lanka and who is regarded as such by the community of which this person claims to be a part.
3. "Hispanic American" means a person having origins in any of the Spanish-speaking peoples of Mexico, South or Central America, or the Caribbean Islands or other Spanish or Portuguese cultures and who is regarded as such by the community of which this person claims to be a part.
4. "Native American" means a person having origins in any of the original peoples of North America and who is regarded as such by the community of which this person claims to be a part or who is recognized by a tribal organization.

**"Service disabled veteran business"** means a business that is at least 51 percent owned by one or more service disabled veterans or, in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more individuals who are service disabled veterans and both the management and daily business operations are controlled by one or more individuals who are service disabled veterans.

**"Service disabled veteran"** means a veteran who (i) served on active duty in the United States military ground, naval, or air service, (ii) was discharged or released under conditions other than dishonorable, and (iii) has a service-connected disability rating fixed by the United States Department of Veterans Affairs.

**"Employment services organization"** means an organization that provides community-based employment services to individuals with disabilities that is an approved Commission on Accreditation of Rehabilitation Facilities (CARF) accredited vendor of the Department of Aging and Rehabilitative Services.

**ATTACHMENT C**  
**Virginia State Corporation Commission (SCC)**  
**Registration Information**

**The Offeror:** MIND Research Institute

☒ is a corporation or other business entity with the following SCC identification number:  
F2026997 -OR-

☐ is not a corporation, limited liability company, limited partnership, registered limited liability partnership, or business trust -OR-

☐ is an out-of-state business entity that does not regularly and continuously maintain as part of its ordinary and customary business any employees, agents, offices, facilities, or inventories in Virginia (not counting any employees or agents in Virginia who merely solicit orders that require acceptance outside Virginia before they become contracts, and not counting any incidental presence of the Bidder in Virginia that is needed in order to assemble, maintain, and repair goods in accordance with the contracts by which such goods were sold and shipped into Virginia from Bidder's out-of-state location) -OR-

☐ is an out-of-state business entity that is including with this bid/proposal an opinion of legal counsel which accurately and completely discloses the undersigned Bidder's current contracts with Virginia and describes why those contracts do not constitute the transaction of business in Virginia within the meaning of §13.1-757 or other similar provisions in Titles 13.1 or 50 of the Code of Virginia.

Please check the following box if you have not checked any of the foregoing options but currently have pending before the SCC an application for authority to transact business in the Commonwealth of Virginia and wish to be considered for a waiver to allow you to submit the SCC identification number after the due date for bids: ☐



**ATTACHMENT D**  
**PROPRIETARY/CONFIDENTIAL INFORMATION IDENTIFICATION**

NAME OF OFFEROR: MIND Research Institute

Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of Va. Code § 2.2-4342(F) in writing, either before or at the time the data or other materials are submitted. The Offeror must specifically identify the data or materials to be protected including the section(s) of the proposal in which it is contained and the pages numbers, and state the reasons why protection is necessary. A summary of trade secrets and proprietary information submitted shall be submitted on this form. The proprietary or trade secret material submitted must be identified by some distinct method such as highlighting or underlining and must indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. Va. Code § 2.2-4342(F) prohibits an Offeror from classifying an entire proposal, any portion of a proposal that does not contain trade secrets or proprietary information, line item prices, or total proposal prices as proprietary or trade secrets. If, after being given reasonable time, the Offeror refuses to withdraw such classification(s), the proposal will be rejected.

| SECTION/TITLE | PAGE<br>NUMBER(S) | REASON(S) FOR WITHHOLDING FROM<br>DISCLOSURE |
|---------------|-------------------|----------------------------------------------|
| N/A           | N/A               | N/A                                          |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |
|               |                   |                                              |

## ATTACHMENT F

### DIRECT CONTACT WITH STUDENTS

Name of Bidder: MIND Research Institute

Pursuant to Va. Code § 22.1-296.1, as a condition of awarding a contract for the provision of services that require the contractor or employees of the contractor to have direct contact with students on school property during regular school hours or during school-sponsored activities, the contractor shall provide certification of whether any individual who will provide such services has been convicted of any violent felony set forth in the definition of barrier crime in subsection A of Va. Code § 19.2-392.02; any offense involving the sexual molestation, physical or sexual abuse, or rape of a child; or any crime of moral turpitude.

Any individual making a materially false statement regarding any such offense is guilty of a Class 1 misdemeanor and, upon conviction, the fact of such conviction is grounds for the revocation of the contract to provide such services and, when relevant, the revocation of any license required to provide such services.

**As part of this submission, I certify the following:**

- ☒ **None of the individuals who will be providing services that require direct contact with students on school property during regular school hours or during school-sponsored activities have been convicted of a violent felony set forth in the definition of “barrier crime” in Va. Code § 19.2-392.02(A); an offense involving the sexual molestation, physical or sexual abuse, or rape of a child;**

**And (select one of the following)**

- ☐ **None of the individuals who will be providing services that require direct contact with students on school property during regular school hours or during school-sponsored activities have been convicted of any felony or any crime of moral turpitude.**

**or**

- ☐ **One or more individuals who will be providing services that require direct contact with students on school property during regular school hours or during school-sponsored activities has been convicted of a felony or crime of moral turpitude that is not set forth in the definition of “barrier crime” in Va. Code § 19.2-392.02(A) and does not involve the sexual molestation, physical or sexual abuse, or rape of a child. (In the case of a felony conviction meeting these criteria, the contractor must submit evidence that the Governor has restored the individual’s civil rights.).**

  
\_\_\_\_\_  
*Signature of Authorized Representative*

Josephine Garrett, CFO  
\_\_\_\_\_  
*Printed Name of Authorized Representative*

MIND Research Institute  
\_\_\_\_\_  
*Printed Name of Vendor*



COMMONWEALTH OF VIRGINIA  
**County of Henrico**

DEPARTMENT OF FINANCE  
Oscar Knott, CPP, CPPO, VCO  
Purchasing Director

**Addendum No. 1**

**Date:** April 1, 2021  
**Request for Proposal:** #21-2142-3EMF Digital Mathematics (PreK-12) Curriculum for Tier I, II and III  
**Receipt Date/Time:** April 29, 2021; 2:00 p.m.  
**Subject:** Numbered Tabs

Ladies/Gentlemen,  
Please make the following corrections, deletions and/or additions to the above referenced RFP:

**Sec.VIII.B. Items 6-14 Tabs are misnumbered. Corrected Tab numbers are as follows:**

Item 6. Tab 5  
Item 7. Tab 6  
Item 8. Tab 7  
Item 9. Tab 8  
Item 10. Tab 9  
Item 11. Tab 10  
Item 12. Tab 11  
Item 13. Tab 12  
Item 14. Tab 13

All other specifications and General Terms and Conditions shall remain the same.

Offerors must take due notice and be governed accordingly. Acknowledgement of the receipt of this addendum shall be made in your proposal.

Failure to acknowledge this addendum may result in your proposal being declared non-responsive.

Sincerely,  
Eileen M. Falcone  
Assistant Division Director  
Fal51@henrico.us

**ACKNOWLEDGEMENT:**

Signature: Kari Applegate  
Print Name: Kari Applegate  
Company: MIND Research Institute  
Date: April 24, 2021



COMMONWEALTH OF VIRGINIA  
**County of Henrico**

DEPARTMENT OF FINANCE  
Oscar Knott, CPP, CPPO, VCO  
Purchasing Director

**Addendum No. 2**

**Date:** April 16, 2021  
**Request for Proposal:** #21-2142-3EMF Digital Mathematics (PreK-12) Curriculum for Tier I, II and III  
**Receipt Date/Time:** April 29, 2021; 2:00 p.m.  
**Subject:** Numbered Tabs

Ladies/Gentlemen,  
Please make the following corrections, deletions and/or additions to the above referenced RFP:

**Sec.VIII.B. Item 4 - Tab 3 Offeror Qualifications, Exception, Resumes and Financial Capacity.**

**Change to read. Offeror Qualifications, Experience, Resumes and Financial Capacity**


All other specifications and General Terms and Conditions shall remain the same.

Offerors must take due notice and be governed accordingly. Acknowledgement of the receipt of this addendum shall be made in your proposal.

Failure to acknowledge this addendum may result in your proposal being declared non-responsive.

Sincerely,  
Eileen M. Falcone  
Assistant Division Director  
Fal51@henrico.us

**ACKNOWLEDGEMENT:**

Signature:   
Print Name: Kari Applegate  
Company: MIND Research Institute  
Date: April 26, 2021



## **Tab 2 - Statement of the Scope**

ST Math was designed as a core curriculum supplement and meets Virginia Standards of Learning (SOL) for Mathematics and Virginia Department of Education 2016 Standards in both content and intent, ensuring that all students have access to powerful learning opportunities organized for focus, coherence and rigor. Our design process embeds not only the content standards, but also the standards for mathematical practice throughout the curriculum.

ST Math adheres to the criteria for materials and tools aligned to the standards identified in the K-8 Publishers' Criteria for the Common Core State Standards for Mathematics. Focus, coherence and rigor are evident throughout the program.

ST Math engages all students in the strategic and creative thinking that guides the new Virginia Standards of Learning in Mathematics. Through visual and kinesthetic online manipulative puzzles, organized into mastery-based objectives, ST Math provides multiple rich, interactive representations for teachers and students to experience all of the major areas of emphasis covered by the Virginia SOLs.

In each grade level, approximately three-quarters of the content and time spent is on the major work of the grade level. The progression documents informed content development and articulation among grade level syllabi assuring coherence within and across grades. The intentional progressions found in ST Math build and deepen conceptual understanding balanced with fluency of procedures and skills.

ST Math also integrates the Standards for Mathematical Practice into the content, enabling students to develop long-term problem-solving skills and a deep conceptual understanding of mathematics with strong connections between concepts and across grades. Unlike any other instructional software, ST Math engages students in learning through problem solving. Students are challenged with 50 or more complex problems during a single session, building mastery through the development of strategic thinking, conceptual understanding, perseverance and practice.

ST Math content objectives are designed around learning paths that begin with basic concepts but end in rigorous applications where students use abstract, quantitative, and creative reasoning to solve non-routine problems. Students gain direct access to SOL content and practice standards when they use ST Math.

All ST Math programs provide instructional approaches based upon equity – all students, regardless of their diverse backgrounds or challenges, are provided with access and opportunity to learn.



MIND Research Institute's ST Math instructional software and accompanying professional development have been created with the objective to help all students increase math proficiency regardless of their background or previously determined ability. The visual, conceptual problem solving approach found within the ST Math content has been proven, through ongoing data analysis, to aid in the increase of performance for all students, including ELL, Special Education, and Gifted and Talented.

Transforming student outcomes will require more than digitized conventional approaches (i.e., problem sets, lectures, or textbooks). MIND Research Institute's Spatial Temporal (ST) approach goes beyond conventional examples, memorization, and practice, turning math into an interactive visualization with many clear advantages for both the student and teacher. MIND's early research showed that students have a universal, trainable, and largely untapped ability to do visual reasoning. So, MIND's ST Math program harnesses students' visual reasoning capabilities through presenting math concepts and procedures to students visually as interactive puzzles, initially avoiding abstractions like math symbols and math vocabulary words.

ST Math's visual approach has many advantages that support intervention including:

- **Simplicity:** mathematical problem situations are presented through a visual model that focuses on the mathematics. The real-time informative feedback provides a visual proof of student strategies that allow them to understand the mathematics without symbolic notation. The use of a visual model allows students regardless of whether or not they are working on grade level to access the same challenging material as their classmates.
- **Encourages Conceptual Learning:** The use of a visual model along with the real-time informative feedback given the puzzles require the student to use their reasoning skills. This helps them move beyond rote use of abstract procedures to solving problems with conceptual understanding. This helps all students make meaning of the mathematics they are learning. In addition, ST Math has optional objectives that can be assigned to support students with intervention around below grade level content.
- **Multiple Representations:** mathematics can be represented visually using a variety of different models. ST Math presents concepts in multiple ways to build student understanding. For example, fractions can be represented in an area model or on a number line. The use of a visual model helps support student understanding of the complexity of mathematical concepts. In keeping with the fractions example, the visual model can help show fractions as a unit of measure, a number on a number





line, part of a set, as quotients, as operators, and as a ratio. The use of multiple representations enhances the depth of understanding for concepts and make big ideas accessible to students.

- **Real-time Informative Feedback:** the visuals are dynamic and interactive. They animate to show “how” the math works, e.g. a place value animation showing 1 in the 10’s place dividing into 10 1’s. This visual animation is used to maximize feedback to students. When they pose a solution, the software animates the solution visually, informing *why* it was right, or why it was wrong.
- **English Learners:** because the vocabulary of mathematics is, at first, intentionally avoided, there is no language proficiency, or even English language knowledge at all, required for a student to productively engage with the program and start understanding and solving math problems.

All students use the on-screen visuals in the ST Math game to solve complex math problems. On occasion, some students might need materials outside the games to enhance their learning. By having access to certain manipulatives (base ten blocks, counters, number lines, grid paper, note pad, etc.) students can choose the tools they need to support their visualization process.

ST Math is not only providing students the basis of a strong math foundation and deep conceptual understanding, but it is also facilitating the non-cognitive skills necessary for their success in the 21<sup>st</sup> century workforce. Recent surveys indicate that today’s employers are looking for candidates that have the ability to problem-solve, work collaboratively, and develop creative solutions. ST Math actively engages youth in math and helps students discover the importance of teamwork, creative problem-solving, the joy of perseverance, and the success of productive struggle. Through a ‘learning by doing’ rather than ‘teaching by telling approach,’ ST Math is preparing students for today’s technological society, including key industries of agriculture, advanced manufacturing, information technology, and health.

MIND’s uniquely visual and proven ST Math education program is able to relate students’ learning to the world of work by:

- Advancing a new generation of 21st century critical thinkers and creative problem solvers;
- Strengthening the path for youth towards STEM careers for a better and diversified workforce;
- Promoting cultural change to shift perceptions around math from being scary and frustrating to exciting and essential;



- Improving math performances and experiences for today's students and tomorrow's employees;
- Reinforcing the importance of math skills by making connections to the real-world; and
- Empowering students to become future innovators, addressing key issues facing our society.

There are two basic ways that students receive content in ST Math, via the individualized learning paths created by students' interactions during gameplay, and through teachers' ability to assign and reorder content in real-time.

### **Individualized Learning Paths ("Journey"):**

- Games are comprised of multiple levels of scaffolded difficulty.
- "Puzzle Factories" randomly generate puzzles within specific parameters at each level, so students receive additional content through multiple plays on a single level.
- Students only advance to the next level when they demonstrate mastery with the previous level.
- Every student takes their own path through the curriculum, and students receive varying amounts of interactive content at each level of every game.
- Students who finish their Journey before the end of the school year will reach Bonus Objectives which provide additional problem solving and Spatial Temporal Reasoning development.

### **Teacher Assigned Content ("Assignments"):**

- Teachers can reorder content for a class or a sub-group at any time and changes are pushed out to students immediately.
- Teachers can use information in the Standards Report, Student Detail Report, and/or Progress Report to inform grouping of students and modify their curriculum sequences as needed.
- Content assigned via the Assignments feature in ST Math can be from any grade level.

### **Foundational / Below Grade Level Content:**

- ST Math Grade Levels contain Optional Objectives, which are groups of games which teach a particular content area. The Objectives contain both on grade level and foundational skills and concepts that students need to build robust, interconnected frameworks of mathematical knowledge.
- Entire foundational (as well as beyond grade level) Objectives are available for teachers to assign from the using the "Assignments" feature at each grade level.
- For students that need access to entire previous grade levels of content, they can be assigned separately to a curriculum based on lower grade level standards.





### Approach & Instructional Design

ST Math provides an effective, research-based approach for both prevention (Tier 1) and intervention (Tiers 2 and 3). Blending individualized, 1:1 student learning in the uniquely accessible digital content with conventional teacher-facilitated classroom instruction, ST Math engages students at any level of math or language proficiency into a progression of math understanding.

All students use the on-screen visuals in ST Math to solve complex math problems. On occasion, some students might need materials outside the games to enhance their learning. By having access to certain manipulatives (base ten blocks, counters, number lines, grid paper, note pads, etc.) students can choose the tools they need to support their visualization process.

For students who do not use ST Math in Tier 1, the program can be introduced at Tier 2 and is especially effective in unlocking unrealized learning potential. In addition to helping general students who are not performing at their academic potential, the program supports students who have difficulty with language, or who have mild autism, dyslexia or other special needs.

As a neuroscience organization, we are research-driven and focused on designing educational experiences for students that meet their individual needs. The ST Math program itself is intentionally designed based on the neuroscience of how students learn. There are five basic components that are part of the intentional design of the ST Math program that directly speaks to the opportunities for self-directed learning.

The first component is the visual learning design of the program. As students engage in ST Math they are learning through various visual models. The use of a visual model allows all students to have access to mathematics in the puzzles. This idea is continued in the digital and printable resources that accompany the program. Game mats (printed visual of the puzzle for students to create models) and various graphic organizers help support students in thinking about their thinking around the mathematics in the puzzle. These resources allow them to monitor their mistakes, make corrections, and identify strategies that work.

The second component is the real-time informative feedback that is built into the game design. Each choice a student makes has a specific piece of feedback that has been coded into the program. This means that when they try a strategy the feedback they receive is specifically related to the strategy that they used. This feedback provides them with additional information showing them why their solution was correct or incorrect. Students can use this feedback to make adjustments in the way they are thinking about the puzzle and try again. It teaches them that mistakes are learning opportunities. This is a lesson that will help them beyond their work in the ST Math program. This idea is again prevalent in



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the digital and printable resources available for students and teachers. The materials include journals and graphic organizers with reflective questions that encourage students to think about what they learned from the feedback and how that information can be used to create a new strategy.

The third and fourth components are conceptual understanding and learning journeys. The visual model helps students understand mathematical ideas, make connections between them, and transfer that learning to other problems. The learning journeys are carefully structured sequences of the math content that move from the visual to the symbolic. Each of these components supports students in becoming self-directed learners. They are able to take the information they are learning, apply it in a way that makes sense, and progressively build their understanding. Again, there are digital and printable resources that students can use to record what they are learning, examine their thinking, and make connections to other concepts.

Finally, the fifth component is intrinsically-motivating problem-solving. As students play the games, they are building perseverance, learning from their mistakes, and experiencing success when solving challenging problems. The design of the ST Math program puts students in the driver's seat of their learning and helps them understand that mathematics is a subject that is accessible to them.

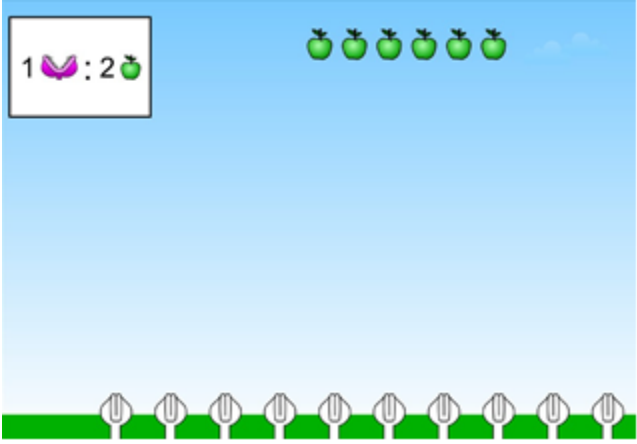
The game arena design of the ST Math games, provides experiences through multiple grade levels with similar visual models. Our mathematicians and game designers created ST Math learning Journeys by mapping the math schemas leading up to the topic. Then, they identified all the places students would use that content knowledge in future levels of mathematics. This learning progression allows us to ensure our games are always mathematically honest. That means we always have the big picture in mind so students don't learn rules that stop working when they reach higher levels of mathematics.

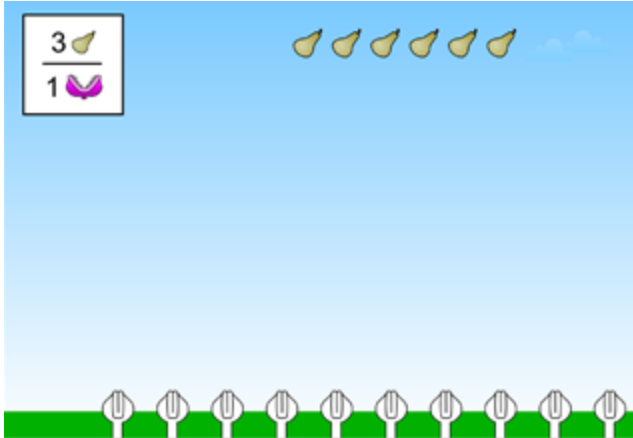
Using similar visual models across the grade levels, builds students' conceptual understanding as they progress from skip counting to repeated addition to multiplication. As students progress, they are using increasingly sophisticated strategies while building their understanding of the concepts. Designing our games this way allows students to connect important concepts that aid in developing computational fluency. Students explore number relationships, build an understanding of the meaning of operations, and apply what they are learning about various math concepts through game play.

In addition, the visual models and real-time informative feedback within the ST Math program help students "see" the mathematics that is occurring. Students build an understanding of the relationship between numbers and operations before the symbolic notation is introduced. Once the symbolic notation is introduced students are able to think

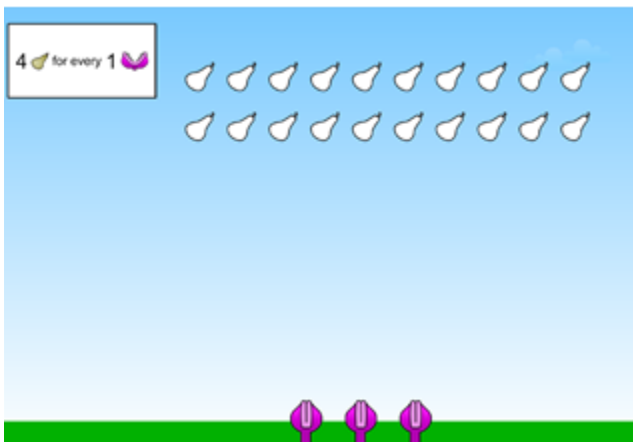
beyond “doing” an operation with numbers, to understanding the mathematics. This builds flexible thinking and efficiency around numbers and further supports the development of computational fluency.

ST Math delivers hundreds of separate interactive simulations, games, animations and visual proofs. Below is an example of how ST Math demonstrates mathematics concepts visually and then moves into symbolic representations of the concept as the student progresses through the program and gains mastery.

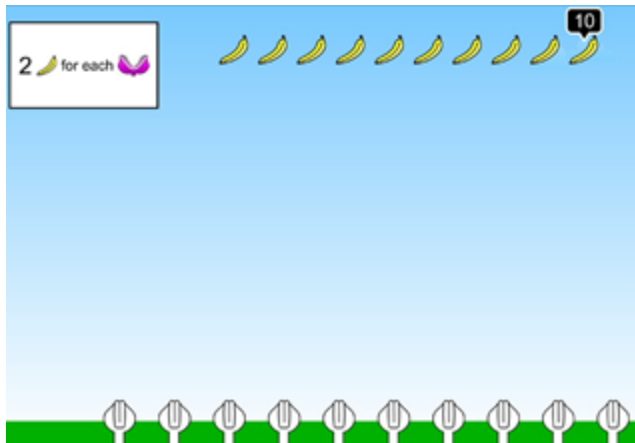
| Game: Hungry Monsters                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>In this unit, students begin with a set of problems like this one. They must determine how many purple monsters will eat the food, given the unit rate (located in the top left corner of the screen). Notice the ratio notation, 1 monster : 2 apples. As always, in ST Math, if a student inputs an incorrect answer, the program will show them the mathematical consequence of their choice, which helps them to adjust their thinking. Please note, this adaptive feedback is impossible to showcase adequately in written explanation. In order to get this problem correct, the student must recognize that 3 monsters will eat 6 apples, if each monster eats 2.</p> |



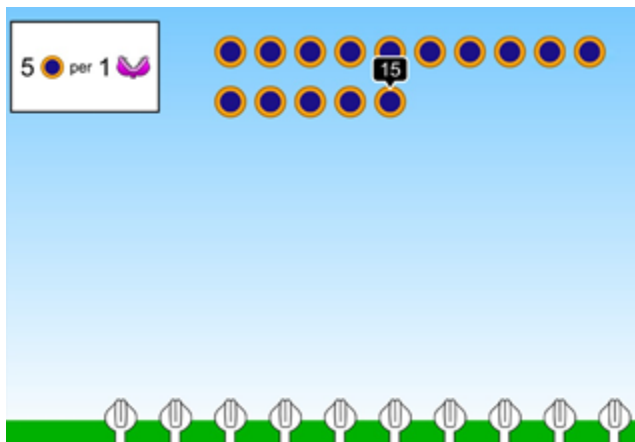
The next set of problems changes the ratio notation (3/1), while keeping the input the same. The student must again figure out how many monsters will eat the food, given the rate. This helps students understand different symbolic ratio notations while further developing conceptual proportional reasoning. It's important to note that at every level of ST Math, students work at their own pace to solve multiple, randomly generated puzzles. In order to move to the next level, students must first show mastery of the content they are on.



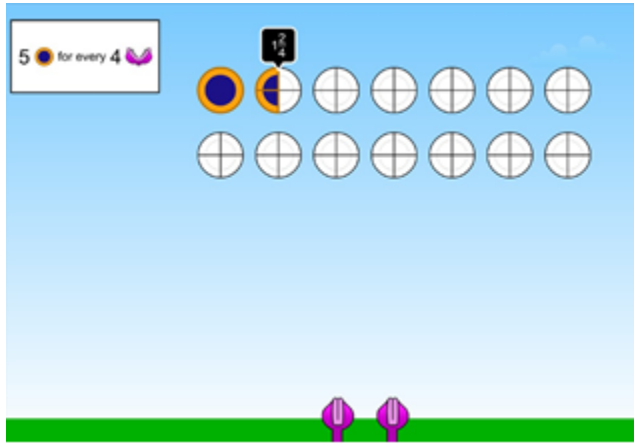
Eventually students will see problems such as this, which introduce the academic language commonly used for rates/ratios. Additionally, notice how the input of the problem has changed. Instead of figuring out how many monsters will eat a certain amount of food, students must determine how much food is needed to feed three monsters. This is a small, yet powerful change that is designed to stretch and grow student thinking.



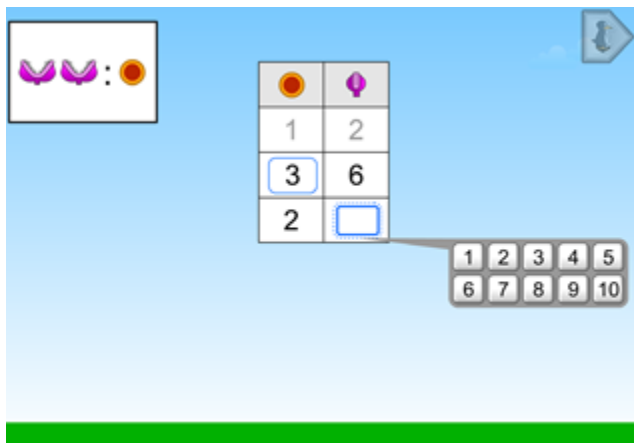
This problem introduces new language and also changes the input. With each randomly generated problem, students must think flexibly and creatively to determine what to do. Since there are no written instructions, they are encouraged to immediately start clicking around and trying things. Students must rely on the immediate feedback to help them figure out what to do.



Here, the unit introduces one more ratio term (per). These problems specifically address statements in the GIMET-QR that explain the importance of students understanding the meaning behind ratio terms such as “for every”, “per”, and “for each” as this is foundational for proportional reasoning in future content. Additionally, notice how the food has changed to circular “pies”, which will eventually be divided into fractional pieces as the problems increase in rigor.



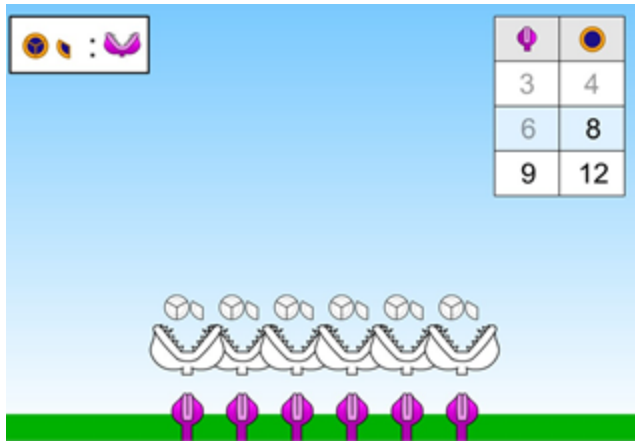
In the next section of this unit, students will see a set of problems like this one, where the ratio is no longer the unit rate and the answer requires dividing the food into equal parts. Note, this problem is particularly abstract and challenging. “If 4 monsters eat 5 pies, how many pies will two monsters eat.” However, the student experience has been well scaffolded to this point to allow all students agency and autonomy over their learning, regardless of English proficiency. Students will spend ample time interacting with problems like this before the program moves on to making new connections in the next section.



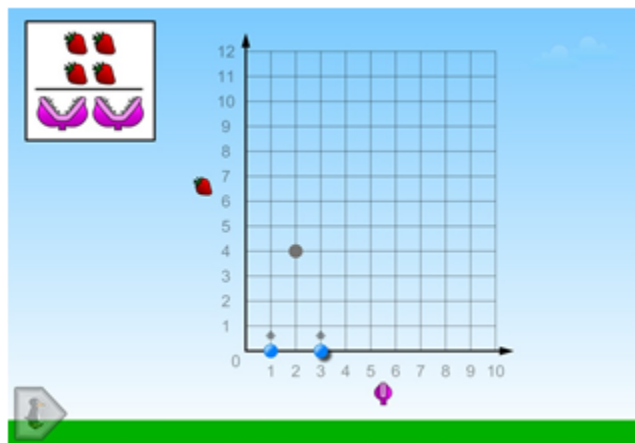
Now students will apply their conceptual understanding of rates and proportions to representing them with tables. In this example, the student must fill in two missing quantities in the table. The first unknown is the number of pies that 6 monsters will eat. The second unknown is the number of monsters that will eat 2 pies.



|  |                                                                                                                                                                                                                                                                 |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>The subsequent snapshots show the animated feedback that will prove the student correct with the given inputs.</p>                                                                                                                                           |
|  | <p>This feedback trains the student to conceptually process abstract proportional concepts. Students see exactly how each value in the table relates to the underlying unit rate and thus the value of using tables to organize proportional relationships.</p> |
|  | <p>The next set of problems will contain more unknowns within the table and more complex ratios.</p>                                                                                                                                                            |

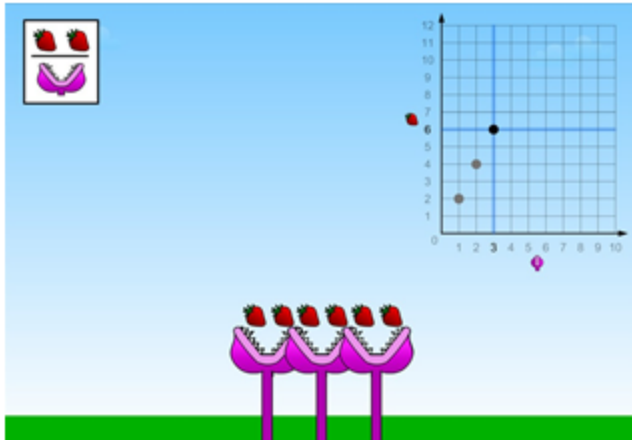


After each input, the students see how the unit rate is used to calculate all values in the table. In this snapshot, we see how 6 monsters get equal shares of 8 pies. Note the vast number of mathematical connections the student is able to make through these interactive, visual problems.

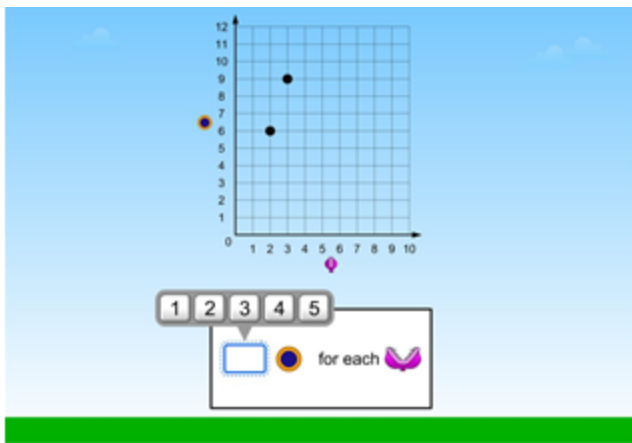


Once students have had ample practice working with rates and tables, they will learn how this same concept extends to notation with ordered pairs on a coordinate plane. In this problem the student must click and drag the blue dots to the correct location on the graph, given the rate in the top left. These activities directly support suggestions from the GIMET-QR that state students should find missing values in tables, and plot pairs of values on coordinate planes

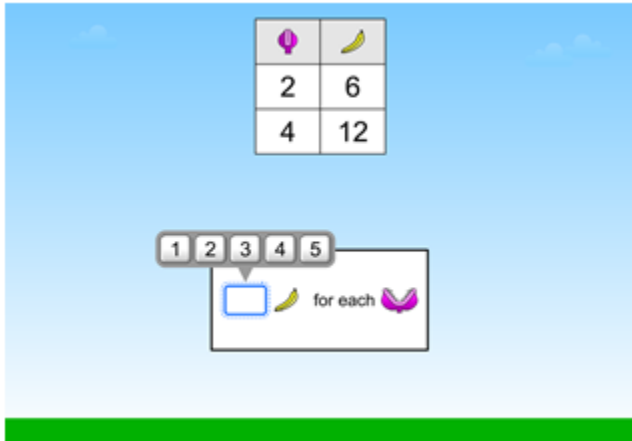




This snapshot shows the animated feedback for the problem above that proves 3 monsters eat 6 strawberries if the unit rate is 2 per monster. Again, the program points to the conceptual foundation of proportional reasoning and linear functions.



At the end of this problem sequence, students must generate a rule, given specific points on a coordinate plane. Note how the intentional learning Journey up to this point has equipped the student to solve this problem without memorizing any algorithm or formula. Instead the student has the conceptual understanding necessary to find the answer. All students, regardless of English proficiency, can access this rigorous task and the possibilities of how they might problem solve are endless.



Finally, students will find rates given a set of values in a table.



### **Tab 3 - Offeror Qualifications, Exceptions, Resumes and Financial Capacity**

MIND Research Institute is a nonprofit, social impact organization. Our mission is to ensure all students are mathematically equipped to solve the world's most challenging problems. We are dedicated to transforming math education so that learners of all backgrounds and abilities are empowered to deeply understand math.

MIND was founded in 1998 by three University of California researchers united behind a simple yet innovative idea: teaching math the way children learn - visually and experientially. These researchers came together to apply neuroscience findings indicating that children interacting with software games using visual, language-independent animation to learn math concepts showed significant improvement in their ability to conduct spatial-temporal reasoning, or the ability to manipulate objects in space and time. This ability to hold visual representations in the mind and predict their evolution lies at the core of innovative thinking and sophisticated problem solving. These results prompted the scientists to found MIND Research, a social benefit organization, and further develop the visual learning-based Spatial-Temporal (ST) Math® software for use in K-12 schools. Using interactive visual representations of mathematical concepts, ST Math improves spatial-temporal reasoning and math proficiency.

Our first randomized pilot study of the visually-based ST Math in a South Central Los Angeles elementary school confirmed the significant impact of the software on student math proficiency. Participating students scored in the 65th percentile on the Stanford 9 Math Test (used in California prior to the California Standards Test). Non-participants at the same school scored in the 36th percentile. The impact of the ST Math curricula from kindergarten through fifth grade on student math achievement has been proven in numerous analyses over the years. Schools using ST Math consistently experience double to almost triple the growth in percentage of students testing proficient or better on state standardized math tests, when compared to similar schools not using the program.

MIND Research's visual approach to teaching math has proven successful for a diverse range of students from many cultural and socioeconomic backgrounds and is particularly ideal for English Language Learners and students with learning disabilities.

In the words of the late Dr. Gordon Shaw, MIND Research Institute co-founder and seminal researcher of spatial-temporal reasoning, "All kids are smarter than we think. We just need to give them the opportunity to develop their abilities." MIND remains committed to creating this reality. To that end, our work is guided by the following values:



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- Developing problem-solving skills that include multi-step reasoning, creativity, persistence and real-world applications of those skills.
- Encouraging a life-long love of learning through hands-on experiences that build deep conceptual understanding.
- Fostering and growing talented, diverse people who can collaborate to solve the world's toughest problems.

In 2013, the CEO-led Business Roundtable (BRT) recognized ST Math for having “strong potential for helping prepare more U.S. K-12 students for college and the workforce.” ST Math was the only one of the five programs chosen focusing solely on mathematics. A complementary but separate initiative conducted by Change the Equation (CTEq) identified ST Math as one of four programs that met their standard of high-quality, immediately scalable programs. ST Math is the only program on both the BRT and CTEq’s short lists of recognized programs. Additionally, in early 2014, MIND Research was named a partner organization for the national multi-sector network, 100Kin10.

In 2014, MIND Research launched the MathMINDs Initiative to bring math to life through family-friendly events, applied learning opportunities, student-centered activities and community events. engagement events.

MIND Research Institute has an operational model designed to obtain effective student outcomes at scale. MIND currently has over 150 employees, including outside (local) support personnel who serve their local districts and schools. MIND Research’s patented (<https://www.mindresearch.org/patents>) programs currently reach more than 1,340,000 students and 74,000 teachers in over 5,500 schools in 50 states. In the past 3 years, MIND has exceeded \$20M in earned income from sales of the ST Math program family (please see three years of audited financial statements in the Appendices section of this response) and accompanying professional development as well as from donations from our social-impact partners.

#### Recent Awards and Recognition

- 2020 SIIA CODiE Finalist
  - Best Game-Based Curriculum Solution
- 2019 SIIA CODiE Winner
  - Best Overall Education Technology Solution
  - Best Mathematics Instructional Solution for Grades PreK-8
- 2018 SIIA CODiE Winner
  - Best Game-Based Curriculum Solution
- The Tech Edvocate Awards 2020 Finalist
  - Best Math App or Tool
- 2020 Inc. Best Workplaces



- Best Workplaces of 2020 (MIND Research Institute)
- The EdTech Cool Tool Awards 2020 & 2019 Finalist
  - Math Solution
  - Games and Learning/Simulation Solution
- The Journal Readers' Choice Awards 2018
  - Best Math Program (Silver)

### Key Personnel

MIND Research Institute has an operational model designed to ensure the necessary resources are available to obtain effective student outcomes at scale for all of MIND's partner schools and districts. MIND currently has over 150 employees, including outside (local) support personnel who serve their local districts and schools.

The creator of ST Math, **Co-Founder, Chief Technology Officer and Senior Scientist, Matthew Peterson**, Ph.D., leads a team in developing math learning environments that initially convey sophisticated concepts visually, rather than verbally, enabling students to gain a deep conceptual understanding of mathematics regardless of language proficiency.

Matthew, who as a child struggled with traditional language-based instruction due to dyslexia, created MIND's ST Math® software to enable students to learn math through his unique non-language-based visual approach. The revolutionary ST Math software has proven to raise students' math scores on standardized tests and currently reaches over half a million students.

Matthew has spoken at numerous national and international math and education conferences, before the National Mathematics Advisory Panel, and recently was featured at TEDx Orange Coast. After completing his undergraduate degrees in biology, electrical engineering and Chinese language and literature from UC Irvine, he went on to obtain his Ph.D. in visual neuroscience from UC Berkeley.

**Brett Woudenberg** joined MIND Research Institute in August 2016 as its **Chief Executive Officer**. He oversees core operations of the organization, including Education Partnerships, Social Impact Development, Outreach and Engagement, Program Implementation, Talent Development, and Finance. Prior to joining MIND Research Institute, Brett served as COO of Sapling Learning and later the STEM Group at Macmillan Learning, a top publisher with products serving secondary and post-secondary education markets. He was also COO at national online learning platform provider Gaggle, and President and CEO at Trailblazer Learning, an online professional development solution for K-12 Schools. Mr. Woudenberg has extensive experience building and executing growth strategies for cloud-based learning environments and digital content projects in the Education Marketplace. Brett holds a Bachelors of Business Administration in Finance from



Grand Valley State University's Seidman School of Business and an MBA from University of Massachusetts at Amherst's Isenberg School of Management.

Reporting to the Chief Executive Officer is the **Vice President of Education Success, Dorene Uhrich**. Dorene joined MIND in 2009 and has worked on many teams across the organization in her time at MIND. As Vice President of Education Success, she oversees the nationwide team that implements, trains and supports educators implementing MIND programs. Her team ensures student success through best practice adoptions that feature innovative professional development for teachers, principals and district leaders. In her career, Dorene has held many different positions in the education industry, including work at Imagine Learning, California State University's Learning Alliance, Westminster School District, and the National Notary Association. She earned her Master of Education in Education and Human Resource Studies with a Specialization in Adult Education and Training from Colorado State University and her Bachelor's and Multiple Subject Teaching Credential at California State University Long Beach. Dorene and her team are passionate about innovating math education and inspiring educators to develop our future generations to love and excel in math.

**Vice President of Content Creation, Nigel Nisbet**, drives content research and development at the MIND Research Institute, creating interactive visual games to teach mathematics, and innovative technology-enhanced ways to support teachers in engaging students to do creative problem solving with rich mathematical tasks. In addition, Nigel speaks regularly on behalf of MIND at educational conferences, symposiums and other mathematical gatherings. As a former LAUSD High School Math Teacher, and Central Math Expert, Nigel has extensive experience designing and implementing conceptual mathematics tasks, and designing, delivering, and managing Professional Development programs at scale.

**Brandon Smith, Product Director, Mathematics**, at MIND, focuses on creating innovative learning solutions that deepen one's understanding of math and that challenge paradigms about "what math is". His work on ST Math spans several years and across all grade offerings; his contributions push the boundaries of visual learning. Using visual models of math, he sequences learning to "tell a story at the most human level - visual". Much of his work focuses on creating neuroscience-based math experiences that have minimal barriers to entry and that also meaningfully engage the user in learning. By leveraging learning-by-doing, he reaches beyond language to get at the heart of math and its principles (CCSMP). He recently spoke at the California Association for Bilingual Education 2017 Annual Conference to a packed, standing-room-only, house about how to get all students engaged in mathematics. Mr. Smith has two master's degrees in mathematics and over 10 years of classroom experience.



**Twana Young, Vice President of Curriculum and Instruction**, leads the overall vision, strategy, and execution for curriculum materials, resources and professional learning across MIND's suite of products. Twana brings over 20 years of experience in education. She is a former Curriculum Director for Columbus City Schools and has worked at the local, state and national level on Common Core State Standards for Mathematics, assessments for the State of Ohio, PARCC assessment leadership group and as well as served on the Math Advisory team for the Council of Great City Schools. She has handled small and large scale implementations. She has trained all over the country and has presented at numerous state and national conferences. Twana holds a Master of Education Administration from Ashland University and a Bachelor of Arts in Elementary Education from Nicholls State University.

Reporting to the Vice President of Education Success is **Brienne Albert**, the **Director of District Success**, whose primary responsibility at MIND is promoting excellence in our ability to drive successful implementations of ST Math. To ensure customer success, her team of Education Success Managers build strong partnerships with district and school leaders and advise them in goal setting and seamlessly integrating ST Math into their culture. By leveraging data, the Education Success Managers guide their districts' implementations to reach their desired goals and improve student outcomes. Brienne has worked at MIND for over nine years with experience as a Senior Curriculum Specialist on the Sales Enablement team, Staff Development Specialist, and Education Success Manager. Prior to MIND, Brienne shared her passion for education with students in the classroom. She has a Bachelor of Science degree in Psychology with a minor in Elementary Education, and Master of Education in Curriculum and Instruction.

The designated **Education Success Manager** for Henrico County Public Schools will be **Teryl Magee**. Teryl will collaborate with district and site administrators to create a customized professional development and support plan to ensure the success of ST Math. While PD is delivered by a Professional Learning Specialist, Teryl will provide the on-going monitoring and support at each Henrico County Public Schools site. Ms. Magee will proactively analyze school data, send timely reports and updates, and meet with administrators to review their goals and implementation.

**Jim Kirchner, Senior Vice President of Education Partnerships**, is responsible for leading a nationwide team of Education Partnerships Managers in expanding the reach of ST Math to school districts across the country. He brings over 20 years of experience in the education technology industry and has been founder and CEO of several companies, as well as Senior Vice President of Sales at Amplify. He holds a Bachelor of Science in Business and Managerial Economics from North Carolina State University and served in the United States Marine Corps.





**Karen Talbert, Regional Vice President, Education Partnerships**, brings over 20 year of experience in the Education industry. She recently joined the MIND team to lead the eastern region of Education Partnerships. Before joining the MIND team, Karen was VP of Sales and Marketing with Altitude Learning focusing on supporting districts that were making the shift to student centered learning. Her background with other education technology companies support the role technology plays in changing math instruction and student success. She is a North Carolina State University graduate and did her graduate work at Duke University.

**Linda Loase, Education Partnership Manager**, brings over 20 years of professional educational experience in providing solutions to help educational partners achieve their goals in a classroom, hybrid or virtual environment. Her experience includes working with VDOE, VASS, VCMS, VASCD, superintendents and division administrators, principals, teachers and parents. Linda has been part of the MIND Research Institute team for over two years. In her role, she proactively shares ST Math information, research and resources with school and division leaders highlighting the advantages of ST Math offering multi-tiered solutions providing equity for all students.

### Experience

Throughout MIND's over 20 years of partnering with districts and schools across the United States, we have enjoyed working to meet and exceed the goals of our customers. Each partnership has its own challenges based on instructional goals, student and teacher population, and size of implementation. In our efforts to overcome challenges, MIND has become a well-rounded organization and trusted advisor for our customers.

Below, please find a description of a few notable partnerships that demonstrate MIND's experience and ability to successfully partner with large school districts to deliver ST Math to students and educators.

**1. District Name:** Fairfax County Public Schools (Fairfax, VA)

**Description of Partnership:** A true study of the relational and partnership aspect that became a successful implementation. In the spring of 2019, contact was made with the math leadership team in Fairfax County. After two months of careful planning and delivering presentations, 6 schools were awarded a district grant to implement ST Math during the fall of 2019. As a result of their success, interest began to grow within the division. In March of 2020, based on the success of the original six schools, one additional school expressed interest in purchasing. Once again partnering with the math leadership team, this school was subsequently set





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up as a pilot site to evaluate the new HTML version of ST Math. Included in the pilot evaluation team, were the school administration, teachers, students, and parents. After a successful pilot and evaluation period, the leadership team approved a district-wide purchase. During the summer of 2020, the math curriculum team enhanced the partnership by embedding ST Math's objectives into the Fairfax curriculum which helped support the classroom instruction.

For the 2020/2021 school year, Fairfax County Public Schools utilized ST Math at all Elementary School sites to ensure their students (who were learning entirely via virtual instruction) received a mathematics curriculum that would address the needs of all of their students. Fairfax County Public Schools decided to implement ST Math in 166 schools, including all of their elementary schools and middle schools and Algebra Readiness in the high schools. The ongoing partnership includes bi-monthly meetings between ST Math and the Fairfax Math Leadership Team to evaluate the progress, address any concerns and discuss future improvements. In conclusion, if not for the careful development of a professional relationship with the Fairfax Leadership Team, and expansion through crafted partnerships, the successful implementation of ST Math in Fairfax County, Virginia would not be possible.

- 2. District Name:** Long Beach Unified School District (Long Beach, CA)  
**Description of Partnership:** MIND Research Institute and Long Beach Unified School District (Long Beach, CA) have enjoyed a strong partnership since 2007. Throughout our over decade long relationship, MIND has worked with district- and school-level leadership to ensure successful implementation of ST Math across 59 school sites. The MIND team meets regularly with district administrators and has worked to integrate ST Math into the core instruction pacing guide, provide in-depth reporting to demonstrate efficacy and collaborate to resolve any challenges that have arisen over the course of our partnership.

Over 35,000 students in Long Beach USD are currently using ST Math.

- 3. District Name:** San Diego Unified School District  
**Description of Partnership:** The partnership between San Diego Unified School District (San Diego, CA) and MIND Research Institute began over a decade ago when



various schools within the district chose ST Math as their solution to increase math achievement. Over the years more school administrators made the decision to bring ST Math to their students, increasing the positive results and awareness of MIND's conceptual approach to math education. In 2016, district leaders partnered with MIND to bring ST Math to all elementary students across the district. After the success of the elementary implementation, the district chose to bring ST Math to all 27 middle school sites.

Throughout this partnership, MIND Research Institute has collaborated with district and school leaders to ensure all teachers and administrators are equipped to effectively leverage ST Math to increase math understanding with their students. Aly Martinez, Instructional Coordinator of TK-12 Mathematics, shares that "ST Math is THE ideal, high quality supplemental math program for our San Diego Unified students as it celebrates learners as mathematicians and centers mathematical learning on developing conceptual understanding. We appreciate the opportunity ST Math offers to create personalized pathways for each learner, especially because we've been able to customize learning paths around the essential mathematics our district has prioritized."

There are currently over 73,000 San Diego Unified students actively using ST Math.

#### **4. District Name:** Northside Independent School District

**Description of Partnership:** Northside Independent School District, the largest school district in San Antonio and the fourth largest school district in the state of Texas, began their implementation with all 80 elementary school sites in Fall 2019. Prior to implementation, MIND Research Institute met with district leadership to develop an onboarding and overall implementation plan for the district. The MIND team successfully planned and delivered training to all Northside Elementary trainers prior to loading students on to the program, sometimes training over 100 teachers in a single day.

"ST Math offers students an engaging and innovative way of learning mathematical concepts," said Patti Sanchez, Executive Director of Elementary Instruction at Northside. "This program was selected by a diverse group of educators who know and value the needs of all K-5 students in Northside ISD. Building a solid foundation



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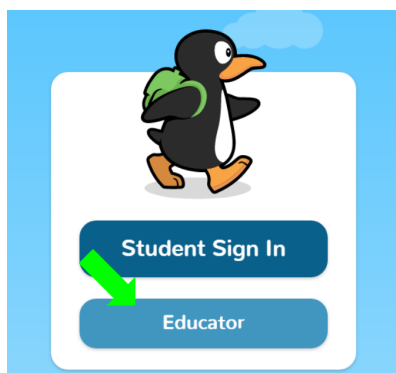
in the primary grades is critical and the scaffolding offered in ST Math will help set up students for success.”

Northside ISD currently has over 45,000 students using ST Math.

## Tab 4 - Service Approach and Implementation

### A. A sandbox environment for any digital proposed solutions for the committee to use for evaluation.

To access the Sandbox/demo account, please enter [play.stmath.com](http://play.stmath.com) into your web browser. Once you arrive at the entry screen, please choose “Educator” to begin the login process.



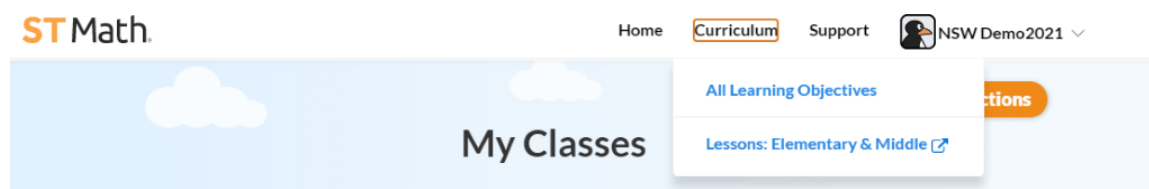
When at the **Educator Sign-In** page, please enter the credentials shown below:

**Username:** [henricostm@gmail.com](mailto:henricostm@gmail.com)

**Password:** Mathisfun

*\*Please note, the password is case sensitive*

To begin your evaluation of the content within ST Math, please hover over the **Curriculum** section at the top of your screen. From here, you can select **All Learning Objectives** to view and review all of our learning objectives for all grade levels or **Lessons: Elementary & Middle** to review our Math Chats feature. Note, we recommend you start with **All Learning Objectives** prior to reviewing the Math Chats content:

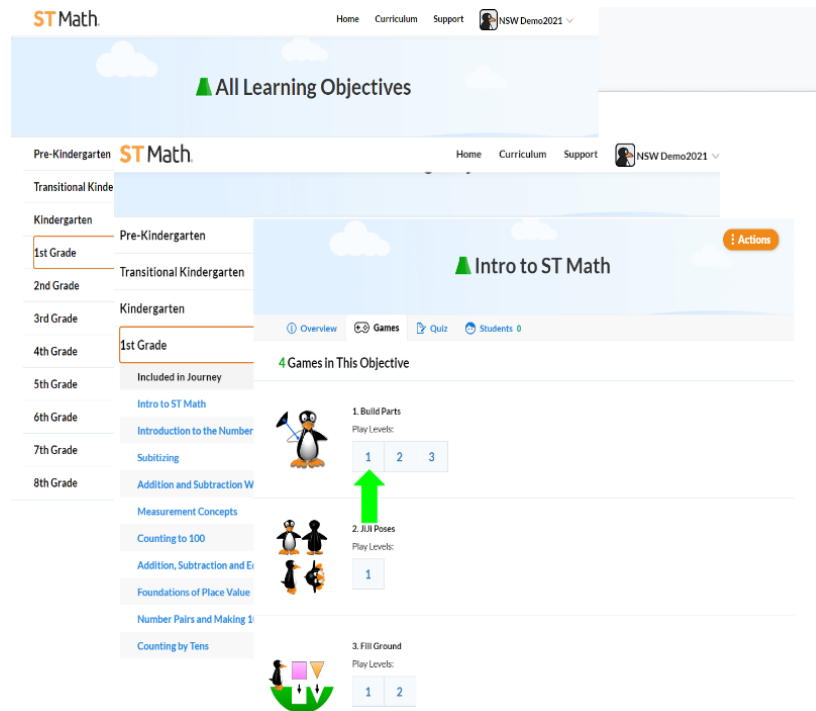


Once in the **All Learning Objectives** screen, you can select the grade level you would like to review. By clicking on the grade level, you will see each objective that is included within that particular grade level journey. Select the objective to open up additional details about the content of that Objective. The Objective screen will provide an overview, all of the



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games within the objective, and a quiz. To play the games within the objective, simply select the level to play.



## B. A projected schedule for performing key phases of the project, including estimated time frame

Below, please find a schedule of events that are required for implementation of the ST Math program(s). The schedule of activities begins upon receipt and entry of the Purchase Order at MIND Research Institute's main office and is approximated at 11 business/working days.

| Action                                              | Description                                                                                                                                                                      | Day<br>(Business Days) |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Activation of School in ST Math & Staff Assignments | School account is created in ST Math and the internal ID (IID) is created. An Implementation Project Manager and dedicated Education Success Manager are assigned to the school. | 1                      |



|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |      |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| Welcome Email Sent to School           | Education Success Manager or Education Partnership Manager will send a "Welcome to ST Math" email to the new Partner School. This email will contain information regarding the upcoming process of creating a successful implementation and support plan.                                                                                                                                                                                                                  | 2    |
| Success Planning Meeting Coordination  | The Education Success Manager will coordinate with the designated school official to schedule a Success Planning Meeting and respond to any questions or concerns from the school site.                                                                                                                                                                                                                                                                                    | 3-4  |
| Success Planning Meeting               | The Education Success Manager, joined by the Education Partnership Manager, conduct the Success Planning Meeting. Listening to the needs of the school, the Manager will advise on an appropriate professional learning plan and implementation model as well as best practices to ensure a successful implementation of ST Math. Rostering methods will be reviewed and where necessary, connections will be made to MIND's rostering team and the site's/district's DBA. | 5    |
| Professional Learning Planning Meeting | Education Success Manager will propose and coordinate details in the professional learning plan. A Professional Learning Specialist will be secured to deliver the professional learning.                                                                                                                                                                                                                                                                                  | 6-10 |
| Delivery of Initial Training           | A Professional Learning Specialist will deliver the initial training to the school on the date that has been decided upon.                                                                                                                                                                                                                                                                                                                                                 | 11+  |



|                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                         |                        |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Implementation and Continued Support/Monitoring by Education Success Manager | Implementation of the ST Math program at the school site begins after completion of the initial Introduction to ST Math training. Throughout the course of the licensed year, the Education Success Manager will monitor and support the Partner Site. Additionally, the Education Success Manager will meet with district leaders on a quarterly basis to review goals, usage, and implementation across the district. | Training Date & Beyond |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|

**C. Any agreements to which HCPS may be required to agree to as part of the contract should your firm be awarded the contract.**

MIND Research Institute's Terms of Use are posted to our main website and can be found at [www.stmath.com/terms](http://www.stmath.com/terms) . These Terms of User are the rules that govern the use of websites operated by MIND Research Institute, including ST Math. By using ST Math, you agree to the terms found within. Should Henrico County Public Schools wish to amend the terms of our posted Terms of Use, MIND will work with the district to negotiate appropriate terms.

**D. Any terms and conditions the "end user" is required to accept**

MIND Research Institute's Terms of Use are posted to our main website and can be found at [www.stmath.com/terms](http://www.stmath.com/terms) . These Terms of User are the rules that govern the use of websites operated by MIND Research Institute, including ST Math. By using ST Math, you agree to the terms found within. Should Henrico County Public Schools wish to amend the terms of our posted Terms of Use, MIND will work with the district to negotiate appropriate terms.

**E. Discuss how parental consent is handled, if required**

MIND Research Institute does not collect parent information. Local Education Agencies (LEA) are responsible for gaining parental consent of ST Math in a method consistent with the LEA's policy on software utilized by it's students.

**F. A detailed timeline for implementation of the proposed solution indicating resources (responsible party) and completion dates.**

Below, please find a schedule of events that are required for implementation of the ST Math program(s). The schedule of activities begins upon receipt and entry of the



Purchase Order at MIND Research Institute's main office and is approximated at 11 business/working days.

| Action                                              | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Day<br>(Business Days) |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Activation of School in ST Math & Staff Assignments | School account is created in ST Math and the internal ID (IID) is created. An Implementation Project Manager and dedicated Education Success Manager are assigned to the school.                                                                                                                                                                                                                                                                                           | 1                      |
| Welcome Email Sent to School                        | Education Success Manager or Education Partnership Manager will send a "Welcome to ST Math" email to the new Partner School. This email will contain information regarding the upcoming process of creating a successful implementation and support plan.                                                                                                                                                                                                                  | 2                      |
| Success Planning Meeting Coordination               | The Education Success Manager will coordinate with the designated school official to schedule a Success Planning Meeting and respond to any questions or concerns from the school site.                                                                                                                                                                                                                                                                                    | 3-4                    |
| Success Planning Meeting                            | The Education Success Manager, joined by the Education Partnership Manager, conduct the Success Planning Meeting. Listening to the needs of the school, the Manager will advise on an appropriate professional learning plan and implementation model as well as best practices to ensure a successful implementation of ST Math. Rostering methods will be reviewed and where necessary, connections will be made to MIND's rostering team and the site's/district's DBA. | 5                      |
| Professional Learning Planning Meeting              | Education Success Manager will propose and coordinate details in the professional learning plan. A Professional Learning Specialist will be secured to deliver the professional learning.                                                                                                                                                                                                                                                                                  | 6-10                   |





|                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                         |                        |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Delivery of Initial Training                                                 | A Professional Learning Specialist will deliver the initial training to the school on the date that has been decided upon.                                                                                                                                                                                                                                                                                              | 11+                    |
| Implementation and Continued Support/Monitoring by Education Success Manager | Implementation of the ST Math program at the school site begins after completion of the initial Introduction to ST Math training. Throughout the course of the licensed year, the Education Success Manager will monitor and support the Partner Site. Additionally, the Education Success Manager will meet with district leaders on a quarterly basis to review goals, usage, and implementation across the district. | Training Date & Beyond |



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## Tab 5 - Training and Professional Development

MIND Research Institute is dedicated to providing school and district leadership and teachers with the tools, knowledge and information needed to maximize their success with ST Math. Educators, Site and District Administrators, as well as Instructional Division Personnel and Technology Integrators receive initial training, the *Play, Learn, Teach, Grow with ST Math* workshop, to get up and running on the software and to learn the best practices of implementation (included in the purchase price of a ST Math Site Subscription License). This 2-hour workshop is followed up with a 1-hour Q & A

During the introductory workshop, participants will:

- Explore how students learn in ST Math
- Learn to support and leverage the Learning Cycle
- Create a plan to introduce, implement and teach ST with ST Math
- Learn to monitor usage, set goals, and grow with ST Math.

The goal of the follow-up Q & A session is to ensure the learning outcomes of the introductory workshop were met and each educator has had a successful launch. It is designed with the learners in mind, and topics are determined by the annual workshop post-event survey, follow-up questions, and administrator feedback.

An additional post-training debrief with instructional leaders will be scheduled for approximately 4-6 weeks after implementation has begun.

In addition to the training each school will receive, each site is also assigned a dedicated Education Success Manager. The role of the Education Success Managers at MIND Research Institute is to provide just-in-time assistance to their assigned partner schools in support of the successful implementation of ST Math Programs. Access to the Education Success Manager is available to teachers implementing the ST Math Programs, building level supervisors who oversee implementations, and district-level administrators who are invested in the program's success.

Teachers and staff who wish to continue learning about ST Math outside of the initial training session can access the embedded resources, ST Math Academy and ST Math Help. ST Math Academy provides professional learning to deepen application of ST Math, and an opportunity to engage in a community of learning around MIND's unique approach to mathematics education. ST Math Help is a robust library of just-in-time resources including the following: scope and sequence, video tutorials, FAQs, and printable student resources to extend learning.



Your dedicated Education Success Manager will work with administrator partners to develop a flexible plan for Professional Learning that meets the school/district's needs. We have the capability to deliver our introduction to ST Math workshop as well as our continued professional learning offerings via the following delivery methods:

- On-Demand/Distance Learning – a series of asynchronous courses that teachers and administrators may complete independently at a time and location of their choice
- Webinars – virtual, instructor-led, synchronous workshops delivered via WebEx that may be scheduled at times convenient to individual school/district needs
- In-Person Training – face-to-face onsite delivery of our introductory and continued *ST Math Workshop* titles.
  - *Please note, this delivery option is currently unavailable due to recommendations from health officials. MIND will resume offering in-person professional learning when it is safe to do so.*

Teachers implementing ST Math receive access to ST Math Academy's on-demand learning modules are available to all licensed educators, regardless of any additional professional learning options that have been agreed upon.

Ongoing professional learning workshops are also available and designed to deepen teachers' pedagogical content knowledge for teaching math through the use of ST Math. Each school site receives ongoing technical and curricular assistance from an assigned MIND Education Success Manager and educators have access to Technical Support through the ST Math Help site and Customer Support. All new ST Math partner sites receive initial training and professional learning via instructor-led webinars, asynchronous on-demand courses, onsite instructor-led workshops, or a combination of the aforementioned.

ST Math School Level Reports give the principal and complex area resource team the necessary tools to work with teachers to analyze their class and individual student data in order to identify areas of growth and target student needs.

Should there be a desire for additional professional learning opportunities beyond what is included in the ST Math Site Subscription license, the district or individual schools may purchase extra training for the fees outlined below:



## Tab 6 - Technical Requirements

### **A. Evidence of ability to accommodate concurrent users based on data collected from a similar environment**

There are currently over 1.3 million individual students as well as over 74,000 teachers across 5,500 schools in the United States using ST Math. To ensure MIND Research Institute's systems are able to handle large number of users using the ST Math program concurrently, we have built our server architecture to scale using Amazon Web Services (AWS).

### **B. How accounts are maintained in the system and how automated provisioning of users and accounts is supported**

Teacher and student accounts may be created and maintained in ST Math via either a rostering system (I.e. Clever or Classlink) or through CSV roster upload.

### **C. Describe the data exchange process in detail**

ST Math User Accounts for students, teachers and administrators can be created through our automated account provisioning system or through our simple startup process. The automated account provisioning process can be setup to provision accounts for students, teachers and administrators on a predetermined frequency (e.g. nightly) using data from the Student Information System (SIS) or may be synced via Clever Secure Sync. ST Math supports mobility of student accounts within a district during the school year. If the district or school is automatically provisioning accounts from the SIS system, the student's account and data will be automatically modified as they transfer within the SIS system between schools and/or classes due to entrance or exit. MIND also offers tools within the application to quickly add, modify and delete student accounts manually.

### **D. Describe any limitations the proposed solution may have such as number of teachers for a class and the number of schools associated with teachers and students**

Currently, ST Math allows for one (1) teacher to be assigned to each individual classroom. However, students are able to be listed in more than one (1) classroom if a co-teacher is listed and provided for rostering purposes. Additionally, staff (teachers, administrators, district staff) may be listed at multiple school sites within a district, however they must remain within that particular district.



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**E. Provide per user bandwidth requirements for the proposed solution**

All campuses implementing ST Math are required to have a high-speed internet connection for each device running the program. The average bandwidth per student/device is 512kbps.

**F. Provide the average bandwidth per student required**

The average bandwidth per student/device is 512kbps.

**G. Provide a detailed description of the implementation and support the solution has for LTI version 1.1 or higher certified as a toll Provider (TP) with our LMS Solution (Schoology)**

ST Math supports integration with Schoology to enable students to login to ST math via single-sign-on from Schoology.



## Tab 7 - Infrastructure and System Administration

- A. Provide details of the hosting environment including hosting provider, service level agreements between the Offeror and the hosting provider and the length of the relationship between the hosting provider.**

ST Math is hosted on Amazon Web Services (AWS) servers. MIND Research Institute has hosted ST Math on AWS for five (5) years and the AWS SLA may be found at <https://aws.amazon.com/legal/service-level-agreements/>

- B. Provide specifics of structures in place to ensure high availability including redundant Internet paths, hardware failover, scalability, and protection against denial of service attacks or other network threats**

MIND Research Institute's infrastructure is hosted entirely on Amazon Web Services (AWS). Through the course of designing, implementing and maintaining our systems, MIND follows AWS and industry best practices. We use a clustered redundant server environment that provides redundant application and web servers as well as redundant database instances across multiple geographic locations. Amazon has many processes and certifications to guarantee the safety and reliability of the files stored in S3. We adhere to all Amazon's security best practices. Amazon redundantly stores files on multiple devices across multiple facilities across multiple geographic zones. MIND exceeds the AWS 99.9% SLA uptime rating.

- C. Provide specifics of security measures in place to ensure that district data is secure during both storage and transit.**

MIND Research Institute strives to keep informed of these risks, and we work diligently to combat them. One method of protecting User data is to utilize cryptography to prevent data visibility in the event of its unauthorized access. MIND Research Institute leverages cryptography to protect user data in the following two ways:

**Data in Transit.** Our services support Transport Layer Security ("TLS") to encrypt User communications (TLS 1.2 or greater and only the strongest ciphers). Data transferred between our Site and its end Users (including credential submission, data uploads, and data downloads) are sent over TLS connections, which protect such data using strong encryption, so that data in transit is kept in a private channel between the intended User and our systems.



**Data at Rest.** User data that contains personally identifying information, when “at-rest” (i.e., when in storage) is encrypted using industry standard AES-256. There are two types of “at rest” storage:

- **Database.** Database server disk storage is “volume” encrypted (i.e., encrypted at the level of the database).
- **User Files.** User files are individually encrypted before being recorded on long-term, secondary storage systems

**D. SOC 2 compliance status (certification documentation should be provided)**

SOC 2 compliant via Amazon Web Services (AWS). Documentation may be found at <https://aws.amazon.com/compliance/soc-faqs/>

**E. Specifics of structures in place to ensure acceptable disaster recovery including backup schedules and redundancy**

In the case of equipment malfunction or replacement, MIND Research Institute has a disaster recovery plan in place whereby data may be duplicated across several AWS regions and Availability Zones to avoid the loss of said data.

**F. Internet bandwidth requirements and provide a per user bandwidth usage specification of the software product.**

The average bandwidth per student/device is 512kbps.

**G. Specifics of availability of remote access to the district’s data outside of the web-based application.**

For MIND’s access to the district’s data outside of ST Math, authorized users (role based access) would utilize VPN with MFA to access data.

District access to data outside of ST Math is not possible.

**H. Specifics on the frequency and duration of operating system and application updates including the procedures used to inform the district of maintenance windows and system downtime for these tasks.**

Our current and future release strategy is based on a standard calendar year and is geared toward accommodating the typical school year schedule. We plan for a



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major, primary software release occurring near the beginning of the third quarter, generally prior to the start of the new school year. Additionally, we plan for a secondary, minor release to occur near the start of the first quarter, around the winter break. Other optional minor releases may be scheduled for the beginning of quarters two and four. Finally, we believe in an "active patching" philosophy whereby we issue point releases whenever issues, whether defect corrections or opportunities for learning enhancement, are noted and implemented.

**I. Any tools available to measure system responsiveness**

MIND Research Institute monitors the status of ST Math through the [status.stmath.com](http://status.stmath.com) web portal. Additionally, we continually monitor AWS for any downtime.

**J. Any limits on data storage (i.e. user quotas, access to previous year data, database size, etc.)**

User data is currently available for the current school year in use.

**K. Details about how Digital Math services would recover in the event of an internet or system outage. The proposed solution shall be deployable on services and equipment hosted or administered by Successful Offerer.**

**Hosting the solution on a 3rd part, such as Amazon or Azure, is acceptable.**

In the case of equipment malfunction or replacement, MIND Research Institute has a disaster recovery plan in place whereby data may be duplicated across several AWS regions and Availability Zones to avoid the loss of said data.





## Tab 8 - Reporting and Monitoring

- A. Describe program-specific progress monitoring. While program monitoring is desired, HCPS shall continue to monitor student progress using a progress monitoring tool that is independent of the students' curriculum/intervention.**

Data is measured in logins, puzzles and minutes per week. Students and teachers will see puzzles and minutes this week, last week and average week. These progress metrics will also scale up from individual student to whole class to school to district, providing consistent, comparable numbers on every scale.

ST Math uses a mastery-based approach to learning. Each puzzle in ST Math is a math problem. After correctly solving a group of similar puzzles for a level, the student collects them (a level contains 8 puzzles). The minutes metric counts time from the time they log in to the time they log out. Student minutes on the program will be consistently accurate, since students will be signed out after ten minutes of inactivity.

With these metrics, all content counts toward student progress, not just the set curriculum, meaning that students can work on the content that will help them grow the most without being penalized, including optional objectives or those from lower grades.

To support monitoring and data conversations, ST Math provides teachers with a series of trackers, goal setting and data discussion tips, and strategies for using the students' own data from the trackers to discuss math concepts. The goal setting support provides increased opportunities for student agency; strengthens students' ability to communicate what they have accomplished; helps students identify areas for improvement; teaches time management; and encourages a focus on strategies to overcome challenges.

ST Math also reports productivity data for individual students, classes, and schools. The productivity data provides a great way to monitor implementation, assess the effectiveness of the intervention, and identify areas of challenge. The data also shows the amount of content the students are learning and the rate at which they are learning it by indicating the number of puzzle collected, the number of puzzles per minute earned, and the number of objectives that have been completed.



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**B. Provide samples and descriptions of reports offered and the ability to customize content and reports.**

The following sample reports are shown by their location (tab) on the teacher console.

**Students Tab**

The screenshot shows the 'Students Tab' interface for a teacher named Prof. Flintstone. The interface includes a header with navigation links (Home, Curriculum, Support) and a user profile (Prof. Flintstone). Below the header, there's a section for 'Megalith District > West Bedrock Elementary' and a 'Students 26' tab. The main content area displays a list of students, with the first student being 'Agate, Francis'. For each student, the interface shows their 'Signed In' time, 'This Week' minutes and puzzles, 'Last Week' minutes and puzzles, and 'Average Week' minutes and puzzles. Annotations highlight specific features: 'Student Tab shows an overview of your class' points to the 'Students 26' tab; 'Alert shows if students have a high number of tries.' points to a yellow warning icon; 'Last time the student logged in' points to the 'Signed In: 10:02 a.m.' text; and 'Minutes & Puzzles for this week, last week, & average week' points to the data columns for 'This Week', 'Last Week', and 'Average Week'.

| Student        | Signed In  | This Week (Minutes & Puzzles) | Last Week (Minutes & Puzzles) | Average Week (Minutes & Puzzles) |
|----------------|------------|-------------------------------|-------------------------------|----------------------------------|
| Agate, Francis | 10:02 a.m. | 65 ⚙️ 17 🧩                    | 30 ⚙️ 24 🧩                    | 65 ⚙️ 59 🧩                       |
| Alex           |            | 85 ⚙️ 42 🧩                    |                               |                                  |



## Usage Tab

### Usage Tab

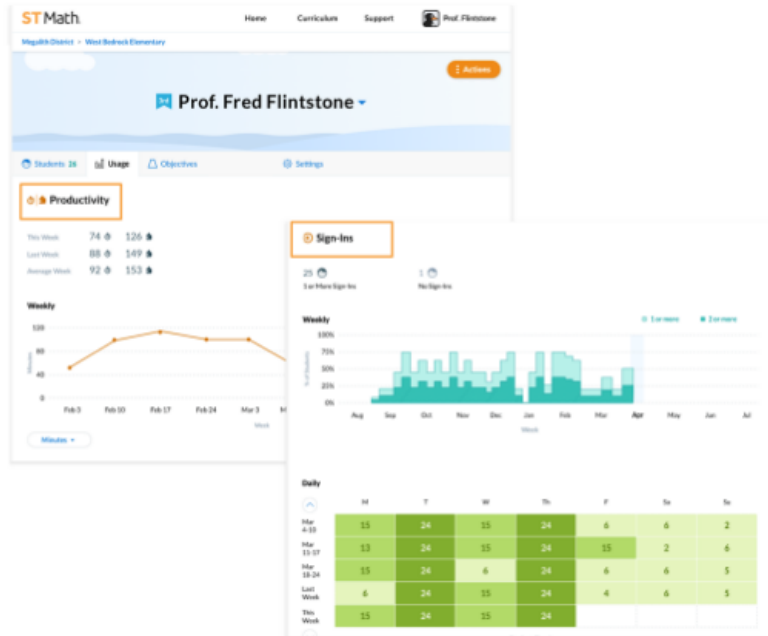
The Usage tab has two sections:

#### 1. Productivity

- Weekly
- Yearlong

#### 1. Sign-Ins

- Weekly
- Daily

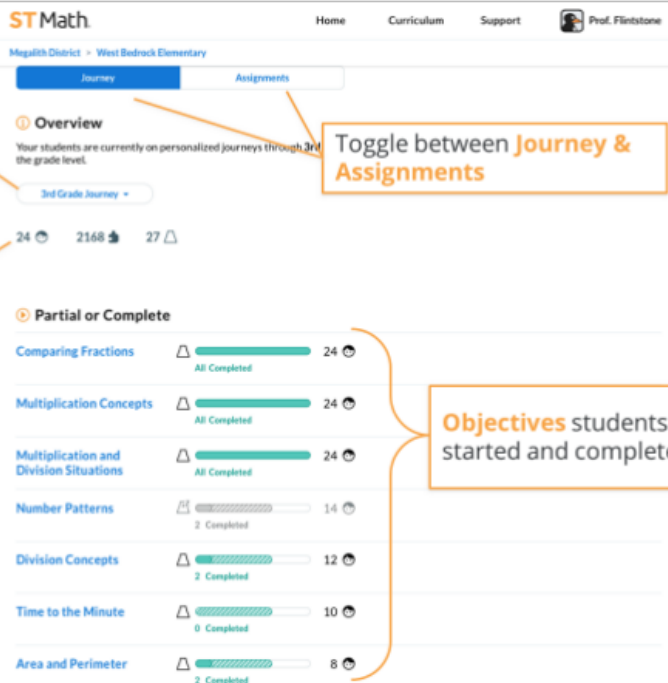


## Objectives Tab

### Objectives Tab

Toggle between If different grade level journey.\*

Summary of class stats



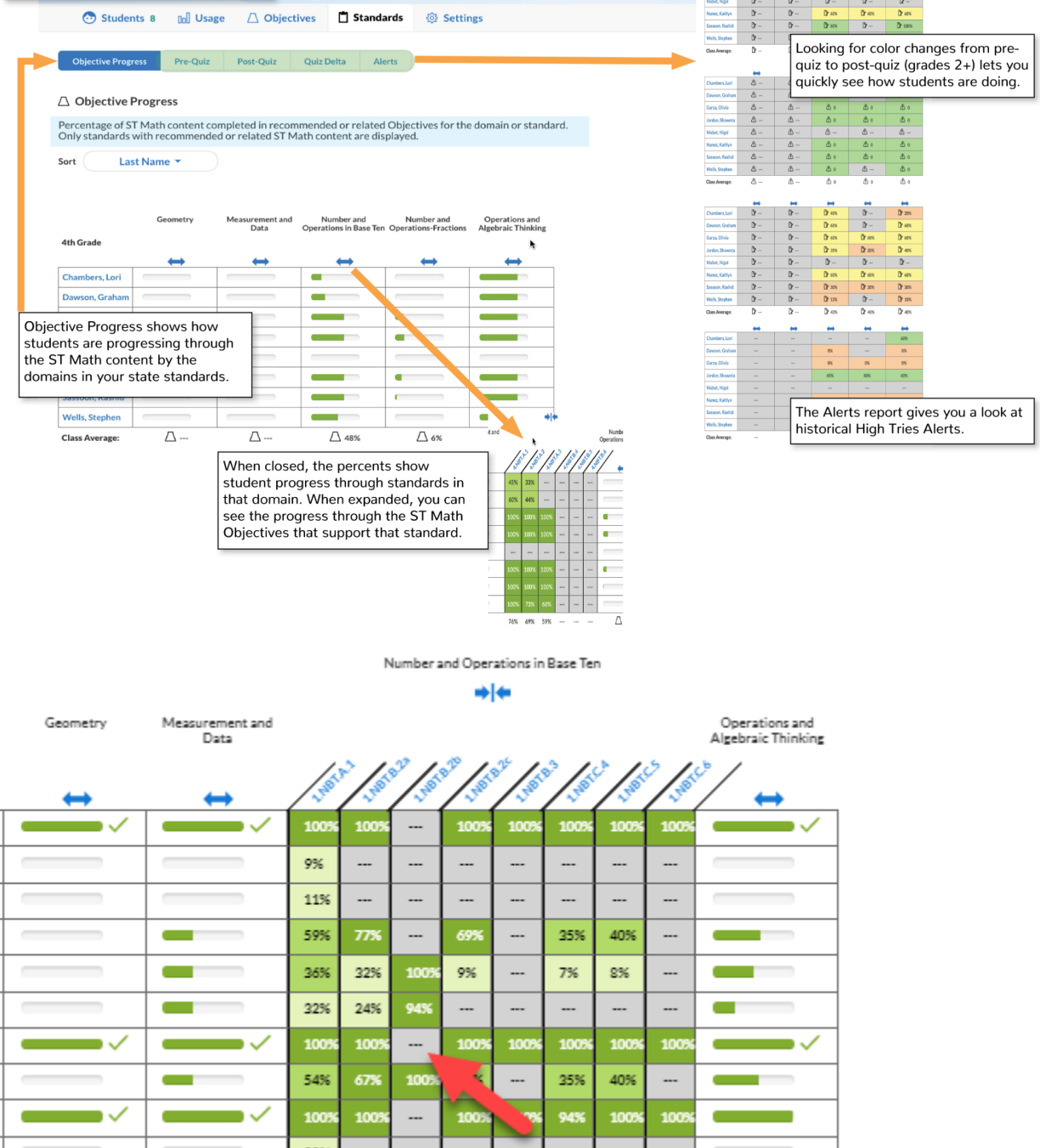
\*only if you have students assigned different grade-level journeys.



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## Standards Tab

The Standards tab allows you to get a quick, big-picture view of your class.





## Tab 9 - Pricing/Cost Proposal

- A. List all categories separately, itemized such as license per student, teacher, classroom and site, material cost, consumables, training of County staff, projected man-hours, hourly rates, and reimbursable expenses. **Attachment H.**

### *Sample table - Will need to translate to their document*

| Provide Pricing as it relates to the proposed solution                                                                                                                 | Price                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Price per Student                                                                                                                                                      | Not Available                                                                                                                                                                                                   |
| Price per Teacher                                                                                                                                                      | Not Available                                                                                                                                                                                                   |
| Price per Classroom                                                                                                                                                    | Not Available                                                                                                                                                                                                   |
| Price per Site                                                                                                                                                         | Pricing per school site for ST Math K8 is dependent upon the total enrollment of students at the individual school site:<br><br>1-150 Students: \$3,500<br>151-250 Students: \$6,000<br>251+ Students: \$12,000 |
| Price for District License PreK-5                                                                                                                                      | \$432,000.00                                                                                                                                                                                                    |
| Price for District License PreK-8                                                                                                                                      | \$546,000.00                                                                                                                                                                                                    |
| Price for District License PreK-12                                                                                                                                     | Not Available                                                                                                                                                                                                   |
| Price for District License 6-8                                                                                                                                         | Not Available                                                                                                                                                                                                   |
| Price for District License 6-12                                                                                                                                        | Not Available                                                                                                                                                                                                   |
| Price for District License 9-12                                                                                                                                        | Not Available                                                                                                                                                                                                   |
| 1 Day of Professional Development - Train the trainer model (20 Elementary or Secondary ILCs/ITRTs, 3 Educational Specialists, +1 additional personnel - total of 20+) |                                                                                                                                                                                                                 |
| 1 day of Professional Development - Price                                                                                                                              | Not Available                                                                                                                                                                                                   |



|                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| per Teacher                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1 Day of Professional Development for Elementary or Secondary School Staff - Approximately 35-100                                                                                                                                                                                                                                                                          | <p>Initial Start-Up Professional Learning is included with a Site Subscription License for sites with at least 151 students enrolled.</p> <p>Should the district wish to purchase additional Professional Development outside of what is included in the Site Subscription license, MIND Research Institute charges \$1,500 for an On-Site professional learning offering. Each offering has a maximum of 25 participants, so multiple offerings would be needed based upon the overall total of participants the district wishes to train.</p> <p>35-50 Participants: \$3,000 (2 offerings)<br/>51-75 Participants: \$4,500 (3 offerings)<br/>76-100 Participants: \$6,000 (4 offerings)</p> |
| Additional Professional Development Models                                                                                                                                                                                                                                                                                                                                 | <p>MIND Research Institute also offers professional development delivered virtually as opposed to on-site. These offerings are one (1) 90-minute session and have a maximum of 50 participants per offering.</p> <p>The cost for this option is \$750 per offering</p>                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Printed Materials - Provide list of pricing for each product offered                                                                                                                                                                                                                                                                                                       | Not Applicable - There are no printed materials for ST Math K8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Consumables - provide list of pricing for each product offered                                                                                                                                                                                                                                                                                                             | Not Applicable - There are no printed materials/consumables for ST Math K8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p><b>Provide Information on price breaks for volume purchases:</b> MIND Research Institute is a 501(c)3 non-profit organization with a mission to ensure that all students are mathematically equipped to solve the world's most challenging problems. MIND in Kind is our way as a social impact organization of giving back to our partners, as well as encouraging</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



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schools to implement ST Math with fidelity. When a school applies for MIND in Kind support, they must review MIND's recommended implementation model and agree to implement to the best of their ability in order to receive the MIND in Kind funding. MIND in Kind support is distinct from the ST Math School Grants Program, which applies funding from our philanthropic partners to certain schools and districts that meet donor-specific criteria.

For Henrico County Public Schools' request above for District level licensing, MIND has applied our MIND in Kind grant support for each category.

## ATTACHMENT H PRICING OPTIONS

| Provide pricing as it relates to the proposed solution                                                                                                                | Price                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Price per Student                                                                                                                                                     | \$ Not Available                                                                                                                              |
| Price per Teacher                                                                                                                                                     | \$ Not Available                                                                                                                              |
| Price per Classroom                                                                                                                                                   | \$ Not Available                                                                                                                              |
| Price per Site                                                                                                                                                        | Pricing per school site for ST Math K8 is dependent upon the total enrollment of students at the individual school site.<br>See details below |
| Price for District License PreK-5                                                                                                                                     | 432,000*<br>\$ *Includes MIND in Kind Grant funding support based on volume.                                                                  |
| Price for District License PreK-8                                                                                                                                     | \$ 546,000*<br>*Includes MIND in Kind Grant funding support based on volume.                                                                  |
| Price for District License PreK-12                                                                                                                                    | \$<br>Not Available                                                                                                                           |
| Price for District License 6-8                                                                                                                                        | \$ Not Available                                                                                                                              |
| Price for District License 6-12                                                                                                                                       | \$ Not Available                                                                                                                              |
| Price for District License 9-12                                                                                                                                       | \$ Not Available                                                                                                                              |
| 1 day of Professional Development- train the trainer model (20 Elementary or Secondary ILCs/ITRTs, 3 Educational Specialist, + 1 additional personnel- total of 20 ±) | \$ Not Available                                                                                                                              |
| 1 day of Professional Development - price per teacher                                                                                                                 | \$ Not Available                                                                                                                              |
| 1 day of Professional Development for Elementary or Secondary School Staff- approximately 35 - 100                                                                    | \$ See below                                                                                                                                  |



|                                                                                                                  |                                                                   |
|------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Additional Professional Development models                                                                       | \$ See below                                                      |
| Printed materials – provide list of pricing for each product offered                                             | \$ Not Applicable - There are no printed materials for ST Math K8 |
| Consumables – provide list of pricing for each product offered                                                   | \$Not Applicable - There are no printed materials for ST Math K8  |
| <div style="text-align: right;"><b>See below</b></div> Provide information on price breaks for volume purchases. |                                                                   |

#### **Price per Site (Information)**

Pricing per school site for ST Math K8 is dependent upon the total enrollment of students at the individual school site:

1-150 Students: \$3,500  
151-250 Students: \$6,000  
251+ Students: \$12,000

#### **1 Day of Professional Development for Elementary or Secondary School Staff - approximately 35-100**

Initial Start-Up Professional Learning is included with a Site Subscription License for sites with at least 151 students enrolled.

Should the district wish to purchase additional Professional Development outside of what is included in the Site Subscription license, MIND Research Institute charges \$1,500 for an On-Site professional learning offering. Each offering has a maximum of 25 participants, so multiple offerings would be needed based upon the overall total of participants the district wishes to train.

35-50 Participants: \$3,000 (2 offerings)  
51-75 Participants: \$4,500 (3 offerings)  
76-100 Participants: \$6,000 (4 offerings)

#### **Additional Professional Development Models:**

MIND Research Institute also offers professional development delivered virtually as opposed to on-site. These offerings are one (1) 90-minute session and have a maximum of 50 participants per offering.

The cost for this option is \$750 per offering

#### **Volume Purchases:**

MIND Research Institute is a 501(c)3 non-profit organization with a mission to ensure that all students are mathematically equipped to solve the world's most challenging problems. MIND in Kind is our way as a social impact organization of giving back to our partners, as well as encouraging schools to implement ST Math with fidelity. When a school applies for MIND in Kind support, they must review MIND's recommended implementation model and agree to implement to the best of their ability in order to receive the MIND in Kind funding. MIND in Kind support is distinct from the ST Math School Grants Program, which applies funding from our philanthropic partners to certain schools and districts that meet donor-specific criteria.

For Henrico County Public Schools' request above for District level licensing, MIND has applied our MIND in Kind grant support for each category.



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**B. Include a statement that the Successful Offeror will provide all services as outlined in their proposal.**

MIND Research Institute is committed to providing all services offered within this proposal. We are staffed to ensure all districts and schools receive a high level of quality support and are prepared to fulfill all commitments found herein.



**C. For evaluation purposes provide all costs as it relates to the proposed solution for the scenario on Attachment G.**

**ATTACHMENT G**

| Scenario                                                                                                                        | Price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provide pricing for an annual subscription for one site license for an elementary school with 415 students                      | \$12,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Provide pricing for an annual subscription for one site license for a middle school with 900 students                           | \$12,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Provide pricing for an annual subscription for one site license for a high school with 1,700 students                           | Not Available                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Printed Materials                                                                                                               | Not Applicable - There are no printed materials/consumables for ST Math K8                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Consumables                                                                                                                     | Not Applicable - There are no printed materials/consumables for ST Math K8                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Provide pricing for 1 day (6 hours) of on-site professional development for staff of 25                                         | \$2,500/Offering                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Describe what professional learning options would be available if the county purchased a district license (46 ES, 12 MS, 10 HS) | Should the district purchase a district license, licensing either all 46 elementary schools or 58 elementary & middle schools, MIND will consolidate the included virtual professional learning sessions into onsite professional learning sessions if desired by the county. These onsite offerings should be hosted in a centralized location to ensure all teachers and administrators are able to attend and receive their training prior to implementing ST Math. The proposed plan is as follows: |



|              |                                                                                                                                                                                                                                                                                                                                                         |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              | <p>All 46 Elementary Schools: Up to 24 Onsite Professional Learning sessions with 3 trainings per trainer per day (4 trainers est.)</p> <p>All 58 Elementary &amp; Middle Schools: Up to 30 Onsite Professional Learning sessions with sessions with 3 trainings per trainer per day (4 trainers est.)</p>                                              |
| <b>Total</b> | <p><b>Per Elementary/Middle School Total</b><br/>\$12,000</p> <p><b>District Total (46 Elementary)</b><br/>\$432,000*<br/><i>*Includes additional MIND in Kind grant funding due to volume</i></p> <p><b>District Total (46 Elementary &amp; 12 Middle)</b><br/>\$546,000*<br/><i>*Includes additional MIND in Kind grant funding due to volume</i></p> |

**Attachment G**  
**Pricing Scenario**

Provide pricing for the scenario below based off pricing being offered.

| Scenario                                                                                                                            | Price                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Provide pricing for an annual subscription for one site license for an elementary school with 415 students                          | \$ 12,000.00                                                                                                           |
| Provide pricing for an annual subscription for one site license for a middle school with 900 students                               | \$ 12,000.00                                                                                                           |
| Provide pricing for an annual subscription for one site license for a high school with 1,700 students                               | \$ Not Available                                                                                                       |
| Printed Materials                                                                                                                   | \$ Not Applicable - there are no printed materials for ST Math                                                         |
| Consumables                                                                                                                         | \$ Not Applicable - there are no printed materials for ST Math                                                         |
| Provide pricing for 1 day (6 hours) of on-site professional development training for staff of 25                                    | \$ 2,500.00/Offering                                                                                                   |
| Describe what professional learning options would be available if the county purchased a district license.<br>(46 ES, 12 MS, 10 HS) | \$ MIND offers an onsite professional learning plan for a county-wide purchase. Please refer to Tab 9 for full detail. |
| Total                                                                                                                               | <b>\$ Per Elementary/Middle School Total</b><br>\$12,000                                                               |

**District Total (46 Elementary)**

\$432,000\*

\*Includes additional MIND in Kind grant funding due to volume

**District Total (46 Elementary & 12 Middle)**

\$546,000\*

\*Includes additional MIND in Kind grant funding due to volume

## Tab 10 - References

### 1. Fairfax County Public Schools (VA)

Contact Name: Amy Hunter,, Ph.D.

Title: K-12 Mathematics Coordinator, Instructional Service Department

Phone: (571) 423-4725

Email: [aehunter2@fcps.edu](mailto:aehunter2@fcps.edu)

### 2. Albemarle County Schools (VA)

Contact Name: Natalie Farrell

Title: Lead Math Coach

Phone: 434-296-5820 ext. 13535

Email: [nfarrell@k12albemarle.org](mailto:nfarrell@k12albemarle.org)

### 3. San Diego Unified School District (CA)

Contact Name: Maria Montgomery

Title: Instructional Support Officer, Office of Leadership and Learning

Phone: (619) 725-7241

Email: [mmontgomery@sandi.net](mailto:mmontgomery@sandi.net)

### 4. Cedar Rapids Community Schools (IA)

Contact Name: John Rice

Title: Executive Director of Teaching and Learning

Phone: 319-558-4735

Email: [jrice@crschools.us](mailto:jrice@crschools.us)

### 5. Northside Independent School District (TX)

Contact Name: Tracy Gonzales-Martinez

Title: Instructional Specialist, Elementary Math

Phone: (210) 397-8654

Email: [tracy.gonzales-martinez@nisd.net](mailto:tracy.gonzales-martinez@nisd.net)

Additional references are available upon request.



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## Tab 11 - Exceptions (if needed)

None.



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## **Tab 12 - Assumptions (if needed)**

*In this tab, offerors shall list any assumptions made when responding to this Request for Proposals.*

1. For the scenario listed in Attachment G, MIND has provided a standard Site Subscription license for ST Math K8 at either an Elementary or Middle School. This, on its own, includes two (2) virtual professional learning offerings meant to provide educators with the knowledge and skills to successfully implement ST Math with students. In the "Total" box we have shown the per Elementary School price for an annual ST Math Site Subscription, based on the total number of students indicated in the scenario, for either a Elementary or a Middle School and have not included the \$2,500 for an additional day of onsite professional learning. Should there be a desire or need to purchase additional professional learning services, we will work with the district to develop an accurate price quote based on need.

Additionally, we have included a price for a District purchase for 46 elementary schools as well as another price for a district purchase for 46 elementary and 12 middle schools. The prices shown for district level purchases include additional MIND in KIND grant funding due to volume, so the price per school for a district lead purchase is less than \$12,000.





## Tab 13 - Appendices (if needed)

*Optional for Offerors who wish to submit additional material that will clarify their response.*

Attached, please find the following additional materials:

- **Terms of Use:** In response to **Tab 4 items C & D:**
  - **Any agreements to which HCPS may be required to agree to as part of the contract should your firm be awarded the contract.**
  - **Any terms and conditions the “end user” is required to accept**

The attached are MIND Research Institute’s posted Terms of Use that apply to ST Math as well as any MIND Research Institute owned and operated websites. Users agree to these terms by using ST Math. Should the county find any portion of these terms unacceptable as written, MIND Research Institute will negotiate revisions via a mutually agreed upon Amendment.

- **Audited Financial Statements:** **Tab 3** requested evidence of financial stability. Attached, please find MIND Research Institute’s audited financial statements for the following years:
  - **2019**
  - **2018**
  - **2017**

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Last Updated: October 7, 2016

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**Entire Agreement.** These Terms, including our Privacy Policy, together with any legal notices or other terms or conditions published on the Sites or in the Software, as applicable (including the Homeschooling EULA for those who have licensed such Software) constitute the entire agreement between you and MIND and its affiliates with respect to the subject matter herein and supersedes any and all prior or contemporaneous oral or written agreements.

**Amendments.** We reserve the right to amend these Terms of Use at any time and any amendments, changes or modifications shall be effective immediately upon notice of them. It is your responsibility to review these Terms of Use for any changes. Your use of the Site following any amendment of these Terms of Use will signify your assent to and acceptance of its revised terms.

**Notices.** All notices, demands and other communications hereunder shall be in writing and shall be effective upon receipt, provided that we may provide notice to you by posting announcements on any of the Sites or sending an e-mail to you at the e-mail address that is currently associated with your account if you have one. Any such e-mail notice to you will be deemed given on the day it is sent. Except as specified in the next sentence, all notices to us of a legal nature shall be in writing and shall be sent by certified first-class U.S. mail, return receipt requested, to:

*Attention:*                      *Controller*  
                                         controller@mindresearch.org



Mail: MIND Research Institute  
111 Academy Drive, Suite 100  
Irvine, CA 92617  
Tel: 949-345-8700 or 888-751-5443 (Toll Free)  
Fax: 949-572-2680

All notices regarding copyright or other intellectual property infringement issues shall be sent as described below under Section 12 (Copyright Complaints). If you have any questions about these Terms, then please contact us at the postal address set forth above.

**Our Communications with You.** We may contact you (via the Sites, electronic mail, physical mail or otherwise) for the purpose of informing you of changes or additions to the Sites or Software, or of any related products and services. You agree that any notice, agreement, disclosure or other communications that we send to you electronically will satisfy any legal communication requirements, including that such communications be in writing. You may opt out of commercial advertising and marketing communications at any time by following the unsubscribe instructions included in each communication. Please see our Privacy Policy for further information on how we manage and process your personal information.

## **12. Copyright Complaints.**

MIND respects the intellectual property rights of others. If you believe your copyright has been violated on a MIND Site or any content posted on such Sites, please contact the Controller at **[controller@mindresearch.org](mailto:controller@mindresearch.org)** or the U.S. Mail address above and provide the following information:

1. An electronic or physical signature of the person authorized to act on behalf of the owner of the copyright interest.
2. A description of the copyrighted work that you claim has been infringed.
3. A description of where (by URL and physical description) the material that you claim is infringing is located on the Site.
4. Your address, telephone number, and email address.
5. A statement by you that you have a good faith belief that the disputed use is not authorized by the copyright owner, its agent, or the law.
6. A statement by you, made under penalty of perjury, that the above information in your notice is accurate and that you are the copyright owner or authorized to act on the copyright owner's behalf.

Upon our receipt of a takedown notice complying materially with all of these requirements, we will remove, or cause to be removed, the identified materials. The individual that had posted such materials will then have an opportunity to demand reposting. You will receive notice of such if the individual properly requests reposting. Repeat offending websites, contributors (if any), or account holders (if any) will be terminated.

Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**MIND Research Institute**

June 30, 2019 (with Comparative Summarized  
Information at June 30, 2018)

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**GRANT THORNTON LLP**

515 S. Flower St. 7<sup>th</sup> Floor  
Los Angeles, CA 90071-2201

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
MIND Research Institute

We have audited the accompanying consolidated financial statements of MIND Research Institute and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities and changes in net assets 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MIND Research Institute and its

subsidiary as of June 30, 2019, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

***Report on 2018 summarized comparative information***

We have previously audited MIND Research Institute's and its subsidiary's 2018 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 9, 2018. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Grant Thornton LLP*

Los Angeles, California  
October 4, 2019

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of June 30, 2019

(With comparative summarized information at June 30, 2018)

| <b>ASSETS</b>                                    |                      |                      |  |
|--------------------------------------------------|----------------------|----------------------|--|
|                                                  | <b>2019</b>          | <b>2018</b>          |  |
| <b>CURRENT ASSETS</b>                            |                      |                      |  |
| Cash and cash equivalents                        | \$ 1,219,011         | \$ 756,046           |  |
| Accounts receivable                              | 2,631,903            | 3,186,689            |  |
| Pledges receivable, current, net                 | 3,788,895            | 1,397,971            |  |
| Prepaid expenses and other current assets        | 310,955              | 534,944              |  |
| Total current assets                             | <u>7,950,764</u>     | <u>5,875,650</u>     |  |
| <b>FIXED ASSETS</b>                              |                      |                      |  |
| Equipment, furniture, and leasehold improvements | 7,210,961            | 7,036,672            |  |
| Less: accumulated depreciation                   | (5,926,439)          | (5,098,686)          |  |
| Total fixed assets                               | <u>1,284,522</u>     | <u>1,937,986</u>     |  |
| <b>OTHER ASSETS</b>                              |                      |                      |  |
| Pledges receivable, noncurrent, net              | 568,664              | 2,422,992            |  |
| Deposits                                         | 57,215               | 55,407               |  |
| Capitalized software development cost            | 1,098,951            | -                    |  |
| Intangible assets, net                           | 1,078,477            | 1,045,655            |  |
| Total other assets                               | <u>2,803,307</u>     | <u>3,524,054</u>     |  |
| Total assets                                     | <u>\$ 12,038,593</u> | <u>\$ 11,337,690</u> |  |
| <b>LIABILITIES AND NET ASSETS</b>                |                      |                      |  |
| <b>CURRENT LIABILITIES</b>                       |                      |                      |  |
| Accounts payable                                 | \$ 556,744           | \$ 461,166           |  |
| Accrued expenses                                 | 2,726,556            | 3,030,775            |  |
| Line of credit                                   | 2,500,000            | 604,306              |  |
| Deferred revenue, current                        | 4,129,092            | 4,833,043            |  |
| Deferred rent, current                           | 216,150              | 186,420              |  |
| Total current liabilities                        | <u>10,128,542</u>    | <u>9,115,710</u>     |  |
| <b>NONCURRENT LIABILITIES</b>                    |                      |                      |  |
| Deferred revenue, net of current                 | 318,062              | 607,240              |  |
| Deferred rent, net of current                    | 140,019              | 356,170              |  |
| Total non-current liabilities                    | <u>458,081</u>       | <u>963,410</u>       |  |
| Total liabilities                                | <u>10,586,623</u>    | <u>10,079,120</u>    |  |
| <b>NET ASSETS (DEFICIT)</b>                      |                      |                      |  |
| Without donor restrictions                       | (4,076,636)          | (5,266,154)          |  |
| With donor restrictions                          | 5,528,606            | 6,524,724            |  |
| Total net assets                                 | <u>1,451,970</u>     | <u>1,258,570</u>     |  |
| Total liabilities and net assets                 | <u>\$ 12,038,593</u> | <u>\$ 11,337,690</u> |  |

The accompanying notes are an integral part of this financial statement.

MIND Research Institute

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

|                                                  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | 2019<br>Total       | 2018<br>Total       |
|--------------------------------------------------|----------------------------------|-------------------------------|---------------------|---------------------|
| <b>Support and revenues</b>                      |                                  |                               |                     |                     |
| Contributions                                    | \$ 710,759                       | \$ 4,931,972                  | \$ 5,642,731        | \$ 8,220,214        |
| In-kind revenues                                 | 87,548                           | -                             | 87,548              | 176,386             |
| Total fundraising and philanthropy               | 798,307                          | 4,931,972                     | 5,730,279           | 8,396,600           |
| Program fees - schools                           | 21,654,117                       | -                             | 21,654,117          | 22,400,528          |
| Net assets released from restrictions            | 5,928,090                        | (5,928,090)                   | -                   | -                   |
| Cost of sales                                    | (55,478)                         | -                             | (55,478)            | (15,200)            |
| Interest income                                  | 12,964                           | -                             | 12,964              | 4,313               |
| Insurance compensation for theft loss            | -                                | -                             | -                   | 19,012              |
| Loss on impairment of assets                     | (6,388)                          | -                             | (6,388)             | (59,829)            |
| Gain (loss) on sublease                          | 22,463                           | -                             | 22,463              | (131,620)           |
| Loss on termination of lease                     | -                                | -                             | -                   | (124,627)           |
| Gain (loss) on sale of securities                | 1,611                            | -                             | 1,611               | (748)               |
| Total other support                              | 30,650                           | -                             | 30,650              | (293,499)           |
| Total support and revenues                       | 28,355,686                       | (996,118)                     | 27,359,568          | 30,488,429          |
| <b>Expenses</b>                                  |                                  |                               |                     |                     |
| Program                                          | 24,038,594                       | -                             | 24,038,594          | 23,073,174          |
| Management                                       | 1,562,692                        | -                             | 1,562,692           | 2,770,134           |
| Fundraising                                      | 1,564,882                        | -                             | 1,564,882           | 1,726,069           |
| Total expenses                                   | 27,166,168                       | -                             | 27,166,168          | 27,569,377          |
| <b>CHANGE IN NET ASSETS</b>                      | 1,189,518                        | (996,118)                     | 193,400             | 2,919,052           |
| <b>Net assets (deficit) at beginning of year</b> | (5,266,154)                      | 6,524,724                     | 1,258,570           | (1,660,482)         |
| <b>Net assets (deficit) at end of year</b>       | <u>\$ (4,076,636)</u>            | <u>\$ 5,528,606</u>           | <u>\$ 1,451,970</u> | <u>\$ 1,258,570</u> |

The accompanying notes are an integral part of this financial statement.

MIND Research Institute

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

|                                                                                      | <u>2019</u>         | <u>2018</u>        |
|--------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>Cash flows from operating activities:</b>                                         |                     |                    |
| Change in net assets                                                                 | \$ 193,400          | \$ 2,919,052       |
| Adjustments to reconcile changes in net assets to net cash from operating activities |                     |                    |
| Depreciation and amortization                                                        | 854,430             | 944,316            |
| Donation of equipment and intangible assets                                          | (87,548)            | (176,386)          |
| Loss on impairment of intangible assets                                              | 6,388               | 59,829             |
| (Increase) decrease in assets:                                                       |                     |                    |
| Accounts receivable                                                                  | 554,786             | 796,148            |
| Pledge receivables                                                                   | (536,596)           | (880,547)          |
| Prepaid expenses and other current assets                                            | 223,989             | (205,443)          |
| Deposits                                                                             | (1,808)             | -                  |
| Increase (decrease) in liabilities:                                                  |                     |                    |
| Accounts payable                                                                     | 95,578              | (335,618)          |
| Accrued expenses                                                                     | (304,219)           | 1,268,339          |
| Deferred revenues                                                                    | (993,129)           | (3,008,033)        |
| Deferred rent                                                                        | (186,421)           | (36,790)           |
| Net cash (used in) provided by operating activities                                  | <u>(181,150)</u>    | <u>1,344,867</u>   |
| <b>Cash flows from investing activities:</b>                                         |                     |                    |
| Purchase of fixed assets                                                             | (86,741)            | (384,705)          |
| Capitalized software                                                                 | (1,098,951)         | -                  |
| Acquisition of intangible assets                                                     | (65,887)            | (150,014)          |
| Net cash used in investing activities                                                | <u>(1,251,579)</u>  | <u>(534,719)</u>   |
| <b>Cash flows from financing activities:</b>                                         |                     |                    |
| Borrowing on line of credit, net                                                     | 1,895,694           | (1,195,694)        |
| Net cash provided by (used in) financing activities                                  | <u>1,895,694</u>    | <u>(1,195,694)</u> |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>                                       | 462,965             | (385,546)          |
| <b>Cash and cash equivalents at beginning of year</b>                                | <u>756,046</u>      | <u>1,141,592</u>   |
| <b>Cash and cash equivalents at end of year</b>                                      | <u>\$ 1,219,010</u> | <u>\$ 756,046</u>  |
| <b>Supplementary information:</b>                                                    |                     |                    |
| Interest paid                                                                        | <u>\$ 36,249</u>    | <u>\$ 14,670</u>   |

The accompanying notes are an integral part of this financial statement.



## MIND Research Institute

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

#### NOTE 1 - ORGANIZATION

The MIND Research Institute (the “Organization” or “MIND”) is a nonprofit tax-exempt organization which was incorporated in April 1998. The Organization’s mission is to ensure that all students are mathematically equipped to solve the world’s most challenging problems through developing and deploying math instructional software and systems. A non-profit organization, MIND also conducts basic neuroscientific, mathematics, and education research to improve math education and advance scientific understanding.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Basis of Accounting and Principles of Consolidation*

The consolidated financial statements include the accounts of the MIND Research Institute and MIND Education, Inc., a 98% owned subsidiary, and are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For the years ended June 30, 2019 and 2018 MIND Education, Inc. had no assets and no activity. All intercompany amounts and transactions have been eliminated in consolidation.

##### *Basis of Presentation*

The Organization reports revenues as increases in net assets without donor restrictions, unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in net assets without donor restrictions. Net assets without donor restrictions represent resources which do not have donor-imposed stipulations available to support the Organization’s operations. The Organization has an operating reserve for use at management’s discretion subject to the Board of Directors’ approval.

Net assets with donor restrictions represent gifts that are limited in use by the Organization in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Organization according to the terms of the gift. Net assets with donor restrictions of \$5,928,090 were released from restriction due to the expiration of time restrictions during the year ended June 30, 2019.

##### *Accounting Estimates*

The preparation of consolidated 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. Actual results could differ from those estimates.

##### *Cash and Cash Equivalents*

For the purpose of the consolidated statement of cash flows, the Organization considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

##### *Accounts Receivable*

Accounts receivable result from the sales of educational programs. The Organization’s policy is to provide an allowance for doubtful accounts, when necessary, to reflect estimated uncollectible accounts. No allowance for doubtful accounts has been provided as management believes all amounts are collectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

***Pledges Receivable***

Unconditional promises to give are recognized in the period received and when collectability is reasonably assured. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges to be received in more than one year are discounted to net present value based on the Wall Street Journal prime rate.

No allowance for uncollectible amounts has been established as management believes all pledges receivable to be fully collectible.

***Equipment, Furniture, and Leasehold Improvements***

Equipment, furniture, and leasehold improvements are carried at cost or, if donated, at the approximate fair value on the date of donation. Depreciation is provided on the straight-line method over estimated useful lives. The useful lives of equipment and furniture are estimated to range between three and seven years, and leasehold improvements are estimated to be the lesser of the lease term or economic life. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

***Software Development Costs***

Computer software developed or obtained for internal use is capitalized when certain criteria have been met. Costs incurred during the application development stage for internal-use software are capitalized in equipment, furniture, and leasehold improvements and amortized over the estimated useful life of the software, which is estimated by management to be five years.

Computer software development costs for software to be sold or marketed are considered research and development activities and are expensed as incurred, with the exception of costs for software that has achieved technical feasibility but is not yet commercially marketable. Such costs are capitalized until the software is released on the commercial market, at which time the costs will be amortized as cost of sales.

***Intangible Assets***

Patent, trademark and copyright application costs are capitalized. When patents are approved, they are amortized on a straight-line basis over their expected lives. Indefinite lived intangible assets are evaluated for impairment annually and monitored for triggering events on an ongoing basis. The Organization determined that the carrying value of certain patent, trademark and copyright application costs exceeded their present values due to technical obsolescence; thus, the Organization reported a loss from impairment of intangible assets of \$6,388 and \$59,829 during the years ended June 30, 2019 and 2018 respectively.

***Program Fees and Support***

Revenue primarily consists of contributions and sales of educational software, subscriptions and related support and training services.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be without donor restrictions unless specifically restricted by the donor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

The Organization's software sales consist of multiple elements of the above items. Revenue earned on perpetual software arrangements involving multiple elements is allocated to each element based on the relative fair values of those elements. The fair value of an element is based on vendor-specific objective evidence ("VSOE"). The Organization limits its assessment of VSOE of fair value for each element to the price charged when the same element is sold separately. VSOE calculations are updated annually. The Organization establishes VSOE of fair value for the related undelivered elements based on the bell-shaped curve method, where the entire population of separate transactions where the element is sold separately is evaluated to determine whether the range of prices paid is sufficiently narrow to provide evidence of VSOE of fair value. The software portion is recognized upon delivery, and the other elements are recognized ratably over the period of service.

The Organization derives revenue from subscription fees for access to and use of its math education system. Term software license fees and support are recognized ratably over the contract term of the arrangement beginning on the date that the subscription is made available to the customer because VSOE does not exist.

When evidence of fair value exists for the undelivered elements only, the residual method is used. Under the residual method, the Organization defers revenue related to the undelivered elements based on VSOE of fair value of each of the undelivered elements and allocates the remainder of the contract price net of all discounts to revenue recognized from the delivered elements.

For the years ended June 30, 2019 and June 30, 2018, the Organization estimates that deferred revenue as of its fiscal year end (June 30) which will be recognized as revenue over the subsequent 12 months is 85% and 89%, respectively.

The Organization ensures that the following criteria are met prior to recognition of revenue: there is persuasive evidence of an arrangement; the product has been delivered or services have been rendered; the fee is fixed or determinable; and collectability is reasonably assured.

***Donated Services and Goods***

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

***401(k) Plan***

The Organization offers a tax-qualified 401(k) defined contribution plan (the "Plan") to all employees who meet eligibility requirements. Eligible employees are entitled to defer the lesser of 100 percent of their compensation or a fixed amount determined annually by the Internal Revenue Service. The Organization has the discretion to match participant contributions. For the years ended June 30, 2019 and 2018 the Organization made Plan matching contributions of \$303,298 and \$285,460, respectively. Vesting of the Plan matching contributions is based on years of continuous service, and are 100 percent vested after four years of service.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2019

(With comparative summarized information for the year ended June 30, 2018)

***Income Tax Status***

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“the Code”), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has also been recognized by the California Franchise Tax Board as an Organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

***New Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The guidance is effective for fiscal years beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the guidance in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Management is currently evaluating the potential effect of this guidance on its consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the potential effect of this guidance on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958)*. The provisions of this ASU include a change from three classes of net assets to two, net assets with donor restrictions and net assets without donor restrictions. Certain enhanced disclosures are also required. The amendments in this update are effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization adopted the provisions of this new standard for the year ended June 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, new disclosures were added regarding liquidity and the availability of resources (Note 9), and disclosures related to functional expenses are at Note 11.

**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

***Reporting of Subsequent Events***

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 4, 2019, the date the consolidated financial statements were available to issue.

**NOTE 3 – PLEDGES RECEIVABLE**

Pledges receivable as of June 30, are as follows:

|                                      | 2019              | 2018                |
|--------------------------------------|-------------------|---------------------|
| Receivable in less than one year     | \$ 3,788,895      | \$ 1,397,971        |
| Receivable in one to five years      | 597,200           | 2,449,200           |
| Receivable in more than five years   | 3,600             | 5,400               |
| Less: Present value discounts        | (32,136)          | (31,608)            |
| <b>Total pledge receivables, net</b> | 4,357,559         | 3,820,963           |
| Less: Current Portion                | (3,788,895)       | (1,397,971)         |
| Noncurrent portion                   | <u>\$ 568,664</u> | <u>\$ 2,422,992</u> |

**NOTE 4 – EQUIPMENT, FURNITURE, AND LEASEHOLD IMPROVEMENTS**

A summary of equipment, furniture, and leasehold improvements as of June 30 is as follows:

|                                | 2019                | 2018                |
|--------------------------------|---------------------|---------------------|
| Equipment                      | \$ 5,027,438        | \$ 4,853,149        |
| Internal use software          | 657,163             | 657,163             |
| Furniture                      | 523,636             | 523,636             |
| Leasehold improvements         | 1,002,724           | 1,002,724           |
|                                | 7,210,961           | 7,036,672           |
| Less: accumulated depreciation | (5,926,439)         | (5,098,686)         |
|                                | <u>\$ 1,284,522</u> | <u>\$ 1,937,986</u> |

For the years ended June 30, 2019 and 2018, depreciation expense recognized was \$827,753 and \$920,753, respectively.

**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

**NOTE 5 – CAPITALIZED SOFTWARE DEVELOPMENT COSTS**

The organization develops software for commercial sale. Development costs incurred after the software has achieved technical feasibility, but before it is commercially marketable, have been capitalized as follows:

|                                        | <u>2019</u>  | <u>2018</u> |
|----------------------------------------|--------------|-------------|
| Capitalized software development costs | \$ 1,098,951 | \$ -        |

These costs will be amortized as cost of sales when the software is released on the commercial market, expected in the fiscal year ending June 30, 2020.

**NOTE 6 – INTANGIBLE ASSETS**

A summary of intangible assets as of June 30, is as follows:

|                                | <u>2019</u>         | <u>2018</u>         |
|--------------------------------|---------------------|---------------------|
| Patent costs                   | \$ 832,724          | \$ 708,513          |
| Trademarks and copyrights      | 409,172             | 473,884             |
|                                | <u>1,241,896</u>    | <u>1,182,397</u>    |
| Less: accumulated amortization | <u>(163,419)</u>    | <u>(136,742)</u>    |
|                                | <u>\$ 1,078,477</u> | <u>\$ 1,045,655</u> |

For the years ended June 30, 2019 and 2018, amortization expense recognized was \$26,677 and \$23,563, respectively. The weighted average remaining useful lives of the Organization's amortizing intangible assets is 64 months. The estimated future amortization expense related to intangible assets will be approximately \$23,563 per year.

**NOTE 7 – LINE OF CREDIT**

During November 2018, the Organization renewed its line of credit with a financial institution for \$2,000,000. The line of credit is collateralized by the Organization's assets and matures in December 2019. The line of credit bears a variable interest rate based on the Wall Street Journal prime rate plus one quarter of one percent (0.250%). In June 2019, the financial institution approved an increase in the maximum principal amount under the line of credit to \$2,500,000. As of June 30, 2019, the line of credit's interest rate was 4.50 percent. The line of credit requires minimum monthly payments on interest incurred and requires payment of all outstanding balances upon maturity. The line of credit contains customary affirmative and negative covenants. For the years ended June 30, 2019 and 2018, the outstanding amounts under this line of credit were \$2,500,000 and \$604,306, respectively. For the years ended June 30, 2019 and 2018, the Organization incurred interest expense and fees of \$36,249 and \$14,670, respectively.

**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of June 30:

|                    | 2019                | 2018                |
|--------------------|---------------------|---------------------|
| Time restricted    | \$ 645,452          | \$ 701,733          |
| Purpose restricted | 4,883,154           | 5,822,991           |
|                    | <u>\$ 5,528,606</u> | <u>\$ 6,524,724</u> |

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by occurrences of other events specified by donors during the years ended June 30, 2019 and 2018.

**NOTE 9 – LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization's financial assets as of June 30, 2019 and 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, are perpetual endowments, or because the Board has set aside the funds for a specific contingency reserve. These Board designations could be drawn upon if the Board approves that action.

|                                                                                        | 2019                | 2018                |
|----------------------------------------------------------------------------------------|---------------------|---------------------|
| Financial assets:                                                                      |                     |                     |
| Cash and cash equivalents                                                              | \$ 1,219,011        | \$ 756,046          |
| Accounts receivable                                                                    | 2,631,903           | 3,186,689           |
| Pledges receivable                                                                     | 4,357,559           | 3,820,963           |
|                                                                                        | <u>8,208,473</u>    | <u>7,763,698</u>    |
| Less those unavailable for general expenditure within one year, due to:                |                     |                     |
| Accounts and pledges receivable collectible beyond one year                            | (568,664)           | (2,422,992)         |
| Perpetual and term endowments                                                          | (20,000)            | -                   |
| Board designated reserves for future contingencies                                     | (522,051)           | (401,492)           |
|                                                                                        | <u>(1,110,715)</u>  | <u>(2,824,484)</u>  |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 7,097,758</u> | <u>\$ 4,939,214</u> |

The Organization also has a \$2,500,000 line of credit to fund liquidity needs.

**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

**NOTE 10 - IN-KIND GOODS AND SERVICES**

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. For the years ended June 30, 2019 and 2018, no amounts were recognized in the statement of activities and changes in net assets as they did not meet the criteria described in Note 2.

The Organization also receives donated materials, equipment, and storage space. For the years ended June 30, 2019 and 2018, the Organization recognized in-kind revenues of \$87,548 and \$176,386, respectively.

**NOTE 11 - FUNCTIONAL EXPENSES**

The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the table below. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates developed by management.

| Expenses                      | 2019                |                     |                     |                     |                     |                     | 2018                |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                               | Program             |                     |                     | Fundraising         | Management          | Total               | Total               |
|                               | Education           | Research            | Total               |                     |                     |                     |                     |
| Salaries                      | \$14,205,802        | \$ 1,388,564        | \$15,594,366        | \$ 999,549          | \$ 1,095,966        | \$17,689,881        | \$17,516,959        |
| Benefits                      | 1,465,155           | 193,269             | 1,658,424           | 87,307              | 108,484             | 1,854,215           | 1,878,479           |
| Payroll taxes                 | 1,000,498           | 114,430             | 1,114,928           | 71,195              | 80,871              | 1,266,994           | 1,180,960           |
| Labor sub-total               | 16,671,455          | 1,696,263           | 18,367,718          | 1,158,051           | 1,285,321           | 20,811,090          | 20,576,398          |
| Travel, meals & entertainment | 1,423,358           | 67,998              | 1,491,356           | 119,924             | 73,506              | 1,684,786           | 1,556,245           |
| Facility expense              | 715,380             | 67,306              | 782,686             | 38,220              | 56,344              | 877,250             | 1,194,847           |
| Outside services              | 474,664             | 45,325              | 519,989             | 55,116              | 33,158              | 608,263             | 1,446,348           |
| Conferences & meetings        | 663,140             | 2,362               | 665,502             | 42,412              | 9,999               | 717,913             | 551,652             |
| Information technology        | 854,581             | 14,241              | 868,822             | 14,907              | 20,580              | 904,309             | 361,070             |
| Office expenses               | 277,422             | 7,248               | 284,670             | 11,515              | 18,570              | 314,755             | 491,234             |
| Legal fees                    | 37,056              | 1,443               | 38,499              | 1,378               | 9,237               | 49,114              | 65,157              |
| Printing & publishing         | 48,390              | 97                  | 48,487              | 2,564               | 55                  | 51,106              | 50,530              |
| Business insurance            | 78,639              | 5,194               | 83,833              | 4,964               | 4,981               | 93,778              | 95,099              |
| Accounting & tax fees         | 54,043              | 3,403               | 57,446              | 3,547               | 3,180               | 64,173              | 119,623             |
| Interest                      | 30,354              | 1,974               | 32,328              | 1,900               | 2,021               | 36,249              | 14,670              |
| Other                         | 33,362              | 198                 | 33,560              | 65,185              | 206                 | 98,951              | 102,186             |
| Depreciation & amortization   | 716,164             | 47,534              | 763,698             | 45,199              | 45,534              | 854,431             | 944,318             |
| Totals                        | <u>\$22,078,008</u> | <u>\$ 1,960,586</u> | <u>\$24,038,594</u> | <u>\$ 1,564,882</u> | <u>\$ 1,562,692</u> | <u>\$27,166,168</u> | <u>\$27,569,377</u> |



**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

**NOTE 12 - RELATED PARTY TRANSACTIONS**

For the years ended June 30, 2019 and 2018, the Organization received contributions from members of the Organization's Board of Directors or businesses or charitable entities related to them totaling \$1,929,547 and \$1,572,973, respectively.

Pledges receivable from the Organization's Board of Directors or business or charitable entities related to them are as follows as of June 30:

|                                              | 2019              | 2018              |
|----------------------------------------------|-------------------|-------------------|
| Related party pledges receivable, current    | \$ 446,637        | \$ 37,187         |
| Related party pledges receivable, noncurrent | 112,800           | 132,600           |
|                                              | <u>\$ 559,437</u> | <u>\$ 169,787</u> |

The Organization was provided with inventory storage space by an entity owned by a former member of the Organization's Board of Directors. For the years ended June 30, 2019 and 2018, the Organization recognized in-kind rent of \$2,634 and \$2,892, respectively.

**NOTE 13 - LEASE COMMITMENTS**

In September 2012, the Organization entered into a lease agreement for office space located in Irvine, California beginning in January 2013. The term of the lease extends through December 2020 and requires minimum monthly rent payments of \$50,056. The lease includes certain tenant improvements and rent abatement during the lease period. In March 2018, a portion of the office space was subleased under a sublease agreement expiring December 2020. As of June 30, 2019 and 2018, the Organization recorded deferred rent of \$356,169 and \$542,590, respectively. In August 2016, the Organization entered into a lease for office space in Phoenix, Arizona, for a term of six months and required minimum monthly rent payments of \$450. In January 2018, the term of that lease was extended through September 2018 on a month-to-month basis, requiring minimum monthly rent payments of \$510. In April 2017, the Organization entered into a lease for office space in Austin, Texas. In April 2019, that office space was expanded and the lease was extended through May 2020, with minimum monthly rent payments of \$4,059. The Organization also leases office equipment under a lease maturing in December 2021.

For the years ended June 30, 2019 and 2018, rent expense was \$599,297 and \$849,260, respectively. Future minimum lease payments under non-cancelable operating leases having initial terms in excess of one year are as follows:

Year ending June 30,

|       |                     |
|-------|---------------------|
| 2020  | \$ 888,708          |
| 2021  | 498,717             |
| 2022  | <u>-</u>            |
| Total | <u>\$ 1,387,425</u> |

**MIND Research Institute**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED**

**June 30, 2019**

**(With comparative summarized information for the year ended June 30, 2018)**

Future income from the sublease agreement is as follows:

Year ending June 30,

|       |    |                |
|-------|----|----------------|
| 2020  | \$ | 164,226        |
| 2021  |    | 82,113         |
| 2022  |    | -              |
| Total | \$ | <u>246,339</u> |

**NOTE 14 - CONCENTRATION OF CREDIT RISK**

For the years ended June 30, 2019 and 2018, the Organization received 21% and 27% of its revenue from its fundraising activities, respectively. Management anticipates continued support from its contributors in the future to be a substantial portion of the Organization's revenue.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2019 and 2018, the Organization held cash and cash equivalents at financial institutions in excess of the Federal Deposit Insurance Corporation insurance amount of \$250,000; however, the Organization monitors the financial institutions regularly and does not anticipate any losses from these deposits.

Cash deposited in financial institutions differs from cash presented in the consolidated balance sheets due to timing differences.

Consolidated Financial Statements and Report of  
Independent Certified Public Accountants

**MIND RESEARCH INSTITUTE**

June 30, 2018 (With comparative summarized  
financial information for June 30, 2017)

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**Report of Independent Certified Public Accountants**

Board of Directors  
MIND Research Institute

**Grant Thornton LLP**  
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Los Angeles, CA 90071-2201  
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We have audited the accompanying consolidated financial statements of MIND Research Institute and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2018 and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MIND Research Institute and its subsidiary as of June 30, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other matters

##### Report on 2017 summarized comparative information

We have previously audited MIND Research Institute's and its subsidiary's 2017 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 7, 2017. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Grant Thornton LLP*

Los Angeles, California  
October 9, 2018

## MIND Research Institute

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2018

(With comparative summarized information at June 30, 2017)

|                                                  | 2018          | 2017          |
|--------------------------------------------------|---------------|---------------|
| ASSETS                                           |               |               |
| CURRENT ASSETS                                   |               |               |
| Cash and cash equivalents                        | \$ 756,046    | \$ 1,141,592  |
| Accounts receivable                              | 3,186,689     | 3,982,837     |
| Pledges receivable, current                      | 1,397,971     | 2,213,897     |
| Prepaid expenses and other current assets        | 534,944       | 329,501       |
| Total Current Assets                             | 5,875,650     | 7,667,827     |
| FIXED ASSETS                                     |               |               |
| Equipment, furniture, and leasehold improvements | 7,036,672     | 6,475,581     |
| Less: accumulated depreciation                   | (5,098,686)   | (4,177,933)   |
| Total Fixed Assets, net                          | 1,937,986     | 2,297,648     |
| OTHER ASSETS                                     |               |               |
| Pledges receivable, noncurrent                   | 2,422,992     | 726,519       |
| Deposits                                         | 55,407        | 55,407        |
| Intangible assets, net                           | 1,045,655     | 979,033       |
| Total Other Assets                               | 3,524,054     | 1,760,959     |
| TOTAL ASSETS                                     | \$ 11,337,690 | \$ 11,726,434 |
| LIABILITIES AND NET ASSETS                       |               |               |
| CURRENT LIABILITIES                              |               |               |
| Accounts payable                                 | \$ 461,166    | \$ 796,784    |
| Accrued expenses                                 | 3,030,775     | 1,762,436     |
| Line of credit                                   | 604,306       | 1,800,000     |
| Deferred revenue, current                        | 4,833,043     | 7,049,421     |
| Deferred rent, current                           | 186,420       | 125,097       |
| Total Current Liabilities                        | 9,115,710     | 11,533,738    |
| NONCURRENT LIABILITIES                           |               |               |
| Deferred revenue, net of current                 | 607,240       | 1,398,895     |
| Deferred rent, net of current                    | 356,170       | 454,283       |
| Total Noncurrent Liabilities                     | 963,410       | 1,853,178     |
| TOTAL LIABILITIES                                | 10,079,120    | 13,386,916    |
| NET ASSETS (DEFICIT)                             |               |               |
| Unrestricted                                     | (5,266,154)   | (6,895,478)   |
| Temporarily restricted                           | 6,524,724     | 5,234,996     |
| Total Net Assets                                 | 1,258,570     | (1,660,482)   |
| TOTAL LIABILITIES AND NET ASSETS                 | \$ 11,337,690 | \$ 11,726,434 |

See accompanying notes to consolidated financial statements.

## MIND Research Institute

## CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2018

(With comparative summarized information for the year ended June 30, 2017)

|                                       | Unrestricted   | Temporarily<br>Restricted | 2018<br>Total | 2017<br>Total  |
|---------------------------------------|----------------|---------------------------|---------------|----------------|
| SUPPORT AND REVENUES                  |                |                           |               |                |
| Contributions                         | \$ 486,112     | \$ 7,734,102              | \$ 8,220,214  | \$ 5,681,259   |
| In-kind revenues                      | 176,386        | -                         | 176,386       | 220,262        |
| Total Fundraising and Philanthropy    | 662,498        | 7,734,102                 | 8,396,600     | 5,901,521      |
| Program Fees-Schools                  | 22,400,528     | -                         | 22,400,528    | 20,654,846     |
| Net Assets Released from Restrictions | 6,444,374      | (6,444,374)               | -             | -              |
| Cost of Sales                         | (15,200)       | -                         | (15,200)      | -              |
| Interest income                       | 4,313          | -                         | 4,313         | 1,923          |
| Insurance compensation for theft loss | 19,012         | -                         | 19,012        | -              |
| Loss on Impairment of Assets          | (59,829)       | -                         | (59,829)      | (256,489)      |
| Loss on Sublease                      | (131,620)      | -                         | (131,620)     | -              |
| Loss on Termination of Lease          | (124,627)      | -                         | (124,627)     | -              |
| Loss on sale of securities            | (748)          | -                         | (748)         | (3,129)        |
| Total Other Support                   | (293,499)      | -                         | (293,499)     | (257,695)      |
| TOTAL SUPPORT AND REVENUES            | 29,198,701     | 1,289,728                 | 30,488,429    | 26,298,672     |
| EXPENSES                              |                |                           |               |                |
| Program                               | 23,073,174     | -                         | 23,073,174    | 25,499,930     |
| Management                            | 2,770,134      | -                         | 2,770,134     | 2,074,470      |
| Fundraising                           | 1,726,069      | -                         | 1,726,069     | 1,312,816      |
| TOTAL EXPENSES                        | 27,569,377     | -                         | 27,569,377    | 28,887,216     |
| CHANGE IN NET ASSETS                  | 1,629,324      | 1,289,728                 | 2,919,052     | (2,588,544)    |
| BEGINNING NET ASSETS (DEFICIT)        | (6,895,478)    | 5,234,996                 | (1,660,482)   | 928,062        |
| ENDING NET ASSETS (DEFICIT)           | \$ (5,266,154) | \$ 6,524,724              | \$ 1,258,570  | \$ (1,660,482) |

See accompanying notes to consolidated financial statements.



MIND Research Institute

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

(With comparative summarized information for the year ended June 30, 2017)

| Expenses                      | 2018                 |                     |                      |                     |                     |                      | 2017<br>Total        |
|-------------------------------|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|                               | Education            | Program<br>Research | Total                | Fundraising         | Management          | Total                |                      |
| Salaries                      | \$ 12,970,352        | \$ 1,320,737        | \$ 14,291,089        | \$ 1,104,949        | \$ 2,120,921        | \$ 17,516,959        | \$ 18,102,456        |
| Benefits                      | 1,395,512            | 176,587             | 1,572,099            | 113,492             | 192,888             | 1,878,479            | 2,041,041            |
| Payroll Taxes                 | 891,113              | 91,951              | 983,064              | 73,220              | 124,676             | 1,180,960            | 1,303,173            |
| Labor sub-total               | 15,256,977           | 1,589,275           | 16,846,252           | 1,291,661           | 2,438,485           | 20,576,398           | 21,446,670           |
| Travel, Meals & Entertainment | 1,280,557            | 56,613              | 1,337,170            | 112,329             | 106,746             | 1,556,245            | 1,653,604            |
| Facility Expense              | 956,081              | 107,089             | 1,063,170            | 48,971              | 82,706              | 1,194,847            | 1,239,976            |
| Outside Services              | 1,321,105            | 34,089              | 1,355,194            | 81,627              | 9,527               | 1,446,348            | 905,420              |
| Conferences & Meetings        | 507,400              | 1,185               | 508,585              | 34,944              | 8,123               | 551,652              | 659,077              |
| Information Technology        | 314,378              | 13,955              | 328,333              | 16,110              | 16,627              | 361,070              | 626,297              |
| Office Expenses               | 443,253              | 8,532               | 451,785              | 15,009              | 24,440              | 491,234              | 567,734              |
| Legal Fees                    | 39,818               | 11,709              | 51,527               | 11,576              | 2,054               | 65,157               | 184,608              |
| Printing & Publishing         | 49,497               | 25                  | 49,522               | 730                 | 278                 | 50,530               | 178,125              |
| Business Insurance            | 78,035               | 5,601               | 83,636               | 4,920               | 6,543               | 95,099               | 112,846              |
| Accounting & Tax Fees         | 99,003               | 6,952               | 105,955              | 5,528               | 8,140               | 119,623              | 42,165               |
| Interest                      | 12,021               | 889                 | 12,910               | 724                 | 1,036               | 14,670               | 30,507               |
| Other                         | 46,411               | 2,112               | 48,523               | 53,210              | 453                 | 102,186              | 182,732              |
| Depreciation & Amortization   | 775,049              | 55,563              | 830,612              | 48,730              | 64,976              | 944,318              | 1,057,455            |
| Totals                        | <u>\$ 21,179,585</u> | <u>\$ 1,893,589</u> | <u>\$ 23,073,174</u> | <u>\$ 1,726,069</u> | <u>\$ 2,770,134</u> | <u>\$ 27,569,377</u> | <u>\$ 28,887,216</u> |

See accompanying notes to consolidated financial statements.

MIND Research Institute

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

(With comparative summarized information for the year ended June 30, 2017)

|                                                                                       | 2018         | 2017           |
|---------------------------------------------------------------------------------------|--------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                  |              |                |
| Change in Net Assets                                                                  | \$ 2,919,052 | \$ (2,588,544) |
| Adjustments to reconcile changes in net assets to net cash from operating activities: |              |                |
| Depreciation and amortization                                                         | 944,316      | 1,057,455      |
| Donation of equipment and intangible assets                                           | (176,386)    | (117,872)      |
| Loss on disposal of equipment                                                         | -            | 17,030         |
| Loss on impairment of intangible assets                                               | 59,829       | 256,489        |
| (Increase) decrease in assets:                                                        |              |                |
| Accounts receivable                                                                   | 796,148      | 2,980,083      |
| Pledge receivables                                                                    | (880,547)    | (2,335,999)    |
| Prepaid expenses and other current assets                                             | (205,443)    | (43,719)       |
| Deposits                                                                              | -            | (3,677)        |
| Increase (decrease) in liabilities:                                                   |              |                |
| Accounts payable                                                                      | (335,618)    | 227,055        |
| Accrued expenses                                                                      | 1,268,339    | (129,319)      |
| Deferred revenues                                                                     | (3,008,033)  | (8,515)        |
| Deferred rent                                                                         | (36,790)     | (94,857)       |
| Net Cash Used In Operating Activities                                                 | 1,344,867    | (784,390)      |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                  |              |                |
| Purchase of fixed assets                                                              | (384,705)    | (237,883)      |
| Acquisition of intangible assets                                                      | (150,014)    | (391,921)      |
| Net Cash Used In Investing Activities                                                 | (534,719)    | (629,804)      |
| CASH FLOWS FROM FINANCING ACTIVITIES                                                  |              |                |
| Borrowing on line of credit                                                           | (1,195,694)  | 1,800,000      |
| Net Cash Provided by Financing Activities                                             | (1,195,694)  | 1,800,000      |
| NET CHANGE IN CASH AND CASH EQUIVALENTS                                               | (385,546)    | 385,806        |
| BEGINNING CASH AND CASH EQUIVALENTS                                                   | 1,141,592    | 755,786        |
| ENDING CASH AND CASH EQUIVALENTS                                                      | \$ 756,046   | \$ 1,141,592   |
| SUPPLEMENTARY INFORMATION                                                             |              |                |
| Interest paid                                                                         | \$ 14,670    | \$ 30,507      |

See accompanying notes to consolidated financial statements.

MIND Research Institute

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(with comparative summarized information at June 30, 2017)

NOTE 1—ORGANIZATION

The MIND Research Institute (the “Organization” or “MIND”) is a nonprofit tax-exempt organization which was incorporated in April 1998. The Organization’s mission is to ensure that all students are mathematically equipped to solve the world’s most challenging problems through developing and deploying math instructional software and systems. A non-profit organization, MIND also conducts basic neuroscientific, mathematics, and education research to improve math education and advance scientific understanding.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Principles of Consolidation

The consolidated financial statements include the accounts of the MIND Research Institute and MIND Education, Inc., a 98% owned subsidiary, and are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For the years ended June 30, 2018 and 2017 MIND Education, Inc. had no assets and no activity. All intercompany amounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets. Net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily restricted net assets. Net assets that are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met during the reporting period are recorded as unrestricted.

Permanently restricted net assets. Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of June 30, 2018 and 2017, the Organization did not have any permanently restricted net assets.

Accounting 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. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable result from the sales of educational programs. The Organization’s policy is to provide an allowance for doubtful accounts, when necessary, to reflect estimated uncollectible accounts. No allowance for doubtful accounts has been provided as management believes all amounts are collectible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable

Unconditional promises to give are recognized in the period received and when collectability is reasonably assured. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges to be received in more than one year are discounted to net present value based on the *Wall Street Journal* prime rate.

No allowance for uncollectible amounts has been established as management believes all pledges receivable to be fully collectible.

Equipment, Furniture, and Leasehold Improvements

Equipment, furniture, and leasehold improvements are carried at cost or, if donated, at the approximate fair value on the date of donation. Depreciation is provided on the straight-line method over estimated useful lives. The useful lives of equipment and furniture are estimated to range between three and seven years, and leasehold improvements are estimated to be the lesser of the lease term or economic life. In 2017, we changed the estimate of useful lives and depreciation of personal computers and similar equipment from five years to three years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Software Development Costs

Computer software developed or obtained for internal use is capitalized when certain criteria have been met. Costs incurred during the application development stage for internal-use software are capitalized in equipment, furniture, and leasehold improvements and amortized over the estimated useful life of the software, which is estimated by management to be five years.

Computer software development costs for software to be sold or marketed are considered research and development activities and are expensed as incurred.

Intangible Assets

Patent, trademark and copyright application costs are capitalized. When patents are approved, they are amortized on a straight-line basis over their expected lives. Indefinite lived intangible assets are evaluated for impairment annually and monitored for triggering events on an ongoing basis. The Organization determined that the carrying value of certain patent, trademark and copyright application costs exceeded their present values due to technical obsolescence; thus, the Organization reported a loss from impairment of intangible assets of \$59,829 and \$256,489 in FY 2018 and FY 2017 respectively.

Program Fees and Support

Revenue primarily consists of contributions and sales of educational software, subscriptions and related support and training services.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be unrestricted unless specifically restricted by the donor.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Program Fees and Support (continued)

The Organization's software sales consist of multiple elements of the above items. Revenue earned on perpetual software arrangements involving multiple elements is allocated to each element based on the relative fair values of those elements. The fair value of an element is based on vendor-specific objective evidence ("VSOE"). The Organization limits its assessment of VSOE of fair value for each element to the price charged when the same element is sold separately. VSOE calculations are updated annually. The Organization establishes VSOE of fair value for the related undelivered elements based on the bell-shaped curve method, where the entire population of separate transactions where the element is sold separately is evaluated to determine whether the range of prices paid is sufficiently narrow to provide evidence of VSOE of fair value. The software portion is recognized upon delivery, and the other elements are recognized ratably over the period of service.

The Organization derives revenue from subscription fees for access to and use of its math education system. Term software license fees and support are recognized ratably over the contract term of the arrangement beginning on the date that the subscription is made available to the customer because VSOE does not exist.

When evidence of fair value exists for the undelivered elements only, the residual method is used. Under the residual method, the Organization defers revenue related to the undelivered elements based on VSOE of fair value of each of the undelivered elements and allocates the remainder of the contract price net of all discounts to revenue recognized from the delivered elements.

For the years ended June 30, 2018 and June 30, 2017, the Organization estimates that deferred revenue as of its fiscal year end (June 30) which will be recognized as revenue over the subsequent 12 months is 89% and 83%, respectively.

The Organization ensures that the following criteria are met prior to recognition of revenue: there is persuasive evidence of an arrangement; the product has been delivered or services have been rendered; the fee is fixed or determinable; and collectability is reasonably assured.

Donated Services and Goods

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates developed by management.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

401(k) Plan

The Organization offers a tax-qualified 401(k) defined contribution plan (the Plan) to all employees who meet eligibility requirements. Eligible employees are entitled to defer the lesser of 100 percent of their compensation or a fixed amount determined annually by the Internal Revenue Service. The Organization has the discretion to match participant contributions. For the years ended June 30, 2018 and 2017 the Organization made Plan matching contributions of \$285,460 and \$295,870, respectively. Vesting of the Plan matching contributions is based on years of continuous service, and are 100 percent vested after four years of service.

Income Tax Status

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is “more-likely-than-not” to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has also been recognized by the California Franchise Tax Board as an Organization that is exempt from California franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax Obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The guidance is effective for fiscal years beginning after December 15, 2018, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the guidance in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Management is currently evaluating the potential effect of this guidance on its consolidated financial statements and related disclosures.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncements (continued)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the potential effect of this guidance on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958). The provisions of this ASU include a change from three classes of net assets to two, net assets with donor restrictions and net assets without donor restrictions. Certain enhanced disclosures are also required. The amendments in this update are effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Reclassifications

Certain reclassifications have been made to prior year financial statements to conform to current year presentation.

Reporting of Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 9, 2018, the date the financial statements were available to issue.

## NOTE 3—PLEDGES RECEIVABLE

Pledges receivable as of June 30, are as follows:

|                                     | 2018                | 2017                |
|-------------------------------------|---------------------|---------------------|
| Receivable in less than one year    | \$ 1,397,971        | \$ 2,213,897        |
| Receivable in greater than one year | 2,454,600           | 766,400             |
| Less: Present value discounts       | (31,608)            | (39,881)            |
| Noncurrent portion                  | 2,422,992           | 726,519             |
| Total pledge receivables            | <u>\$ 3,820,963</u> | <u>\$ 2,940,416</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018  
(with comparative summarized information at June 30, 2017)

## NOTE 4—EQUIPMENT, FURNITURE, AND LEASEHOLD IMPROVEMENTS

A summary of equipment, furniture, and leasehold improvements as of June 30 is as follows:

|                                | 2018                | 2017                |
|--------------------------------|---------------------|---------------------|
| Equipment                      | \$ 4,853,149        | \$ 4,497,123        |
| Internal use software          | 657,163             | 651,911             |
| Furniture                      | 523,636             | 374,586             |
| Leasehold improvements         | 1,002,724           | 951,961             |
|                                | 7,036,672           | 6,475,581           |
| Less: accumulated depreciation | (5,098,686)         | (4,177,933)         |
|                                | <u>\$ 1,937,986</u> | <u>\$ 2,297,648</u> |

For the years ended June 30, 2018 and 2017, depreciation expense recognized was \$920,753 and \$1,036,904, respectively.

## NOTE 5—INTANGIBLE ASSETS

A summary of intangible assets as of June 30, is as follows:

|                                | 2018                | 2017              |
|--------------------------------|---------------------|-------------------|
| Patent costs                   | \$ 708,513          | \$ 698,467        |
| Trademarks and copyrights      | 473,884             | 393,745           |
|                                | 1,182,397           | 1,092,212         |
| Less: accumulated amortization | (136,742)           | (113,179)         |
|                                | <u>\$ 1,045,655</u> | <u>\$ 979,033</u> |

For the years ended June 30, 2018 and 2017, amortization expense recognized was \$23,563 and \$20,551, respectively. The weighted average remaining useful lives of the Organization's amortizing intangible assets is 64 months. The estimated future amortization expense related to intangible assets will be approximately \$23,563 per year from fiscal 2018 to 2022 thereafter.

## NOTE 6—LINE OF CREDIT

During November 2017, the Organization renewed its line of credit with a financial institution for \$2,000,000. The line of credit is collateralized by the Organization's assets and matures in November 2018. The line of credit bears a variable interest rate based on the *Wall Street Journal* prime rate plus one quarter of one percent (0.250%). As of June 30, 2018, the line of credit's interest rate was 4.50 percent. The line of credit requires minimum monthly payments on interest incurred and requires payment of all outstanding balances upon maturity. The line of credit contains customary affirmative and negative covenants. For the years ended June 30, 2018 and 2017, the outstanding amounts under this line of credit was \$604,306 and \$1,800,000, respectively. For the years ended June 30, 2018 and 2017, the Organization incurred interest expense and fees of \$14,670 and \$30,507, respectively.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

## NOTE 7—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, is as follows:

|                    | 2018                | 2017                |
|--------------------|---------------------|---------------------|
| Time restricted    | \$ 701,733          | \$ 726,519          |
| Purpose restricted | 5,822,991           | 4,508,477           |
|                    | <u>\$ 6,524,724</u> | <u>\$ 5,234,996</u> |

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors during the years ended June 30, 2018 and 2017.

## NOTE 8—IN-KIND GOODS AND SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. For the years ended June 30, 2018 and 2017, no amounts were recognized in the statement of activities and changes in net assets as they did not meet the criteria described in Note 2.

The Organization also receives donated materials, equipment, and storage space. For the years ended June 30, 2018 and 2017, the Organization recognized in-kind revenues of \$176,386 and \$220,262, respectively.

## NOTE 9—RELATED PARTY TRANSACTIONS

For the years ended June 30, 2018 and 2017, the Organization received contributions from members of the Organization's board of directors or business or charitable entities related to them totaling \$1,572,973 and \$1,237,214, respectively.

Pledges receivable from the Organization's board of directors or business or charitable entities related to them are as follows as of June 30:

|                                              | 2018              | 2017              |
|----------------------------------------------|-------------------|-------------------|
| Related party pledges receivable, current    | \$ 37,187         | \$ 57,997         |
| Related party pledges receivable, noncurrent | 132,600           | 166,400           |
|                                              | <u>\$ 169,787</u> | <u>\$ 224,397</u> |

The Organization was provided with inventory storage space by an entity owned by a member of the Organization's board of directors. For each of the years ended June 30, 2018 and 2017, the Organization recognized in-kind rent of \$2,892. The Organization also purchases legal services from an entity that employed a member of the Organization's board of directors until January 2018. For the year ended June 30, 2018, the Organization incurred legal services totaling \$53,878 from said legal entity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

## NOTE 10—LEASE COMMITMENTS

In September 2012, the Organization entered into a lease agreement for office space located in Irvine, California beginning in January 2013. The term of the lease extends through December 2020 and requires minimum monthly rent payments of \$50,056. The lease includes certain tenant improvements and rent abatement during the lease period. In March 2018, a portion of the office space was subleased under a sublease agreement expiring December 2020. As of June 30, 2018 and 2017, the Organization recorded deferred rent of \$542,590 and \$579,380, respectively. In August 2016, the Organization entered into a lease for office space in Phoenix, Arizona, for a term of six months and required minimum monthly rent payments of \$450. In January 2018, the term of that lease was extended through September 2018 on a month-to-month basis, requiring minimum monthly rent payments of \$510. In April 2017, the Organization entered into a lease for office space in Austin, Texas. The term of the lease extends through May 2019 and requires minimum monthly rent payments of \$3,606. The Organization also leased office equipment with maturities ranging from July 2017 to March 2018; such leases were bought out in January 2018.

For the years ended June 30, 2018 and 2017, rent expense was \$849,260 and \$998,048, respectively. Future minimum lease payments under non-cancelable operating leases having initial terms in excess of one year are as follows:

Year ending June 30,

|      |                     |
|------|---------------------|
| 2019 | \$ 810,443          |
| 2020 | 804,576             |
| 2021 | 413,496             |
| 2022 | -                   |
|      | <u>\$ 2,028,515</u> |

Future income from the sublease agreement is as follows:

Year ending June 30,

|      |                   |
|------|-------------------|
| 2019 | \$ 164,226        |
| 2020 | 164,226           |
| 2021 | 82,113            |
| 2022 | -                 |
|      | <u>\$ 410,565</u> |

## NOTE 11—CONCENTRATION OF CREDIT RISK

For the years ended June 30, 2018 and 2017, the Organization received 27 percent and 22 percent of its revenue from its fundraising activities, respectively. Management anticipates continued support from its contributors in the future to be a substantial portion of the Organization's revenue.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2018 and 2017, the Organization held cash and cash equivalents at financial institutions in excess of the Federal Deposit Insurance Corporation insurance amount of \$250,000; however, the Organization monitors the financial institutions regularly and does not anticipate any losses from these deposits.

MIND Research Institute

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2018

(with comparative summarized information at June 30, 2017)

NOTE 11—CONCENTRATION OF CREDIT RISK - Continued

Cash deposited in financial institutions differs from cash presented in the consolidated statement of financial position due to timing differences.

Consolidated Financial Statements and Report of  
Independent Certified Public Accountants

**MIND RESEARCH INSTITUTE**

June 30, 2017 (With comparative summarized  
financial information for June 30, 2016)

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**Report of Independent Certified Public Accountants**

Board of Directors  
MIND Research Institute

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We have audited the accompanying consolidated financial statements of MIND Research Institute and its subsidiary, which comprise the consolidated statement of financial position as of June 30, 2017 and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

#### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of MIND Research Institute and its subsidiary as of June 30, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Other matters

##### Report on 2016 summarized comparative information

We have previously audited MIND Research Institute's and its subsidiary's 2016 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 30, 2016. In our opinion, the accompanying summarized comparative information as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Grant Thornton LLP*

Los Angeles, California

November 7, 2017

MIND Research Institute

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2017

(With comparative summarized information at June 30, 2016)

|                                                  | 2017                        | 2016                        |
|--------------------------------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                                    |                             |                             |
| <b>CURRENT ASSETS</b>                            |                             |                             |
| Cash and cash equivalents                        | \$ 1,141,592                | \$ 755,786                  |
| Accounts receivable                              | 3,982,837                   | 6,962,920                   |
| Pledges receivable, current                      | 2,213,897                   | 386,563                     |
| Prepaid expenses and other current assets        | 329,501                     | 285,782                     |
| Total Current Assets                             | <u>7,667,827</u>            | <u>8,391,051</u>            |
| <b>FIXED ASSETS</b>                              |                             |                             |
| Equipment, furniture, and leasehold improvements | 6,475,581                   | 6,159,637                   |
| Less: accumulated depreciation                   | <u>(4,177,933)</u>          | <u>(3,163,810)</u>          |
| Total Fixed Assets, net                          | <u>2,297,648</u>            | <u>2,995,827</u>            |
| <b>OTHER ASSETS</b>                              |                             |                             |
| Pledges receivable, noncurrent                   | 726,519                     | 217,854                     |
| Deposits                                         | 55,407                      | 51,730                      |
| Intangible assets, net                           | <u>979,033</u>              | <u>864,152</u>              |
| Total Other Assets                               | <u>1,760,959</u>            | <u>1,133,736</u>            |
| <b>TOTAL ASSETS</b>                              | <u><u>\$ 11,726,434</u></u> | <u><u>\$ 12,520,614</u></u> |
| <b>LIABILITIES AND NET ASSETS</b>                |                             |                             |
| <b>CURRENT LIABILITIES</b>                       |                             |                             |
| Accounts payable                                 | \$ 796,784                  | \$ 569,729                  |
| Accrued expenses                                 | 1,762,436                   | 1,891,755                   |
| Line of credit                                   | 1,800,000                   | -                           |
| Deferred revenue, current                        | 7,049,421                   | 6,328,169                   |
| Deferred rent, current                           | <u>125,097</u>              | <u>94,857</u>               |
| Total Current Liabilities                        | <u>11,533,738</u>           | <u>8,884,510</u>            |
| <b>NONCURRENT LIABILITIES</b>                    |                             |                             |
| Deferred revenue, net of current                 | 1,398,895                   | 2,128,662                   |
| Deferred rent, net of current                    | <u>454,283</u>              | <u>579,380</u>              |
| Total Noncurrent Liabilities                     | <u>1,853,178</u>            | <u>2,708,042</u>            |
| <b>TOTAL LIABILITIES</b>                         | <u>13,386,916</u>           | <u>11,592,552</u>           |
| <b>NET ASSETS (DEFICIT)</b>                      |                             |                             |
| Unrestricted                                     | (6,895,478)                 | (2,333,978)                 |
| Temporarily restricted                           | <u>5,234,996</u>            | <u>3,262,040</u>            |
| Total Net Assets                                 | <u>(1,660,482)</u>          | <u>928,062</u>              |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>          | <u><u>\$ 11,726,434</u></u> | <u><u>\$ 12,520,614</u></u> |

See accompanying notes to consolidated financial statements.



MIND Research Institute

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2017

(With comparative summarized information for the year ended June 30, 2016)

|                                       | Unrestricted   | Temporarily<br>Restricted | 2017<br>Total  | 2016<br>Total |
|---------------------------------------|----------------|---------------------------|----------------|---------------|
| SUPPORT AND REVENUES                  |                |                           |                |               |
| Contributions                         | \$ 405,449     | \$ 5,275,810              | \$ 5,681,259   | \$ 5,594,441  |
| In-kind revenues                      | 220,262        | -                         | 220,262        | 816,548       |
| Total Fundraising and Philanthropy    | 625,711        | 5,275,810                 | 5,901,521      | 6,410,989     |
| Program Fees-Schools                  | 20,654,846     | -                         | 20,654,846     | 22,683,994    |
| Net Assets Released from Restrictions | 3,302,854      | (3,302,854)               | -              | -             |
| Interest income                       | 1,923          | -                         | 1,923          | 151           |
| Loss on sale of securities            | (3,129)        | -                         | (3,129)        | (596)         |
| Total Other Support                   | (1,206)        | -                         | (1,206)        | (445)         |
| TOTAL SUPPORT AND REVENUES            | 24,582,205     | 1,972,956                 | 26,555,161     | 29,094,538    |
| EXPENSES                              |                |                           |                |               |
| Program                               | 25,756,419     | -                         | 25,756,419     | 25,593,558    |
| Management                            | 2,074,470      | -                         | 2,074,470      | 1,881,030     |
| Fundraising                           | 1,312,816      | -                         | 1,312,816      | 1,366,554     |
| TOTAL EXPENSES                        | 29,143,705     | -                         | 29,143,705     | 28,841,142    |
| CHANGE IN NET ASSETS                  | (4,561,500)    | 1,972,956                 | (2,588,544)    | 253,396       |
| BEGINNING NET ASSETS (DEFICIT)        | (2,333,978)    | 3,262,040                 | 928,062        | 674,666       |
| ENDING NET ASSETS (DEFICIT)           | \$ (6,895,478) | \$ 5,234,996              | \$ (1,660,482) | \$ 928,062    |

See accompanying notes to consolidated financial statements.

MIND Research Institute

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

(With comparative summarized information for the year ended June 30, 2016)

| Expenses                        | 2017          |              |               |              |              |               | 2016          |
|---------------------------------|---------------|--------------|---------------|--------------|--------------|---------------|---------------|
|                                 | Program       |              |               | Fundraising  | Management   | Total         | Total         |
|                                 | Education     | Research     | Total         |              |              |               |               |
| Salaries                        | \$ 15,183,872 | \$ 606,647   | \$ 15,790,519 | \$ 839,145   | \$ 1,472,792 | \$ 18,102,456 | \$ 18,889,195 |
| Benefits                        | 1,651,691     | 89,047       | 1,740,738     | 117,595      | 182,708      | 2,041,041     | 1,741,246     |
| Payroll Taxes                   | 1,103,320     | 45,254       | 1,148,574     | 60,313       | 94,286       | 1,303,173     | 1,316,886     |
| Labor sub-total                 | 17,938,883    | 740,948      | 18,679,831    | 1,017,053    | 1,749,786    | 21,446,670    | 21,947,327    |
| Travel, Meals and Entertainment | 1,426,685     | 76,933       | 1,503,618     | 65,926       | 84,060       | 1,653,604     | 1,736,218     |
| Facility Expense                | 1,070,586     | 46,023       | 1,116,609     | 50,645       | 72,722       | 1,239,976     | 1,412,181     |
| Outside Services                | 721,849       | 137,889      | 859,738       | 33,118       | 12,564       | 905,420       | 585,864       |
| Conferences and Meetings        | 634,720       | 781          | 635,501       | 14,602       | 8,974        | 659,077       | 848,825       |
| Information Technology          | 584,639       | 7,706        | 592,345       | 17,216       | 16,736       | 626,297       | 424,520       |
| Office Expenses                 | 530,500       | 4,289        | 534,789       | 14,576       | 18,369       | 567,734       | 542,987       |
| Legal Fees                      | 162,069       | 2,887        | 164,956       | 12,645       | 7,007        | 184,608       | 267,725       |
| Printing and Publishing         | 158,288       | 203          | 158,491       | 18,443       | 1,191        | 178,125       | 123,345       |
| Business Insurance              | 96,108        | 4,259        | 100,367       | 4,986        | 7,493        | 112,846       | 62,716        |
| Accounting and Tax Fees         | 36,416        | 1,171        | 37,587        | 1,970        | 2,608        | 42,165        | 60,949        |
| Interest                        | 25,549        | 1,435        | 26,984        | 1,361        | 2,162        | 30,507        | 91,374        |
| Other                           | 171,202       | 9,890        | 181,092       | 1,296        | 344          | 182,732       | 34,779        |
| Depreciation and Amortization   | 901,413       | 38,178       | 939,591       | 47,487       | 70,377       | 1,057,455     | 702,332       |
| Impairment of Intangible Assets | 218,353       | 6,567        | 224,920       | 11,492       | 20,077       | 256,489       | -             |
| Totals                          | \$ 24,677,260 | \$ 1,079,159 | \$ 25,756,419 | \$ 1,312,816 | \$ 2,074,470 | \$ 29,143,705 | \$ 28,841,142 |

See accompanying notes to consolidated financial statements.

## MIND Research Institute

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

(With comparative summarized information for the year ended June 30, 2016)

|                                                                                       | 2017                | 2016              |
|---------------------------------------------------------------------------------------|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES                                                  |                     |                   |
| Change in Net Assets                                                                  | \$ (2,588,544)      | \$ 253,396        |
| Adjustments to reconcile changes in net assets to net cash from operating activities: |                     |                   |
| Depreciation and amortization                                                         | 1,057,455           | 702,332           |
| Donation of equipment and intangible assets                                           | (117,872)           | (804,056)         |
| Loss on sale, disposal or theft of equipment                                          | 17,030              | 1,072             |
| Loss on impairment of intangible assets                                               | 256,489             | -                 |
| (Increase) decrease in assets:                                                        |                     |                   |
| Accounts receivable                                                                   | 2,980,083           | (2,594,741)       |
| Pledge receivables                                                                    | (2,335,999)         | 823,388           |
| Prepaid expenses and other current assets                                             | (43,719)            | (23,714)          |
| Deposits                                                                              | (3,677)             | -                 |
| Increase (decrease) in liabilities:                                                   |                     |                   |
| Accounts payable                                                                      | 227,055             | (141,170)         |
| Accrued expenses                                                                      | (129,319)           | (30,211)          |
| Deferred revenues                                                                     | (8,515)             | 1,858,369         |
| Deferred rent                                                                         | (94,857)            | (64,611)          |
| Net Cash Used In Operating Activities                                                 | <u>(784,390)</u>    | <u>(19,946)</u>   |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                  |                     |                   |
| Purchase of fixed assets                                                              | (237,883)           | (615,938)         |
| Acquisition of intangible assets                                                      | <u>(391,921)</u>    | <u>(182,268)</u>  |
| Net Cash Used In Investing Activities                                                 | <u>(629,804)</u>    | <u>(798,206)</u>  |
| CASH FLOWS FROM FINANCING ACTIVITIES                                                  |                     |                   |
| Borrowing on line of credit                                                           | 1,800,000           | -                 |
| Net Cash Provided by Financing Activities                                             | <u>1,800,000</u>    | <u>-</u>          |
| NET CHANGE IN CASH AND CASH EQUIVALENTS                                               | 385,806             | (818,152)         |
| BEGINNING CASH AND CASH EQUIVALENTS                                                   | <u>755,786</u>      | <u>1,573,938</u>  |
| ENDING CASH AND CASH EQUIVALENTS                                                      | <u>\$ 1,141,592</u> | <u>\$ 755,786</u> |
| SUPPLEMENTARY INFORMATION                                                             |                     |                   |
| Interest paid                                                                         | <u>\$ 30,507</u>    | <u>\$ 91,374</u>  |

See accompanying notes to consolidated financial statements.

## MIND Research Institute

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017 (with comparative summarized information at June 30, 2016)

#### NOTE 1—ORGANIZATION

The MIND Research Institute (the “Organization” or “MIND”) is a nonprofit tax exempt organization which was incorporated in April 1998. The Organization’s mission is to ensure that all students are mathematically equipped to solve the world’s most challenging problems through developing and deploying math instructional software and systems. A non-profit organization, MIND also conducts basic neuroscientific, mathematics, and education research to improve math education and advance scientific understanding.

#### NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting and Principles of Consolidation

The consolidated financial statements include the accounts of the MIND Research Institute and MIND Education, Inc., a 98% owned subsidiary, and are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. For the years ended June 30, 2017 and 2016, MIND Education, Inc. had no assets and no activity. All intercompany amounts and transactions have been eliminated in consolidation.

##### Basis of Presentation

The Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets. Net assets that are not subject to donor imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily restricted net assets. Net assets that are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently restricted net assets. Net assets that are subject to donor-imposed stipulations that they be maintained permanently by the Organization. As of June 30, 2017 and 2016, the Organization did not have any permanently restricted net assets.

##### Accounting 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. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers cash on hand and cash in other depository institutions with an original maturity of three months or less to be cash equivalents.

##### Accounts Receivable

Accounts receivable result from the sales of educational programs. The Organization’s policy is to provide an allowance for doubtful accounts, when necessary, to reflect estimated uncollectible accounts. No allowance for doubtful accounts has been provided as management believes all amounts are collectible.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Unconditional promises to give are recognized in the period received and when collectability is reasonably assured. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Pledges to be received in more than one year are discounted to net present value based on the *Wall Street Journal* prime rate.

No allowance for uncollectible amounts has been established as management believes all pledges receivable to be fully collectible.

Equipment, Furniture, and Leasehold Improvements

Equipment, furniture, and leasehold improvements are carried at cost or, if donated, at the approximate fair value on the date of donation. Depreciation is provided on the straight-line method over estimated useful lives. The useful lives of equipment and furniture are estimated to range between three and seven years, and leasehold improvements are estimated to be the lesser of the lease term or economic life. In 2017, we changed the estimate of useful lives and depreciation of personal computers and similar equipment from five years to three years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

Software Development Costs

Computer software developed or obtained for internal use is capitalized when certain criteria have been met. Costs incurred during the application development stage for internal-use software are capitalized in equipment, furniture, and leasehold improvements and amortized over the estimated useful life of the software, which is estimated by management to be five years.

Computer software development costs for software to be sold or marketed are considered research and development activities and are expensed as incurred.

Intangible Assets

Patent, trademark and copyright application costs are capitalized. When patents are approved, they are amortized on a straight-line basis over their expected lives. Indefinite lived intangible assets are evaluated for impairment annually and monitored for triggering events on an ongoing basis. There was no impairment of intangible assets during the year ended June 30, 2016, but in the year ended June 30, 2017, the Organization determined that the carrying value of certain patent, trademark and copyright application costs exceeded their present values due to technical obsolescence; thus, the Organization reported a loss from impairment of intangible assets of \$256,489, as shown in the accompanying Statement of Functional Expenses.

Program Fees and Support

Revenue primarily consists of contributions and sales of educational software, subscriptions and related support and training services.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. All contributions are considered to be unrestricted unless specifically restricted by the donor.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Fees and Support (continued)

The Organization's software sales consist of multiple elements of the above items. Revenue earned on software arrangements involving multiple elements is allocated to each element based on the relative fair values of those elements. The fair value of an element is based on vendor-specific objective evidence ("VSOE"). The Organization limits its assessment of VSOE of fair value for each element to the price charged when the same element is sold separately. VSOE calculations are updated annually. The Organization establishes VSOE of fair value for the related undelivered elements based on the bell-shaped curve method, where the entire population of separate transactions where the element is sold separately is evaluated to determine whether the range of prices paid is sufficiently narrow to provide evidence of VSOE of fair value.

The Organization derives revenue from subscription fees for access to and use of its math education system. Subscription fees are recognized ratably over the contract term of the arrangement beginning on the date that the subscription is made available to the customer.

When evidence of fair value exists for the undelivered elements only, the residual method is used. Under the residual method, the Organization defers revenue related to the undelivered elements based on VSOE of fair value of each of the undelivered elements and allocates the remainder of the contract price net of all discounts to revenue recognized from the delivered elements.

For the years ended June 30, 2017 and June 30, 2016, the Organization estimates that deferred revenue as of its fiscal year end (June 30) which will be recognized as revenue over the subsequent 12 months is 83% and 75%, respectively.

The Organization ensures that the following criteria are met prior to recognition of revenue: there is persuasive evidence of an arrangement; the product has been delivered or services have been rendered; the fee is fixed or determinable; and collectability is reasonably assured.

Donated Services and Goods

The Organization recognizes the contribution of services if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the criteria shall not be recognized.

Donated goods are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated goods to a specific purpose.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates developed by management.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

## NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

401(k) Plan

The Organization offers a tax-qualified 401(k) defined contribution plan (the Plan) to all employees who meet eligibility requirements. Eligible employees are entitled to defer the lesser of 100 percent of their compensation or a fixed amount determined annually by the Internal Revenue Service. The Organization has the discretion to match participant contributions. For the years ended June 30, 2017 and 2016 the Organization made Plan matching contributions of \$295,870 and \$205,337, respectively. Vesting of the Plan matching contributions is based on years of continuous service, and are 100 percent vested after four years of service.

Income Tax Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related to the Organization's tax-exempt purpose is subject to unrelated business income taxation.

The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more likely than not be sustained upon examination. As of June 30, 2017, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Reporting of Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 7, 2017, the date the financial statements were available to issue.

## NOTE 3—PLEDGES RECEIVABLE

Pledges receivable as of June 30, are as follows:

|                                     | 2017               | 2016              |
|-------------------------------------|--------------------|-------------------|
| Receivable in less than one year    | \$2,213,897        | \$ 386,563        |
| Receivable in greater than one year | \$ 766,400         | \$ 245,200        |
| Less: Present value discounts       | (39,881)           | (27,346)          |
| Noncurrent portion                  | 726,519            | 217,854           |
| Total pledge receivables            | <u>\$2,940,416</u> | <u>\$ 604,417</u> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

## NOTE 4—EQUIPMENT, FURNITURE, AND LEASEHOLD IMPROVEMENTS

A summary of equipment, furniture, and leasehold improvements as of June 30 is as follows:

|                                | 2017               | 2016               |
|--------------------------------|--------------------|--------------------|
| Equipment                      | \$4,497,123        | \$4,352,807        |
| Internal use software          | 651,911            | 487,683            |
| Furniture                      | 374,586            | 373,871            |
| Leasehold improvements         | 951,961            | 945,276            |
|                                | <u>6,475,581</u>   | <u>6,159,637</u>   |
| Less: accumulated depreciation | <u>(4,177,933)</u> | <u>(3,163,810)</u> |
|                                | <u>\$2,297,648</u> | <u>\$2,995,827</u> |

For the years ended June 30, 2017 and 2016, depreciation expense recognized was \$1,036,904, which includes \$22,781 from disposal of equipment, and \$683,861, respectively.

## NOTE 5—INTANGIBLE ASSETS

A summary of intangible assets as of June 30, is as follows:

|                                | 2017              | 2016              |
|--------------------------------|-------------------|-------------------|
| Patent costs                   | \$ 698,467        | \$ 644,307        |
| Trademarks and copyrights      | 393,745           | 312,473           |
|                                | <u>1,092,212</u>  | <u>956,780</u>    |
| Less: accumulated amortization | <u>(113,179)</u>  | <u>(92,628)</u>   |
|                                | <u>\$ 979,033</u> | <u>\$ 864,152</u> |

For the years ended June 30, 2017 and 2016, amortization expense recognized was \$20,551 and \$18,471, respectively. The weighted average remaining useful lives of the Organization's amortizing intangible assets is 73 months. The estimated future amortization expense related to intangible assets will be approximately \$23,563 per year from fiscal 2018 to 2022 thereafter.

## NOTE 6—LINE OF CREDIT

During November 2016, the Organization renewed its line of credit with a financial institution for up to \$3,700,000. The line of credit is collateralized by the Organization's assets and matures in November 2017. The line of credit bears a variable interest rate based on the *Wall Street Journal* prime rate plus one quarter of one percent (0.250%). As of June 30, 2017, the line of credit's interest rate was 4.50 percent. The line of credit requires minimum monthly payments on interest incurred and requires payment of all outstanding balances upon maturity. The line of credit contains customary affirmative and negative covenants. As of June 30, 2017, the Organization was not in compliance with all covenants, but obtained a waiver from the lender. For the years ended June 30, 2017 and 2016, the outstanding amounts under this line of credit was \$1,800,000 and \$0, respectively. For the years ended June 30, 2017 and 2016, the Organization incurred interest expense and fees of \$30,507 and \$91,374, respectively.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

## NOTE 7—TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, is as follows:

|                    | 2017               | 2016               |
|--------------------|--------------------|--------------------|
| Time restricted    | \$ 726,519         | \$ 217,041         |
| Purpose restricted | 4,508,477          | 3,044,999          |
|                    | <u>\$5,234,996</u> | <u>\$3,262,040</u> |

Net assets were released from donor restrictions either by incurring expenses, which satisfied the restricted purposes or by the occurrences of other events specified by donors during the years ended June 30, 2017 and 2016.

## NOTE 8—IN-KIND GOODS AND SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. For the years ended June 30, 2017 and 2016, no amounts were recognized in the statement of activities and changes in net assets as they did not meet the criteria described in Note 2.

The Organization also receives donated materials, equipment, and storage space. For the years ended June 30, 2017 and 2016, the Organization recognized in-kind revenues of \$220,262 and \$816,548, respectively.

## NOTE 9—RELATED PARTY TRANSACTIONS

For the years ended June 30, 2017 and 2016, the Organization received contributions from members of the Organization's board of directors or business or charitable entities related to them totaling \$1,237,214 and \$777,252, respectively.

Pledges receivable from the Organization's board of directors or business or charitable entities related to them are as follows as of June 30:

|                                              | 2017              | 2016              |
|----------------------------------------------|-------------------|-------------------|
| Related party pledges receivable, current    | \$ 57,997         | \$ 303,313        |
| Related party pledges receivable, noncurrent | 166,400           | 217,854           |
|                                              | <u>\$ 224,397</u> | <u>\$ 521,167</u> |

The Organization was provided with inventory storage space by an entity owned by a member of the Organization's board of directors. For each of the years ended June 30, 2017 and 2016, the Organization recognized in-kind rent of \$2,892. The Organization also purchases legal services from an entity that employs a member of the Organization's board of directors. For the year ended June 30, 2017, the Organization incurred legal services totaling \$181,367 from said legal entity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

June 30, 2017 (with comparative summarized information at June 30, 2016)

## NOTE 10—LEASE COMMITMENTS

In September 2012, the Organization entered into a lease agreement for office space located in Irvine, California beginning in January 2013. The term of the lease extends through December 2020 and requires minimum monthly rent payments of \$50,056. The lease includes certain tenant improvements and rent abatement during the lease period. As of June 30, 2017 and 2016, the Organization recorded deferred rent of \$579,380 and \$674,237, respectively. In August 2016, the Organization entered into a lease for office space in Phoenix, Arizona, for a term of six months and required minimum monthly rent payments of \$450. In August 2017, the term of that lease was extended through August 2018, and requires minimum monthly rent payments of \$500. In April 2017, the Organization entered into a lease for office space in Austin, Texas. The term of the lease extends through May 2019 and requires minimum monthly rent payments of \$3,606. The Organization also leases office equipment with maturities ranging from July 2017 to March 2018.

For the years ended June 30, 2017 and 2016, rent expense was \$998,048 and \$1,010,213, respectively. Future minimum lease payments under non-cancelable operating leases having initial terms in excess of one year are as follows:

Year Ending  
June 30,

|      |                     |
|------|---------------------|
| 2018 | \$ 851,766          |
| 2019 | 805,313             |
| 2020 | 799,446             |
| 2021 | 408,366             |
|      | <u>\$ 2,864,891</u> |

## NOTE 11—CONCENTRATION OF CREDIT RISK

For each of the years ended June 30, 2017 and 2016, the Organization received 22 percent of its revenue from its fundraising activities. Management anticipates continued support from its contributors in the future to be a substantial portion of the Organization's revenue.

Cash deposits in financial institutions may exceed federally insured limits at times during the year. As of June 30, 2017 and 2016, the Organization held cash and cash equivalents at financial institutions in excess of the Federal Deposit Insurance Corporation insurance amount of \$250,000; however, the Organization monitors the financial institutions regularly and does not anticipate any losses from these deposits.

Cash deposited in financial institutions differs from cash presented in the consolidated statement of financial position due to timing differences.