

Annual Report



Innovate to Scale

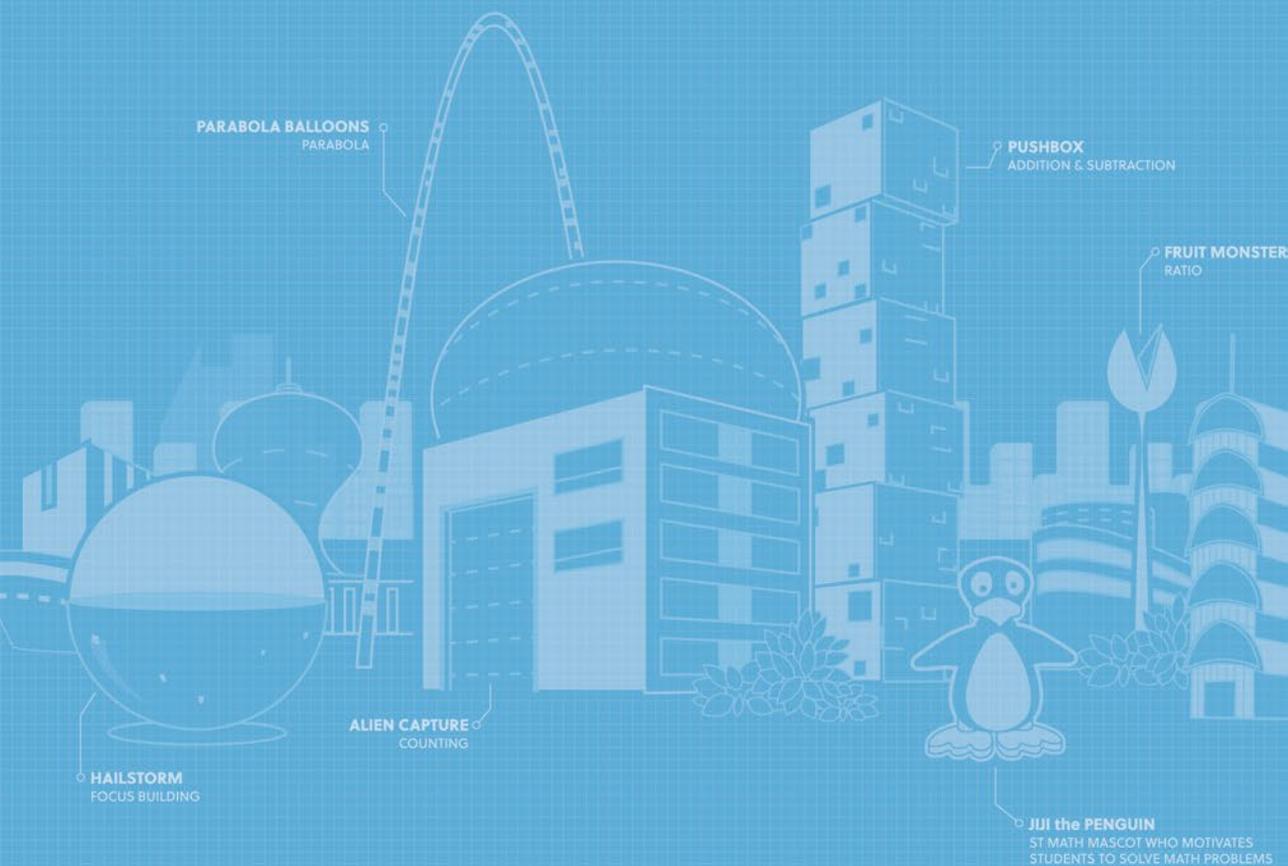
MIND Research Institute

MISSION

Ensure that all students are mathematically equipped to solve the world's most challenging problems.

VALUES

The values we hold as an organization apply to our students, our teachers and ourselves, and are infused throughout our ST Math[®] programs and services.



PEOPLE

Teamwork & Collaboration. Diversity. Talent. Dignity & Respect. Autonomy.

PROBLEM SOLVING

Creativity. Reasoning. Persistence. Real-world Application.

LEARNING

Life-long. Learning by Doing. Deep. Love of Learning.

LEADING THE WAY

Dear Friends,

Today MIND Research Institute is at the forefront of a learning revolution in which digital technology's full potential to transform education will be realized. People all over the world will learn by doing — which neuroscientists know to be the foundation of all human learning — by solving puzzles, interacting with virtual manipulatives, playing hands-on games to explore concepts, and developing deeper understanding by tackling challenging problems.

In 2013, we reorganized to better achieve our mission for social benefit: to ensure that all students are mathematically equipped to solve the world's most challenging problems. The momentum is outstanding, with growing revenues and a record number of students using our program. We enjoyed unprecedented recognition from two groups composed largely of CEOs at Fortune 500 companies — the Business Roundtable and Change the Equation. Already in 2013, their endorsements brought in six gifts from new corporate donors, and have generated new relationships that we expect to lead to considerable growth in 2014.

Looking ahead to 2014, our strategy is to Expand, Explore and Excel. We are expanding the use of our successful ST Math: K-5 programs in an effort to double the number of student users in three years. We continue exploring new program offerings including sixth grade, middle school and high school programs. We are creating ST Math @ University to help future teachers excel with educational technology in their classrooms.

Our continued success in fostering growing numbers of creative, confident problem-solvers in our schools would not be possible without the support and leadership of friends like you.

Sincerely,



Matthew Peterson
Co-founder and COO



Ted Smith
Chairman and CEO



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In Memoriam

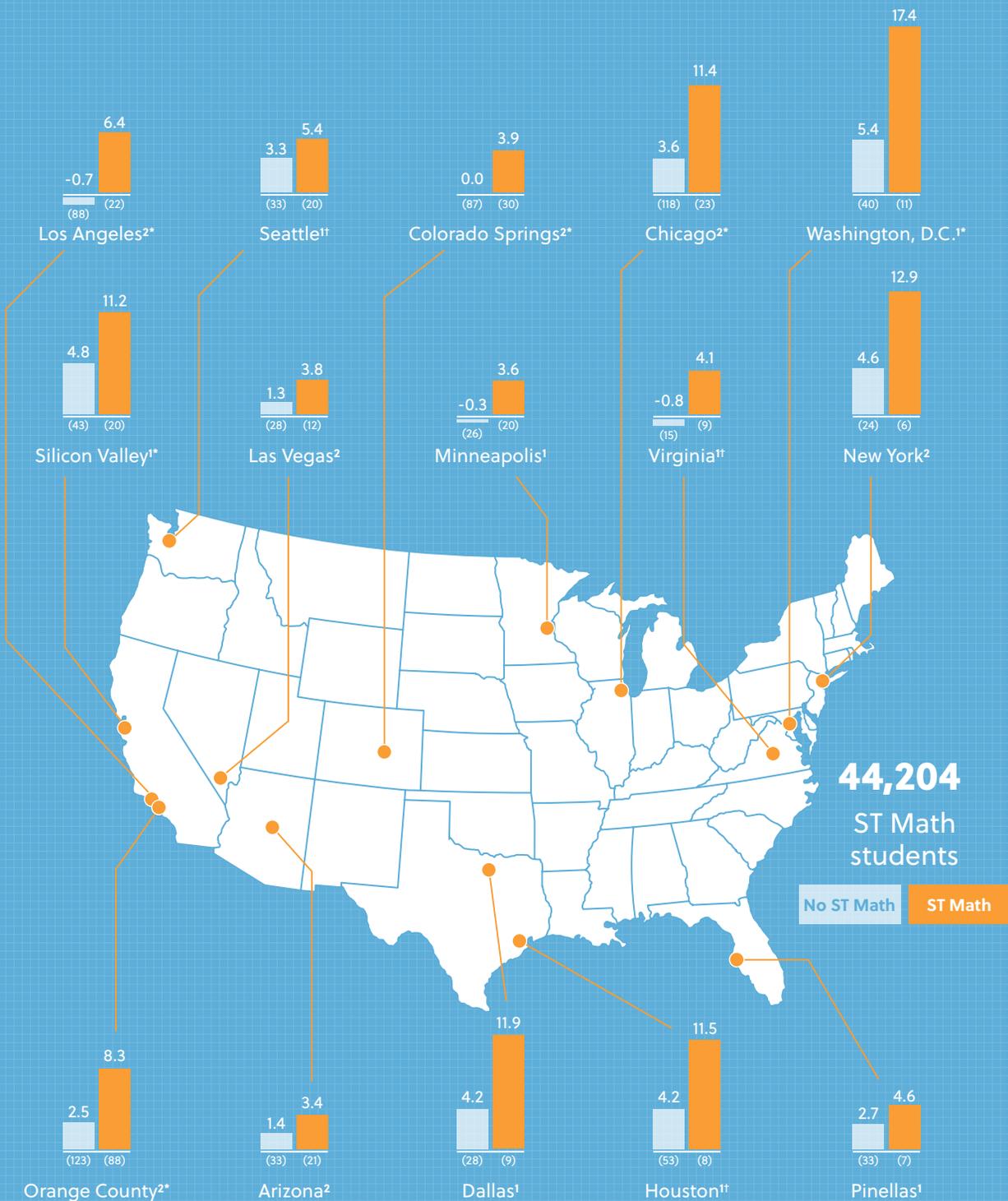
Gordon Shaw, Ph.D., Co-founder,
Chairman Emeritus & Institute Scientist;
MIND Research Institute
Professor Emeritus, Physics,
University of California, Irvine

*Executive Committee Member

RESULTS AT SCALE

Grade-level Growth in State Math Test Proficiency

Change for new, fully implemented grades in average percentage of students Proficient or better



44,204
ST Math
students

No ST Math ST Math

(n) = number of schools 1 one year ST Math use 2 two years ST Math use * p < .05 † Advanced/Commended Schools without ST Math had similar profiles to schools with ST Math.

A GROWING IMPACT

ST Math Usage Across the United States

2013



630,000
students



25,000
teachers



2,050
schools



35
states



451,641
students



19,435
teachers



1,779
schools



30
states

2012



Independent Research Confirms ST Math's Impact

A 2013 study by the independent education research firm WestEd found that ST Math made a statistically significant impact on student math performance across 45 Los Angeles Unified School District campuses that serve primarily low-income students. This study marked the first independent confirmation of the approach MIND Research uses to analyze large cohorts of 10 or more schools.

DEEPER LEARNING

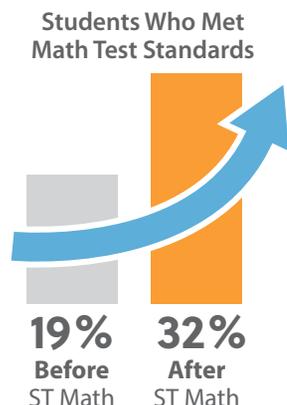
Motivating Students to Succeed In Math

Within a few months of introducing ST Math at Minneapolis' Bancroft Elementary, math specialist Lisa Hartmann knew it was going to be a phenomenon; she just had to have it for the rest of her students. She and her principal partnered with district leaders and local donors to help bring ST Math to all second- through fifth-graders at Bancroft in 2013.

"Our students don't go home to iPads and laptops, so having technology like JiJi available at school allows them to get back in the game. If we can build a stronger math foundation in the elementary grades, then they have a better chance to succeed in higher level mathematics," says Hartmann. At Bancroft, 88 percent of students are on free and reduced lunch, and 45 percent are English Language Learners.

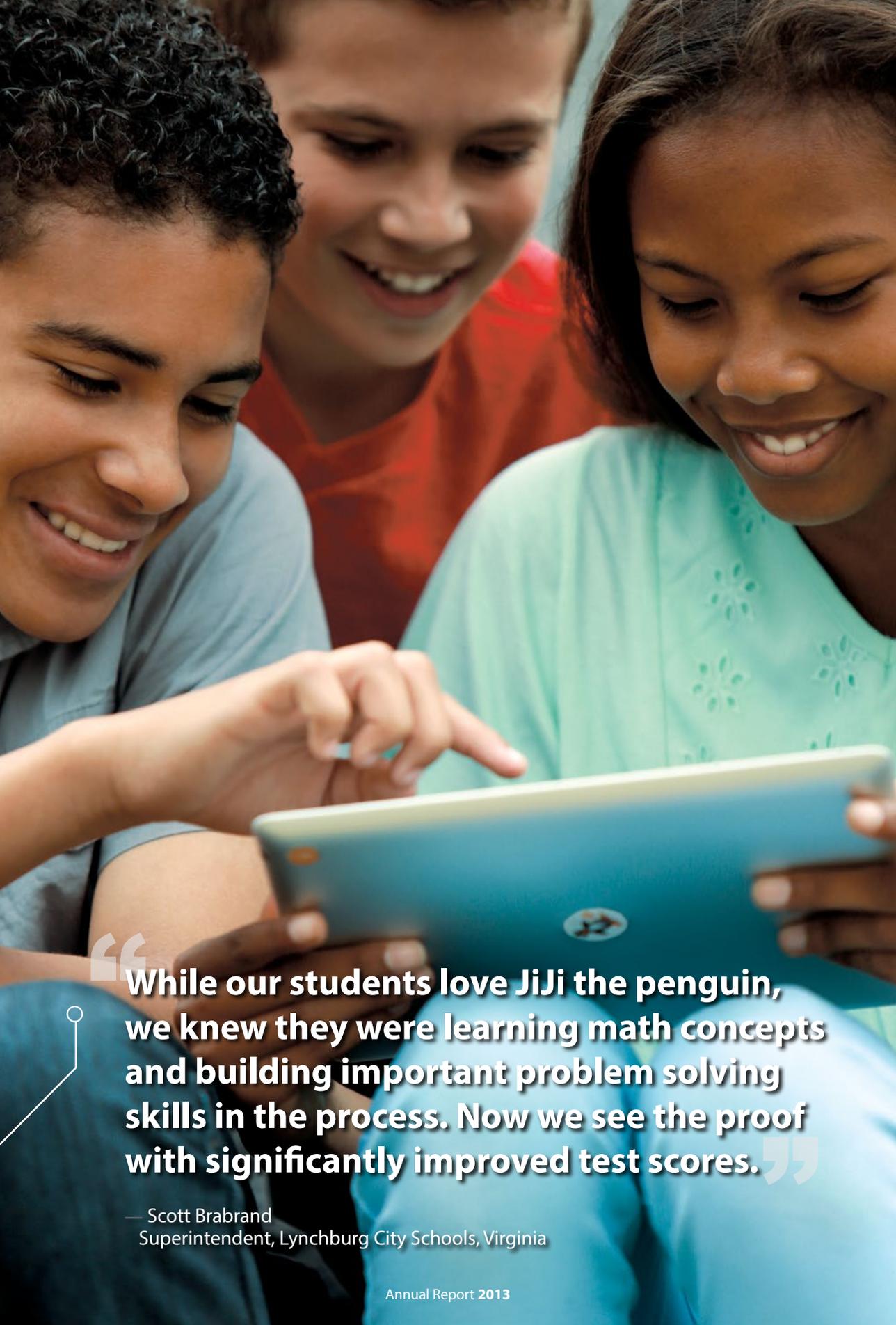
Even without home computers, many of Hartmann's students showed remarkable perseverance when it came to learning with ST Math — from going to the local Apple store and playing JiJi to using the free WiFi at Starbucks® with their own tablets. "I've even had librarians call me from the public library to tell me my students are playing JiJi for an hour on computers that have a 15-minute limit," says Hartmann. "They're just so motivated."

That motivation, a success in itself for students who once struggled with math, has translated into improved math scores across the school. Thirty-two percent of Bancroft students tested in 2013 met the standards, compared to 19 percent in 2011, before they met JiJi — a 14 point gain. While Bancroft had extraordinary growth, on average Minneapolis schools that used ST Math in 2012 experienced a 3.6 percentage point increase in students who met the standards, whereas similar schools without JiJi saw a 0.3 point drop.



“When you give them the technology like JiJi, you have changed the game for these kids.”

— Lisa Hartmann, Math Specialist
Bancroft Elementary, Minneapolis



“While our students love JiJi the penguin, we knew they were learning math concepts and building important problem solving skills in the process. Now we see the proof with significantly improved test scores.”

— Scott Brabrand
Superintendent, Lynchburg City Schools, Virginia

READY TO SCALE



BR Business RoundtableSM

In 2013, CEOs of the nation's leading businesses, including many Fortune 500 companies, recognized five education programs they deemed to have "strong potential for helping prepare more U.S. K-12 students for college and the workforce." ST Math[®] was the only program selected by the **Business Roundtable** that focuses solely on mathematics. This honor followed a rigorous six-month review of the scalability of nearly 100 programs. In the last quarter of the fiscal year, Business Roundtable members committed close to \$500,000 to MIND Research.

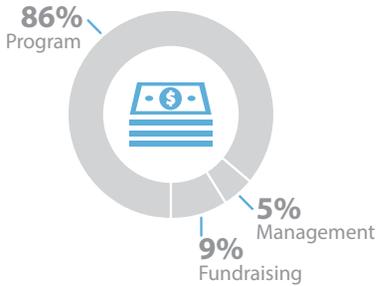
{ **CHANGE THE EQUATION** }TM

Change the Equation, a coalition of CEOs created through the White House's Educate to Innovate initiative, conducted a separate but complementary evaluation of educational programs. The group identified ST Math as one of four offerings that met their standard of high-quality, immediately scalable programs.

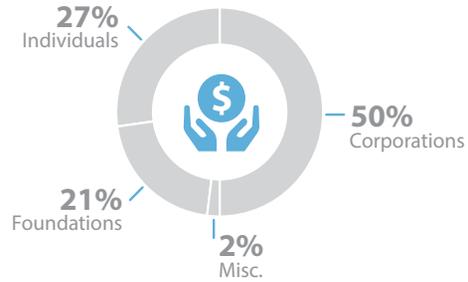
ST Math is the only program on BOTH the Business Roundtable's and Change the Equation's short lists of recognized programs.

FINANCIALS

2013 EXPENSES



2013 FUNDING BY DONOR TYPE



	Total 2013	Total 2012
Revenue and Support		
Gross School Sales	\$ 20,066,926	\$ 15,899,090
Less Contributions/Sponsorships	(1,192,078)	(1,280,900)
Total Non-Sponsored School Sales	18,874,848	14,618,190
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Contributions	\$ 3,809,502	\$ 4,789,153
Special Events, Net	538,687	453,316
In-Kind Revenue	1,074,462	19,056
Total Development/Fundraising	5,422,651	5,261,525
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Gain (Loss) on Sale of Securities	\$ 232	\$ (72)
Total Other Support	232	(72)
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Net Assets Released from Restrictions	--	--
TOTAL REVENUE AND SUPPORT	\$ 24,297,731	\$ 19,879,643
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Expenses		
Program	\$ 20,391,330	\$ 16,276,528
Management	1,267,883	607,089
Fundraising	1,999,422	2,017,519
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TOTAL EXPENSES	\$ 23,658,635	\$ 18,901,136
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INCREASE IN NET ASSETS	639,096	978,507
NET ASSETS, BEGINNING	4,154,497	3,175,990
NET ASSETS, ENDING	\$ 4,793,593	\$ 4,154,497

MIND Research Institute's financial statements and records are audited annually by Guzman & Gray, Certified Public Accountants in Long Beach, Calif. For a complete copy of the 2013 Audited Financial Statements, please email jingram@mindresearch.net or call 949-345-8695.

OUR DONORS

\$ 3 MILLION AND UP



Funded by the
Cisco Foundation



\$ 1 MILLION AND UP



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The Horowitz Group

Jim and Sheila
Peterson

\$500,000 and up

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of Orange County
Croul Family Foundation
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Hyundai Motor America
Pacific Life Foundation
Podlich Family Fund
Seaver Institute
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Ueberroth Family Foundation
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\$100,000 and up

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* Indicates part or all of gift was in-kind
Note: List reflects cumulative giving as of 12/31/2013

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\$25,000 and up

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\$10,000 and up

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www.mindresearch.net



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