Dear Supporters,

Since launching in 2000, Reasoning Mind has been pursuing a singular and ambitious goal: to provide a first-rate math education for every child. Sixteen years later, this continues to be the rallying cry for our organization and supporters, who understand that math—more than almost any other discipline—teaches children how to think critically, creatively, and logically. In short, an excellent math education is guaranteed to develop a reasoning mind, which is beneficial no matter what career one chooses. Unfortunately, math education in the U.S. is beset by challenges, and too many students—particularly those from low income families—are exiting the K-12 system without a proficiency or interest in the subject. Fixing this problem is what continues to drive us, each and every day, and we are therefore excited to share our 2016 progress with our supporters.
2016 Highlights

✔ Continuing to make an impact on student performance in mathematics, shown through the results we’ve achieved in Dallas ISD and across the nation.

✔ Reaching over 125,000 students across 13 states by the end of the 2015–2016 school year, a 25% increase from the previous year.

✔ Expanding and improving our program suite by

1. adding a new Pre-K through 1st grade program, Blueprint
2. completing the launch year of our Smarter Solving problem-solving program
3. introducing standardized, live tutoring functionality for our elementary school Foundations curriculum
4. launching Grade 6 of our STAAR Readiness program and beginning work on Grades 7 and 8.

✔ Launching a regional expansion pilot developed with support from Deloitte, which will result in the placement of Regional Executive Directors in both Central and North Texas, along with regional boards to support community-focused growth.

✔ Improving organizational capacity through management training courses at Texas A&M, an innovative mentoring program with Deloitte, and an organization-wide strategic planning process that will guide our direction over the next five years.

✔ Completing the final implementation year of a major four-year efficacy trial with SRI International in West Virginia.

✔ Building our network of advisors and trustees, with several new influential supporters including the nationally-recognized physicist and science enthusiast, Professor Jim Gates.

There are many challenges ahead, but I am more confident than ever that we have the team and the solutions in place to change math education for the better. As always, I thank you for your support, and look forward to continuing on this journey with you in 2017.

Sincerely,

Alexander R. Khachatryan
Co-Founder and CEO
Our Mission

To provide a first-rate math education for every child.

The Problem

74% of our nation’s 12th graders are not proficient in mathematics.

Only 17% of U.S. 12th graders are both qualified for and interested in pursuing a STEM (Science, Technology, Engineering, and Math) career.

The U.S. ranked 31st out of 35 OECD member countries in math on the 2015 International PISA exam.
Our Solution

**RESEARCH**
We talk with other educators—teachers, pedagogy specialists, and international experts in math education—to learn more about how we can help students succeed.

**CREATE**
We create high-quality blended learning programs that combine world-class math curricula with personalized delivery to foster a love and mastery of mathematics in every student.

**PARTNER**
We partner with schools using our programs to ensure they have the support they need to effectively support student learning. This includes technical assistance, personalized school support, and teacher professional development.

**ACHIEVE**
The result is a classroom environment where students are engaged, teachers are empowered, and technology is leveraged to provide a world-class mathematics education.
Reasoning Mind’s mission is to provide a first-rate math education to every child. This past year, we worked harder than ever before on giving access to our world-class blended learning programs to as many children as possible.

By the end of the 2015–2016 school year, we had increased the number of students using our high-quality mathematics programs from over 100,000 to over 125,000—a 25% increase.
Expanding some of our program suites to new grades allowed us to reach more students across the board—particularly in Grades 3, 4, and 5. But perhaps the most exciting part of our growth in 2016 was the set of new states we moved into. We’re excited to continue that growth in 2017, and—someday soon—to help schools across the nation provide a first-rate math education to every student!

“During one of my school visits, a 4th grader had this to say about our most advanced problems: This is the real deal. Level C is hard!”

Roneshia Williams
Lead Implementation Coordinator
Progress, by the Numbers

At Reasoning Mind, we worked with a lot of numbers in 2016. Here are a few of our favorite numbers from the end of the last school year.

- **33,025,249** problems were solved by students using Reasoning Mind programs.
- **39%** of students accessed their Reasoning Mind accounts while at home or outside of school.
- **4,017,129** “notebook tests” were taken by students, confirming that those students were following good note-taking practices.
- **2,051** was the highest number of problems solved correctly in a row by a single student.
- **23,107** hours of professional development courses were completed by teachers.
- **7** was the age at which one of our former students, Isaac, aced Algebra I.
Beginning in 2011, the Dallas Independent School District (Dallas ISD) began implementing Reasoning Mind Foundations on a large scale. Today, more than 30,000 second, third, fourth, and fifth graders use the program. Analyses each year have shown a strong correlation between program usage and student performance on outcome measures (see most recent report here), and in 2015 it was revealed that Dallas ISD was one of only three major urban districts in the country to show gains in fourth-grade math on the National Assessment of Educational Progress (or “Nation’s Report Card”). We hope you will join us in congratulating Dallas ISD for their commitment to early math!

“Man, the kids are flying. I have one who’s going to finish the entire curriculum probably this week ... we’re really soaring this year.

More kids are trying more advanced problems—sometimes they’ll still get the [hardest] problems wrong, but they’ll try.”

Nancy Broadley
Reasoning Mind teacher, in an interview on her time teaching
One consistent finding over the years has been that more time using Reasoning Mind programs is associated with, on average, better performance on standardized assessments. During the 2015–2016 school year, our research team analyzed the performance of all of our elementary students who used Reasoning Mind Foundations during the year, and separated them into two groups by their overall time online: less than 75% of expected program usage and more than 75% of the expected program usage. The result? Students who spent more time learning with Reasoning Mind Foundations had higher passing rates than their peers who spent less time in the program.

Research Article

In addition to analyzing the results achieved by its thousands of students, Reasoning Mind also collaborated with nonprofit research institute SRI International to publish a “design study” on the implementation of the Reasoning Mind digital 5th-grade core curriculum in several West Virginia campuses. The resulting article, which appeared in the International Journal of Design in Learning, helps shed light on what elements can be most important in the implementation of a program like Reasoning Mind programs.
Every year, we survey a sample of Reasoning Mind principals and teachers across the country to learn how our programs are helping and ways in which we can improve. Here are a few results from the 2015–2016 academic year survey:

- Over 90% of teachers believed Reasoning Mind “improved” or “significantly improved” their children’s reasoning skills (93%), independence in learning (91%), and confidence in mathematical ability (96%).
- 89% of principals were “satisfied” or “extremely satisfied” with their students’ progress in mathematics.
- 87% of principals and teachers say they are “likely” or “very likely” to recommend Reasoning Mind to a friend or a colleague.
- 87% of teachers say they would like to continue teaching with Reasoning Mind programs next year.
- 80% of teachers say Reasoning Mind helps them be more effective in the classroom.
Over Reasoning Mind’s history, we’ve seen the need to provide high-quality math content, an adaptive delivery system, and teacher support starting in the early grades. We’re happy to say we’re now offering our first early learning math program, beginning with lessons in prekindergarten—because that’s where math success should start.

Introducing:

ReasoningMind Blueprint
What It's Like

*Blueprint* covers the skills and knowledge that are essential for students in grades PK through 1 to learn how to be successful in future mathematics courses. With *Blueprint*, students build a conceptual understanding of math topics through educational animations, instructional exercises, and detailed explanations.

How We Made It

Reasoning Mind wants every new program to be the best we’ve ever created. For *Blueprint*, that meant months of talking to teachers, administrators, and students to figure out what, exactly, a first-rate early math program would look like for them. With a semester of piloting under our belt, we’re ready for a full-scale launch in the Fall of 2017.

Responses So Far

To date, *Blueprint* has been piloted by over 5,000 students throughout 50 campuses in the U.S., and the responses have been very positive: teachers, students, and parents find the program engaging and effective.

- I am really enjoying it. The kids are excited about it. I love the class monitoring tool for the teacher.
- Students love it!
- Students love *Blueprint* because of how engaging and easy it is.
- Our students really like it. Students are further ahead than they were before.
- Our teachers like the scaffolding—that when kids get something wrong, they don’t just get an explanation, they really have to work for it.
- We haven’t even started teaching addition yet in regular classes, but the kids are already learning it from *Blueprint*!
FOUNDATIONS

Foundations is Reasoning Mind’s curriculum for Grades 2–5. And in 2016, we launched standard tutoring for Foundations! Students who have done poorly on lessons in the program will now be eligible for virtual tutoring sessions with real math experts to address the area where they’re struggling. Standard tutoring helps students gain a better understanding of math, builds their confidence, and helps them get back on track.

SMARTER SOLVING

Smarter Solving helps students build problem-solving skills through an adaptive, personalized, flexible, and engaging platform. In addition to making Smarter Solving available for purchase during the 2015–2016 school year, we also made several improvements to our initial pilot, refining our student data reporting system to help teachers get better data, easier.

EDIFICE

We spent much of the year working with our partners to try out different flexible options for implementation of Edifice, our middle school program. Partners used Edifice in after-school settings, as a supplement, and as a remediation tool for students behind grade level, and Reasoning Mind was happy to see success in its middle school classrooms!

STAAR READINESS

Our Texas-based STAAR Readiness program underwent several improvements in 2016. The program’s Grade 6 material was piloted in January and officially released in August, and work on Grades 7 and 8 began in the fall. Additionally, new support documents and trainings for getting users started with the program were made available for our partners.
In the spring of 2015, Reasoning Mind was awarded Deloitte’s inaugural RightStep Innovation Prize, a national competition designed to identify and help scale “the next cutting edge solution in education.” Since then, Deloitte has taken an active role in helping improve our internal capacity and in expanding our programs to more students through funding and many other initiatives. Below are just a few ways Deloitte supported our mission in 2016, and we look forward to another great year of impact in 2017.

**PRO BONO**

Beyond just providing funding, Deloitte leveraged its team of experienced management consultants to complete a pro bono project for Reasoning Mind that helped outline a long-term regional expansion strategy.

**MENTORSHIP**

When we told Deloitte we wanted to provide our team with more professional development opportunities, they listened, and launched an innovative one-on-one mentoring program for staff. In 2016, we piloted the project, with 17 employees matched with their own Deloitte mentor for monthly coaching.

**IMPACT DAY**

Each year, Deloitte employees in the U.S. take a day to volunteer in their communities. This year, Deloitte worked with Reasoning Mind’s Dallas team to provide a customized workshop on relationship management to help us better serve our partner schools.

Champion Spotlight: Deloitte
This past year, Reasoning Mind spread the word about its mission to improve math education in a number of ways. Working with Voices in America, we created a brief documentary about the history of our organization and what we do. Our work has also been featured in publications like Dallas Innovates and the Rivard Report, with an op-ed on our success in Dallas appearing in the Dallas Morning News. We also shared some of our own opinions on math education and blended learning on education websites like Getting Smart and Edutopia.

Other News

At Reasoning Mind, we’re always excited to learn from other experts in math and ed tech! Check out our interviews with Drs. Jim Milgram (professor emeritus of mathematics at Stanford) and Po-Shen Loh (national coach for the gold-winning U.S. Math Olympiad team).

Reasoning Mind welcomed several new members to its two boards in 2016. Theoretical physicist Dr. Sylvester James Gates, Jr. and Deloitte Senior Principal John Levis joined our Board of Trustees, and the following individuals joined our Board of Advisors: former Houston Federation of Teachers President, Gayle Fallon; Reasoning Mind co-founder, Dr. George Khachatryan; and Pure Edge, Inc. Chief Strategy & Operations Officer, Chi Kim.
Reasoning Mind’s curriculum… is both mathematically accurate and entirely coherent. It allows the Reasoning Mind students to actually learn the mathematics involved… I believe that these two unique strengths are the main reason that the student outcomes with Reasoning Mind are so impressive.

R. James Milgram
Professor emeritus of mathematics at Stanford University, in a testimonial for Reasoning Mind
# Statements of Activities

## INCOME

<table>
<thead>
<tr>
<th>Source</th>
<th>FY2016</th>
<th>FY2015</th>
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</thead>
<tbody>
<tr>
<td>Program Fees</td>
<td>5,265,118</td>
<td>3,481,005</td>
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<tr>
<td>Philanthropic Contributions</td>
<td>3,190,667</td>
<td>8,289,934*</td>
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<tr>
<td>Government Contracts</td>
<td>2,662,166</td>
<td>5,173,974</td>
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<tr>
<td>Donated Services and Assets</td>
<td>366,053</td>
<td>153,926</td>
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<td>Interest Income and Other Income</td>
<td>97,916</td>
<td>33,704</td>
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<td><strong>Total</strong></td>
<td><strong>11,581,920</strong></td>
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## EXPENSES

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<th>FY2016</th>
<th>FY2015</th>
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<tr>
<td>Program Services</td>
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<td>Management and General</td>
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<td>Fundraising</td>
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<td>188,550</td>
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<td><strong>Total</strong></td>
<td><strong>15,241,964</strong></td>
<td><strong>15,699,760</strong></td>
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### Change in Net Assets

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<tr>
<th>Source</th>
<th>FY2016</th>
<th>FY2015</th>
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<tr>
<td>Change in Net Assets</td>
<td>(3,660,044)</td>
<td>1,432,783</td>
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<td>Cash Receipts from Philanthropy</td>
<td>5,172,742*</td>
<td>5,794,311*</td>
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**STATEMENTS OF FINANCIAL POSITION**

<table>
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<tr>
<th>Category</th>
<th>FY15 Amount</th>
<th>FY16 Amount</th>
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<tbody>
<tr>
<td>Cash</td>
<td>3,356,893</td>
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<td>Other Current Assets</td>
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<td>3,746,327</td>
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<td>Fixed Assets</td>
<td>794,711</td>
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<td>Other Assets</td>
<td>37,500</td>
<td>1,625,000</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>7,428,889</strong></td>
<td><strong>10,559,391</strong></td>
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<tr>
<td>Current Liabilities</td>
<td>1,687,629</td>
<td>1,158,087</td>
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<tr>
<td>Net Assets</td>
<td>5,741,260</td>
<td>9,401,304</td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>7,428,889</strong></td>
<td><strong>10,559,391</strong></td>
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* As part of a major, multi-year capital campaign, Reasoning Mind received a significant number of pledges in FY15 that were to be paid over three years. While the cash from these multi-year pledges will be collected over a three year period, the total value of the multi-year pledges was recognized as revenue in FY15 in accordance with generally accepted accounting principles (GAAP).
As we leave 2016 behind us and move forward into 2017, we’d like to thank the supporters and donors (listed below) who have committed their time, money, and resources to our mission of providing a first-rate math education for every child. We’d also like to thank the administrators, teachers, and students who have welcomed us into their classrooms. Without your faith, support, and enthusiasm, everything we’ve achieved together would never have been possible.

THANK YOU

Here’s to a great 2017!
Fiscal 2016 Donors

$250,000 and above
Brown Foundation, Inc.
The Cockrell Foundation
Deloitte
The Hoglund Foundation
Reynolds and Reynolds

$100,000 - $249,999
The Fondren Foundation
Highland Kansas City Foundation, Inc.
Houston Livestock Show and Rodeo
The Meadows Foundation
United Way of Metropolitan Dallas

$50,000 - $99,999
AEP Foundation
M.D. Anderson Foundation
Robert and Nancy Dedman Foundation
Anne and Charles Duncan
Hawn Foundation
George and Fay Young Foundation

More than $5.8M raised!
The Clayton Fund
Communities Foundation of Texas
Wayne Duddlesten Foundation
Richard and Patti Everett
Joe B. Foster Family Foundation
George and Mary Josephine Hamman Foundation

Bowers Foundation
Bruce and Carole Bilger
Hawk Family Fund
Houston Endowment
Virginia and L.E. Simmons Foundation
Western Digital Foundation

Amegy Bank of Texas
Forrest and Sally Hoglund
Ronald and Sheila Hulme Foundation
Lyons Foundation
ORIX Foundation
San Antonio Regional Public K-12 Education Forum
Strake Foundation

Dear Genie,
I have loved the FH program. It has helped me stay in math. Mostly, decimals because I was having trouble with them in class. I also think it is just plain a great program for everyone to learn from. Thank you for this program.

Sincerely,
[Handwritten note]
5th grade Mrs. Johnson’s Class
Ginger Barber, Inc.
Louise and Michael Burke
Walter and Mary Crain, III
McElvy Family Fund
Parker and Crossley Mears
Karen and Bobbitt Noel
Beverly and Staman Ogilvie Family Fund
The Samuels Foundation
Sutherland Asbill & Brennan LLP

Stanford and Joan Alexander Foundation
Larry and Mary Ann Faulkner
Leon and Vivian Grimes
Sarah Rayford

IN-KIND CONTRIBUTIONS
Google, Inc.
Microsoft

Want to stay engaged and up-to-date throughout the year? Make sure to follow us on social media and sign up for our quarterly newsletter!