



FINANCIAL STATEMENTS

June 30, 2022 and 2021

With Independent Auditor's Report

**FOR INSPIRATION AND RECOGNITION
OF SCIENCE AND TECHNOLOGY (*FIRST*)**

Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
For Inspiration and Recognition
of Science and Technology (*FIRST*)

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of For Inspiration and Recognition of Science and Technology (*FIRST*) (*FIRST*[®]), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *FIRST* as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of *FIRST* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2022 *FIRST* adopted Financial Accounting Standards Board Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about *FIRST*'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 *FIRST's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the *FIRST's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 27, 2022

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Statements of Financial Position

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 31,204,911	\$ 34,202,696
Restricted cash - scholarship funds	1,269,440	1,429,008
Accounts receivable, net of allowance for doubtful accounts of \$147,730 in 2022 and \$75,824 in 2021	2,548,783	688,400
Short-term investments	14,950,000	16,500,000
Current portion of pledges and nonfederal grants receivable	4,697,019	4,427,000
Federal grants receivable	1,250,164	1,466,748
Program supply inventory	410,155	835,619
Prepaid expenses and other assets	<u>2,271,828</u>	<u>1,937,501</u>
Total current assets	<u>58,602,300</u>	<u>61,486,972</u>
Pledges and nonfederal grants receivable, excluding current portion	<u>1,370,574</u>	<u>2,061,386</u>
Property and equipment		
Land, building and improvements	10,303,500	10,325,175
Equipment	3,811,132	3,858,794
Furniture and fixtures	911,491	911,491
Software	1,178,266	786,846
Website and portal	492,090	883,510
Improvements in progress	<u>562,572</u>	<u>29,615</u>
	17,259,051	16,795,431
Less accumulated depreciation and amortization	<u>12,961,981</u>	<u>12,278,278</u>
Net property and equipment	<u>4,297,070</u>	<u>4,517,153</u>
Total assets	<u>\$ 64,269,944</u>	<u>\$ 68,065,511</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 4,139,423	\$ 4,351,406
Deferred revenue	1,229,948	2,192,688
Refundable advance	<u>-</u>	<u>2,000,000</u>
Total current liabilities and total liabilities	<u>5,369,371</u>	<u>8,544,094</u>
Net assets		
Without donor restrictions	28,443,464	28,040,103
With donor restrictions - temporary in nature	<u>30,457,109</u>	<u>31,481,314</u>
Total net assets	<u>58,900,573</u>	<u>59,521,417</u>
Total liabilities and net assets	<u>\$ 64,269,944</u>	<u>\$ 68,065,511</u>

The accompanying notes are an integral part of these financial statements.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Statements of Activities

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Program revenue	\$ 17,420,896	\$ 5,789,688
Contributions and grants	6,694,007	1,729,600
In-kind contributions	5,974,478	2,614,336
Other income	711,726	596,476
Net assets released from restrictions	<u>44,555,695</u>	<u>36,703,128</u>
Total revenues and other support	<u>75,356,802</u>	<u>47,433,228</u>
Expenses		
Program	63,676,395	38,807,648
Facility support of other organizations	387,932	245,537
Management and general	8,927,776	6,926,858
Fundraising and development	<u>1,961,338</u>	<u>2,090,659</u>
Total expenses	<u>74,953,441</u>	<u>48,070,702</u>
Operating surplus (deficit) and change in net assets without donor restrictions	<u>403,361</u>	<u>(637,474)</u>
Changes in net assets with donor restrictions - temporary in nature		
Contributions and grants	43,207,162	33,745,874
In-kind contributions	324,328	235,433
Net assets released from restrictions	<u>(44,555,695)</u>	<u>(36,703,128)</u>
Change in net assets with donor restrictions - temporary in nature	<u>(1,024,205)</u>	<u>(2,721,821)</u>
Total change in net assets	<u>(620,844)</u>	<u>(3,359,295)</u>
Net assets, beginning of year	<u>59,521,417</u>	<u>62,880,712</u>
Net assets, end of year	<u>\$ 58,900,573</u>	<u>\$ 59,521,417</u>

The accompanying notes are an integral part of these financial statements.

For Inspiration and Recognition of Science and Technology (FIRST)

Statements of Functional Expenses

Years Ended June 30, 2022 and 2021

	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
Grants and other assistance/support	\$ 29,295,669	\$ -	\$ 29,295,669	\$ -	\$ -	\$ 29,295,669
Compensation, benefits and payroll taxes	12,604,555	-	12,604,555	4,516,946	1,446,641	18,568,142
Fees for services	2,919,811	-	2,919,811	633,139	60,775	3,613,725
Promotion and advertising	1,171,017	-	1,171,017	1,069,523	3,083	2,243,623
Office, insurances and information technology	1,339,913	-	1,339,913	628,677	21,611	1,990,201
Occupancy	336,920	387,932	724,852	626,323	305,175	1,656,350
Travel	361,479	-	361,479	60,056	50,282	471,817
STEM supplies and costs of competitions	13,458,601	-	13,458,601	-	-	13,458,601
Training and recognition	1,552,724	-	1,552,724	980,676	13,781	2,547,181
Other	635,706	-	635,706	412,436	59,990	1,108,132
	\$ 63,676,395	\$ 387,932	\$ 64,064,327	\$ 8,927,776	\$ 1,961,338	\$ 74,953,441
Total expenses	\$ 63,676,395	\$ 387,932	\$ 64,064,327	\$ 8,927,776	\$ 1,961,338	\$ 74,953,441

	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
Grants and other assistance/support	\$ 20,321,235	\$ -	\$ 20,321,235	\$ -	\$ -	\$ 20,321,235
Compensation, benefits and payroll taxes	12,492,563	-	12,492,563	4,056,521	1,737,663	18,286,747
Fees for services	1,376,865	-	1,376,865	686,671	135,061	2,198,597
Promotion and advertising	551,106	-	551,106	471,421	19,081	1,041,608
Office, insurances and information technology	796,504	-	796,504	375,076	35,642	1,207,222
Occupancy	521,936	245,537	767,473	540,636	77,582	1,385,691
STEM supplies and costs of competitions	1,350,387	-	1,350,387	-	-	1,350,387
Training and recognition	789,897	-	789,897	642,643	42,231	1,474,771
Other	607,155	-	607,155	153,890	43,399	804,444
	\$ 38,807,648	\$ 245,537	\$ 39,053,185	\$ 6,926,858	\$ 2,090,659	\$ 48,070,702
Total expenses	\$ 38,807,648	\$ 245,537	\$ 39,053,185	\$ 6,926,858	\$ 2,090,659	\$ 48,070,702

The accompanying notes are an integral part of these financial statements.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (620,844)	\$ (3,359,295)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation and amortization	793,987	944,385
Changes in operating assets and liabilities		
Accounts receivable	(1,860,383)	115,569
Pledges and nonfederal grants receivable	420,793	4,601,233
Federal grants receivable	216,584	(227,497)
Program supply inventory	425,464	(101,992)
Prepaid expenses and other assets	(334,327)	128,852
Accounts payable and accrued expenses	(211,983)	1,219,987
Deferred revenue	(962,740)	(331,235)
Refundable advance	<u>(2,000,000)</u>	<u>(1,477,800)</u>
Net cash (used) provided by operating activities	<u>(4,133,449)</u>	<u>1,512,207</u>
Cash flows from investing activities		
Proceeds (purchases) of short-term investments, net of reinvested maturities	1,550,000	(8,250,000)
Purchases of property and equipment	<u>(573,904)</u>	<u>(239,566)</u>
Net cash provided (used) by investing activities	<u>976,096</u>	<u>(8,489,566)</u>
Net decrease in cash and cash equivalents	<u>(3,157,353)</u>	<u>(6,977,359)</u>
Cash and cash equivalents, beginning of year	<u>35,631,704</u>	<u>42,609,063</u>
Cash and cash equivalents, end of year	<u>\$ 32,474,351</u>	<u>\$ 35,631,704</u>
Composition of cash and cash equivalents, end of year:		
Cash and cash equivalents	\$ 31,204,911	\$ 34,202,696
Restricted cash - scholarship funds	<u>1,269,440</u>	<u>1,429,008</u>
	<u>\$ 32,474,351</u>	<u>\$ 35,631,704</u>

The accompanying notes are an integral part of these financial statements.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Nature of Business

Founded in 1989, For Inspiration and Recognition of Science and Technology (*FIRST*) ("*FIRST*®") is a New Hampshire Nonprofit Corporation organized to inspire youth to become science and technology leaders and innovators, by engaging them in exciting, mentor-guided, project-based activities and events that teach science, technology, engineering, and math skills (STEM), inspire innovation, and foster well-rounded life capabilities.

Program Activities and Events

FIRST activities and events provide inspiration to an ascending age range of today's youth. For example, the *FIRST* progression of programs starts with *FIRST* LEGO® League (FLL), for which there are three distinct divisions: *FIRST* LEGO® League Discover, for children ages 4 to 6, reaches over 52,000 youths with hands-on activities in the classroom and the home; *FIRST* LEGO® League Explore, which reaches over 115,000 students ages 6 to 9 through a network of web-based Festivals and local events; and finally, *FIRST* LEGO® League Challenge, which reaches over 225,000 students, ages 9 to 16, in 92 countries with a design and build format utilizing LEGO® SPIKE™ Prime and MINDSTORMS® technologies. *FIRST* Tech Challenge (FTC) is a highly accessible design and build competition for ages 12 to 18 reaching over 70,000 youths. The original and most intensive program, the *FIRST* Robotics Competition (FRC), features teams of approximately 22-25 students from individual high schools, working with professional mentors to design and build a robot in six weeks from a common kit of parts, reaching over 70,000 youths.

FIRST fundraises to assist teams with support for their program registration fees, tools and supplies, and event-related costs plus funds for the local tournament providers. Restricted contributions and grants expended on such costs totaled \$12,197,520 in 2022 and \$12,246,530 in 2021.

1. Summary of Significant Accounting Policies

Accounting Standards Adoption

On July 1, 2020, *FIRST* adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), and related guidance, which provides guidance for revenue recognition that superseded the revenue recognition requirements that previously existed under U.S. generally accepted accounting principles. *FIRST*'s adoption of Topic 606 did not have an impact on *FIRST*'s revenue recognition policies or application thereof.

During 2022, *FIRST* adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. There was no change in net assets as a result of the adoption of this ASU.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Financial Statement Basis of Presentation

The financial statements of *FIRST* have been prepared on the accrual basis of accounting.

FIRST reports information regarding its financial position and activities according to the following net asset classifications:

- **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of *FIRST*. These net assets may be used at the discretion of *FIRST*'s management and the Board of Directors.
- **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of *FIRST* or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase.

FIRST maintains cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. However, balances are swept nightly into investments collateralized by U.S. Treasury obligations. *FIRST* has not experienced any losses in such accounts and management believes *FIRST* is not exposed to any significant risk with respect to these accounts.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect on outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Short-Term Investments

Short-term investments consist of certificates of deposit with original maturities of four to twelve months. Cost approximates market value. Interest income earned on the certificates of deposit is included in other income in the statements of activities.

Program Supply Inventory

Program supply inventory consists of FTC kit components and is stated at lower of cost or net realizable value.

Property and Equipment

Property and equipment is stated at cost on the date acquired. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method.

Website and portal costs related to site design and configuration are capitalized and amortized over a three-year expected life using the straight-line method.

Income Taxes

FIRST is a not-for-profit organization as described under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state income taxes on income related to the fulfillment of *FIRST*'s mission. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Revenue Recognition, Contributions and Promises to Give

FIRST's primary revenue sources are from team fees, materials, and registration for events related to *FIRST*'s programs. Registration fees are reported at the estimated net realizable amount that reflects consideration to which *FIRST* expects to be entitled in exchange for hosting certain events.

Performance obligations are determined based on the nature of services provided by *FIRST*. Revenue from performance obligations satisfied at a point in time consists of season and event registration fees, kit of parts, robots and other product sales. Revenue for performance obligations satisfied at a point in time is recognized when control of the product is transferred to the customer or when actual services are rendered. Whether multi-day or single-day events, *FIRST* considers the performance obligation for such revenues met at the conclusion of the event. Payment is generally due in advance of shipment of materials in advance of event, or within 30 days of an event.

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. If gifts are received with donor stipulations that limit the use of the donated assets, the gifts are reported in net assets with donor restrictions. *FIRST* has received no contributions with donor restrictions that are perpetual in nature.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire land, buildings and equipment are reported as support with donor restrictions. Absent explicit donor stipulations as to how long-lived assets must be maintained, satisfactions of donor restrictions are reported when the land, buildings or equipment are acquired and placed in service. *FIRST* has received no gifts of long-lived assets.

Unconditional promises to give are recorded as pledges receivable and revenue in the fiscal year the pledges are made at their fair value. Unconditional promises are those for which verifiable evidence exists that a legally binding promise to give has been made. Contributions to be received beyond one year from the statement of financial position date are reduced by a discount rate, which is commensurate with the risk involved, to reflect the present value of the future payments to be received.

Conditional promises to give are not recorded until specified obligations or barriers such as milestones or performance targets are met.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on an analysis of personnel time (compensation, benefits and payroll taxes) and space utilized for the related services (occupancy).

Federal Grant Revenues

FIRST receives federal grant awards for various programs. Revenue is recognized in net assets without donor restrictions as the award expenditures are incurred for awards received and expended in the same year. Revenue with donor restrictions - temporary in nature is recognized upon receipt of notice of the award for unconditional awards extending beyond year-end. Total federal grant revenues recognized during the years ended June 30, 2022 and 2021 were \$4,579,497 and \$3,793,806, respectively.

In-Kind Contributions

Contributions of services are recognized at fair value when received if the services require specialized skills, are provided by individuals or entities possessing those skills, and would typically need to be purchased if not donated. Contributions of program and other supplies are recorded at fair value upon receipt when there is an objective and reasonable basis upon which to value the in-kind contributions. These contributions are an integral part of *FIRST* activities. *FIRST* receives program supplies, shipping services, and event-related services from a variety of organizations.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Volunteers provide a variety of services to further the *FIRST* mission both domestically and internationally. Volunteers serve as mentors, teachers, engineers, and event staff. The value of these services has not been recorded in the financial statements. Management estimates volunteers gave more than 21,126,000 hours in 2022 and 9,859,000 hours in 2021. The increase from 2021 to 2022 is attributed to the many events resuming as a result of COVID-19 restrictions becoming less restrictive.

During 2022 and 2021, *FIRST* recorded the value of contributed program supplies, competition venues, and services in the financial statements as follows:

	<u>2022</u>	<u>2021</u>
Contributions without donor restrictions included in program expenses		
FRC		
Kits, and related supplies, for events, including shipping services in the amount of \$961,666 in 2022 and \$350,000 in 2021	\$ 5,522,094	\$ 2,315,605
Venue rentals	135,702	-
Legal services	7,500	8,800
FLL		
Kits, and related supplies, for events	235,433	210,731
Legal services	8,750	8,800
FTC		
Legal services	<u>3,750</u>	<u>4,400</u>
Total included in program expenses	<u>5,913,229</u>	2,548,336
Contributions without donor restrictions included in management and general expenses - legal services	61,250	66,000
Contributions with donor restrictions - temporary in nature - recorded as program supplies received and limited to use in a future period (included in prepaid expenses and other assets)	<u>324,328</u>	<u>235,433</u>
Total	<u>\$ 6,298,807</u>	<u>\$ 2,849,769</u>

Contributed kits and related supplies are substantially utilized during the same financial reporting period they were contributed and are used for the various events of FRC, FLL and FTC. The value of these goods is based on *FIRST*'s estimate of fair value based on the value that would be received for selling similar products in the United States.

Contributed legal services are comprised of professional fees from attorneys related to FRC, FLL and FTC events for various administrative legal matters and are valued on the basis of current rates for similar legal services.

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

Subsequent Events

FIRST management has considered transactions or events occurring through September 27, 2022, which was the date that the financial statements were available to be issued.

2. Liquidity and Availability of Financial Assets

FIRST regularly monitors liquidity required to meet its operating needs and other contractual commitments. *FIRST*'s sources of liquidity include cash and short-term investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, *FIRST* considers all expenditures related to its ongoing activities, and general and administrative services undertaken to support those ongoing activities, to be general expenditures. This excludes net assets with donor restrictions and restricted cash as those are restricted expenditures for specific programs or purposes, rather than general expenditures.

At June 30, the following financial assets could readily be available within one year of the statement of financial position date to meet general expenditures:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 31,204,911	\$ 34,202,696
Restricted cash - scholarship funds	1,269,440	1,429,008
Accounts receivable	2,548,783	688,400
Short-term investments	14,950,000	16,500,000
Current portion of pledges and nonfederal grants receivable	4,697,019	4,427,000
Federal grants receivable	<u>1,250,164</u>	<u>1,466,748</u>
Total current financial assets	55,920,317	58,713,852
Assets with restrictions		
Restricted cash - scholarship funds	(1,269,440)	(1,429,008)
Donor-restricted net assets	<u>(30,457,109)</u>	<u>(31,481,314)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 24,193,768</u>	<u>\$ 25,803,530</u>

3. Accounts Receivable

A rollforward of accounts receivable, net activity for the years ended June 30 is as follows:

	<u>2022</u>	2021
Balance, beginning of year	\$ 688,400	\$ 803,969
Net payments, charges and adjustments	<u>1,860,383</u>	<u>(115,569)</u>
Balance, end of year	<u>\$ 2,548,783</u>	<u>\$ 688,400</u>

**FOR INSPIRATION AND RECOGNITION OF
SCIENCE AND TECHNOLOGY (FIRST)**

Notes to Financial Statements

June 30, 2022 and 2021

4. Pledges and Grants Receivable

Pledges and nonfederal grants receivable are due as follows at June 30:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 4,697,019	\$ 4,427,000
Due between one and three years	<u>1,425,000</u>	<u>2,172,500</u>
Total pledges and grants receivable	6,122,019	6,599,500
Less present value discount at 2.75%	<u>(54,426)</u>	<u>(111,114)</u>
Pledges and grants receivable, net	<u>\$ 6,067,593</u>	<u>\$ 6,488,386</u>

During the year ended June 30, 2021, *FIRST* received a pledge totaling approximately \$4.6 million. As of June 30, 2022, *FIRST* recognized approximately \$1.4 million and \$3.2 million is conditioned upon future events and performance milestones. This amount will be recognized as revenue in the period in which the conditions have been fulfilled.

5. Related Party Transactions

FIRST receives facility services, legal services, and technical support at no charge from affiliated entities owned by the Founder. The amount of these services approximate \$81,000 and \$88,000 for the years ended June 30, 2022 and 2021, respectively.

A portion of the *FIRST* building is occupied at no cost by a children's science museum, SEE Science Center, Inc. (SEE), a not-for-profit museum started by the Founder. While SEE's occupancy agreement has no annual base rental payment, it could be required to pay its proportionate share of the building's annual operating costs based on its occupied square footage.

6. Discretionary Defined Contribution Plan

FIRST maintains a discretionary defined contribution benefit plan (the Plan) for its employees. Under the Plan, enrolled employees may contribute a portion of their salary to tax deferred investment accounts. *FIRST* may contribute an amount based on the employee's contribution level. *FIRST* may make additional annual contributions, shared equally among all qualifying employees, at the discretion of the Board of Directors. During the years ended June 30, 2022 and 2021, *FIRST* contributed a total of \$623,843 and \$561,973, respectively, to the Plan.

**FOR INSPIRATION AND RECOGNITION OF
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Notes to Financial Statements

June 30, 2022 and 2021

7. Net Assets with Donor Restrictions - Temporary in Nature

Net assets with donor restrictions - temporary in nature are available for the following purposes and periods:

	<u>2022</u>	<u>2021</u>
Program activities and events		
FRC	\$ 6,776,470	\$ 6,061,740
FLL	1,916,895	1,800,310
FTC	552,597	812,229
Program, during future periods as directed by donors	18,942,186	20,596,143
Management and general	587,500	619,470
The Bart Kamen Memorial <i>FIRST</i> Scholarship Fund	1,374,829	1,284,829
The Woodie Flowers Memorial <i>FIRST</i> Scholarship Fund	<u>306,632</u>	<u>306,593</u>
	<u>\$ 30,457,109</u>	<u>\$ 31,481,314</u>

Net assets were released for the following purposes during the years ended June 30:

	<u>2022</u>	<u>2021</u>
Programming	\$ 42,578,167	\$ 34,507,208
Management and general	1,817,528	2,045,920
Bart Kamen scholarships	<u>160,000</u>	<u>150,000</u>
	<u>\$ 44,555,695</u>	<u>\$ 36,703,128</u>

8. Contingencies

FIRST is occasionally a party to various legal actions and/or threatened claims arising in the ordinary course of business. Management believes the disposition of these matters will be covered by *FIRST*'s liability insurance coverages and will not have a material adverse effect on the financial position of *FIRST*.

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9. COVID-19 and Relief Funding

Since the coronavirus pandemic was declared in March 2020, the U.S. government has responded with relief legislation as a response to the COVID-19 outbreak. The U.S government has enacted three statutes into law to address the economic impact of the COVID-19 outbreak; the first on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the second on December 27, 2020, called the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the third on March 11, 2021 called the American Rescue Plan (ARP). The CARES Act, CRRSAA and ARP, among other things, 1) authorize emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provide additional funding for grants and technical assistance; 3) delay due dates for employer payroll taxes and estimated tax payments for organizations; and 4) revise provisions of the IRC, including those related to losses, charitable deductions, and business interest. Management has evaluated the impact of the CARES Act on *FIRST*, including its potential benefits and limitations that may result from additional funding.

During 2020, *FIRST* obtained \$3,477,800 under the CARES Act Paycheck Protection Program (PPP). The PPP had specific criteria for eligibility and provides for forgiveness of the funds under this program if *FIRST* meets certain requirements. In June 2021, *FIRST* received notice from the Small Business Administration that its PPP funds were forgiven. The revenue is included in contributions and grants in the statement of activities during the year ended June 30, 2021.

In February 2021, *FIRST* obtained \$2,000,000 under the second round of PPP funding under the CARES Act. This round of PPP also has specific criteria for eligibility and provides for forgiveness of the funds under the program if *FIRST* meets certain requirements. Any portion of the funds that are not forgiven are to be repaid within 5 years at a 1% interest rate. In November 2021, *FIRST* received notice from the Small Business Administration that its second round of PPP funds were forgiven. The revenue is included in contributions and grants in the statement of activities during the year ended June 30, 2022.