



FINANCIAL STATEMENTS

June 30, 2023 and 2022

With Independent Auditor's Report

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

**Years Ended June 30, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

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

### 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, 2023 and 2022, 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, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

### Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS). 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 opinion.

### 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. GAAP, and for 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 audit.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
September 27, 2023

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

**Statements of Financial Position**

**June 30, 2023 and 2022**

**ASSETS**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Current assets		
Cash and cash equivalents	\$ 25,785,539	\$ 31,204,911
Restricted cash - scholarship funds	1,579,205	1,269,440
Accounts receivable, net of allowance for doubtful accounts of \$125,133 in 2023 and \$147,730 in 2022	4,478,557	2,548,783
Short-term investments	20,308,745	14,950,000
Current portion of pledges and nonfederal grants receivable	6,136,970	4,697,019
Federal grants receivable	4,899,614	1,250,164
Program supply inventory	1,781,173	410,155
Prepaid expenses and other assets	<u>1,376,307</u>	<u>2,271,828</u>
Total current assets	<u><b>66,346,110</b></u>	<u><b>58,602,300</b></u>
Pledges and nonfederal grants receivable, excluding current portion	<u><b>3,976,906</b></u>	<u><b>1,370,574</b></u>
Property and equipment		
Land, building and improvements	10,339,534	10,303,500
Equipment	4,076,989	3,811,132
Furniture and fixtures	939,156	911,491
Software	1,862,211	1,178,266
Website and portal	492,090	492,090
Improvements in progress	<u>-</u>	<u>562,572</u>
	<b>17,709,980</b>	17,259,051
Less accumulated depreciation and amortization	<u><b>13,753,309</b></u>	<u><b>12,961,981</b></u>
Net property and equipment	<u><b>3,956,671</b></u>	<u><b>4,297,070</b></u>
Total assets	<u><b>\$ 74,279,687</b></u>	<u><b>\$ 64,269,944</b></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable and accrued expenses	\$ 6,760,999	\$ 4,139,423
Deferred revenue	<u>1,512,349</u>	<u>1,229,948</u>
Total current liabilities and total liabilities	<u><b>8,273,348</b></u>	<u><b>5,369,371</b></u>
Net assets		
Without donor restrictions	33,420,564	28,443,464
With donor restrictions - temporary in nature	<u>32,585,775</u>	<u>30,457,109</u>
Total net assets	<u><b>66,006,339</b></u>	<u><b>58,900,573</b></u>
Total liabilities and net assets	<u><b>\$ 74,279,687</b></u>	<u><b>\$ 64,269,944</b></u>

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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, 2023 and 2022**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Changes in net assets without donor restrictions		
Revenues and other support		
Program revenue	\$ <b>31,432,688</b>	\$ 17,420,896
Contributions and grants	<b>5,274,855</b>	6,694,007
In-kind contributions	<b>5,961,124</b>	5,974,478
Employee retention tax credit	<b>3,796,478</b>	-
Other income	<b>2,580,660</b>	711,726
Net assets released from restrictions	<u><b>36,974,858</b></u>	<u>44,555,695</u>
Total revenues and other support	<u><b>86,020,663</b></u>	<u>75,356,802</u>
Expenses		
Program	<b>69,096,448</b>	63,676,395
Facility support of other organizations	<b>321,525</b>	387,932
Management and general	<b>9,226,630</b>	8,927,776
Fundraising and development	<u><b>2,398,960</b></u>	<u>1,961,338</u>
Total expenses	<u><b>81,043,563</b></u>	<u>74,953,441</u>
Operating surplus and change in net assets without donor restrictions	<u><b>4,977,100</b></u>	<u>403,361</u>
Changes in net assets with donor restrictions - temporary in nature		
Contributions and grants	<b>38,729,925</b>	43,207,162
In-kind contributions	<b>373,599</b>	324,328
Net assets released from restrictions	<u><b>(36,974,858)</b></u>	<u>(44,555,695)</u>
Change in net assets with donor restrictions - temporary in nature	<u><b>2,128,666</b></u>	<u>(1,024,205)</u>
Total change in net assets	<b>7,105,766</b>	(620,844)
Net assets, beginning of year	<u><b>58,900,573</b></u>	<u>59,521,417</u>
Net assets, end of year	<u><b>\$ 66,006,339</b></u>	<u>\$ 58,900,573</u>

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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, 2023 and 2022

	Programs					
	STEM Programs	Facility Support of Other Organizations	Total Programs	Management and General	Fundraising and Development	Total Expenses
<b>2023</b>						
Grants and other assistance/support	\$ 29,880,014	\$ -	\$ 29,880,014	\$ -	\$ -	\$ 29,880,014
Compensation, benefits and payroll taxes	14,406,028	-	14,406,028	4,553,666	1,805,272	20,764,966
Fees for services	1,898,917	-	1,898,917	933,468	77,526	2,909,911
Promotion and advertising	1,202,849	-	1,202,849	664,357	69,335	1,936,541
Office, insurances and information technology	1,185,196	-	1,185,196	609,465	80,121	1,874,782
Occupancy	391,520	321,525	713,045	541,758	67,908	1,322,711
Travel	1,319,122	-	1,319,122	237,665	169,832	1,726,619
STEM supplies and costs of competitions	16,874,024	-	16,874,024	938,996	46,026	17,859,046
Training and recognition	1,191,044	-	1,191,044	673,642	37,448	1,902,134
Other	747,734	-	747,734	73,613	45,492	866,839
Total expenses	<u>\$ 69,096,448</u>	<u>\$ 321,525</u>	<u>\$ 69,417,973</u>	<u>\$ 9,226,630</u>	<u>\$ 2,398,960</u>	<u>\$ 81,043,563</u>

	Programs					
	STEM Programs	Facility Support of Other Organizations	Total Programs	Management and General	Fundraising and Development	Total Expenses
<b>2022</b>						
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
Total expenses	<u>\$ 63,676,395</u>	<u>\$ 387,932</u>	<u>\$ 64,064,327</u>	<u>\$ 8,927,776</u>	<u>\$ 1,961,338</u>	<u>\$ 74,953,441</u>

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, 2023 and 2022**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash flows from operating activities		
Change in net assets	\$ <b>7,105,766</b>	\$ (620,844)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	<b>790,298</b>	793,987
Changes in operating assets and liabilities		
Accounts receivable	<b>(1,929,774)</b>	(1,860,383)
Pledges and nonfederal grants receivable	<b>(4,046,283)</b>	420,793
Federal grants receivable	<b>(3,649,450)</b>	216,584
Program supply inventory	<b>(1,371,018)</b>	425,464
Prepaid expenses and other assets	<b>895,521</b>	(334,327)
Accounts payable and accrued expenses	<b>2,621,576</b>	(211,983)
Deferred revenue	<b>282,401</b>	(962,740)
Refundable advance	<u>-</u>	<u>(2,000,000)</u>
Net cash provided (used) by operating activities	<u><b>699,037</b></u>	<u>(4,133,449)</u>
Cash flows from investing activities		
Net (purchases) proceeds from short-term investments	<b>(5,358,745)</b>	1,550,000
Purchases of property and equipment	<u><b>(449,899)</b></u>	<u>(573,904)</u>
Net cash (used) provided by investing activities	<u><b>(5,808,644)</b></u>	<u>976,096</u>
Net decrease in cash and cash equivalents	<b>(5,109,607)</b>	(3,157,353)
Cash and cash equivalents, beginning of year	<u><b>32,474,351</b></u>	<u>35,631,704</u>
Cash and cash equivalents, end of year	<u><b>\$ 27,364,744</b></u>	<u>\$ 32,474,351</u>
Composition of cash and cash equivalents, end of year:		
Cash and cash equivalents	<b>\$ 25,785,539</b>	\$ 31,204,911
Restricted cash - scholarship funds	<u><b>1,579,205</b></u>	<u>1,269,440</u>
	<u><b>\$ 27,364,744</b></u>	<u>\$ 32,474,351</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, 2023 and 2022**

**Nature of Business**

Founded in 1989, For Inspiration and Recognition of Science and Technology (*FIRST*) ("*FIRST*®") is a New Hampshire-Based, global-reaching Nonprofit Corporation organized to prepare young people for the future by engaging them in exciting, mentor-guided, project-based programs that build science, engineering, and technology skills, and that foster well-rounded life capabilities including self-confidence, communication, and leadership.

**Program Activities and Events**

*FIRST* programs provide inspiration to K-12 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 106 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 87,000 youths. The *FIRST* Robotics Competition (FRC) features teams of 10 or more students working with professional mentors to design and build a robot from a common kit of parts, reaching over 83,000 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 \$10,276,040 in 2023 and \$12,197,520 in 2022.

**1. Summary of Significant Accounting Policies**

**Accounting Standards Adoption**

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), to increase transparency and comparability among companies by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The adoption of this pronouncement in the year ended June 30, 2023 did not have a material impact on the financial statements of *FIRST*.

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

**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, 2023 and 2022**

**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, 2023 and 2022**

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, 2023 and 2022 were \$4,262,959 and \$4,579,497, 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, 2023 and 2022**

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 28,538,700 hours in 2023 and 21,126,000 hours in 2022. The increase from 2022 to 2023 is attributed to the many events resuming as a result of COVID-19 restrictions becoming less restrictive.

During 2023 and 2022, *FIRST* recorded the value of contributed program supplies, competition venues, and services in the financial statements as follows:

	<u><b>2023</b></u>	<u><b>2022</b></u>
Contributions without donor restrictions included in program expenses		
FRC		
Kits, and related supplies, for events, including shipping services in the amount of \$767,061 in 2023 and \$961,666 in 2022	<b>\$ 5,264,150</b>	\$ 5,522,094
Venue rentals	<b>290,146</b>	135,701
Legal services	<b>3,750</b>	7,500
FLL		
Kits, and related supplies, for events	<b>324,328</b>	235,433
Legal services	<b>9,000</b>	8,750
FTC		
Legal services	<u><b>3,750</b></u>	<u>3,750</u>
Total included in program expenses	<b>5,895,124</b>	5,913,228
Contributions without donor restrictions included in management and general expenses - legal services	<b>66,000</b>	61,250
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><b>373,599</b></u>	<u>324,328</u>
Total	<u><b>\$ 6,334,723</b></u>	<u>\$ 6,298,806</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, 2023 and 2022**

**Subsequent Events**

*FIRST* management has considered transactions or events occurring through September 27, 2023, 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>2023</u>	<u>2022</u>
Financial assets		
Cash and cash equivalents	\$ 25,785,539	\$ 31,204,911
Restricted cash - scholarship funds	1,579,205	1,269,440
Accounts receivable	4,478,557	2,548,783
Short-term investments	20,308,745	14,950,000
Current portion of pledges and nonfederal grants receivable	10,113,876	6,067,593
Federal grants receivable	<u>4,899,614</u>	<u>1,250,164</u>
Total current financial assets	67,165,536	55,920,317
Less donor-restricted net assets	<u>(32,585,775)</u>	<u>(30,457,109)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 34,579,761</u>	<u>\$ 24,193,768</u>

**3. Accounts Receivable**

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

	<u>2023</u>	2022
Balance, beginning of year	\$ 2,548,783	\$ 688,400
Net payments, charges and adjustments	<u>1,929,774</u>	<u>1,860,383</u>
Balance, end of year	<u>\$ 4,478,557</u>	<u>\$ 2,548,783</u>

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

**4. Pledges and Grants Receivable**

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

	<u>2023</u>	<u>2022</u>
Due within one year	\$ 6,136,970	\$ 4,697,019
Due between one and three years	<u>4,176,500</u>	<u>1,425,000</u>
Total pledges and grants receivable	10,313,470	6,122,019
Less present value discount at 4.94% and 2.75% at June 30, 2023 and 2022, respectively	<u>(199,594)</u>	<u>(54,426)</u>
Pledges and grants receivable, net	<u>\$ 10,113,876</u>	<u>\$ 6,067,593</u>

During the year ended June 30, 2021, *FIRST* received a pledge totaling approximately \$4.6 million. During the years ended June 30, 2023 and 2022, *FIRST* recognized approximately \$1.9 million and \$1.4 million, respectively, in revenues based on achieving performance milestones in accordance with the pledge agreement. The remaining portion of approximately \$1.3 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 \$82,500 and \$81,250 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, *FIRST* contributed a total of \$750,098 and \$623,843, respectively, to the Plan.

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**Notes to Financial Statements**

**June 30, 2023 and 2022**

**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><b>2023</b></u>	<u><b>2022</b></u>
Program activities and events		
FRC	\$ 5,939,662	\$ 6,776,470
FLL	5,964,702	1,916,895
FTC	540,584	552,597
Program, during future periods as directed by donors	17,205,311	18,942,186
Management and general	1,406,600	587,500
The Bart Kamen Memorial <i>FIRST</i> Scholarship Fund	1,234,829	1,374,829
The Woodie Flowers Memorial <i>FIRST</i> Scholarship Fund	<u>294,087</u>	<u>306,632</u>
	<u><b>\$ 32,585,775</b></u>	<u><b>\$ 30,457,109</b></u>

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

	<u><b>2023</b></u>	<u><b>2022</b></u>
Programming	\$ 35,445,216	\$ 42,578,167
Management and general	1,374,642	1,817,528
Bart Kamen scholarships	<u>155,000</u>	<u>160,000</u>
	<u><b>\$ 36,974,858</b></u>	<u><b>\$ 44,555,695</b></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, or have been appropriately considered and otherwise reflected in the financial statements and, thus, 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. 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. The forgiveness is subject to audit by the Small Business Administration for a period of six years from the date of forgiveness.

During 2023, *FIRST* applied for the Employee Retention Tax Credit (ERTC) for employment taxes paid during the first, second and third quarters of 2021. The credit of \$3,796,478 was recognized as revenue included in other income in the statement of activities for the year ended June 30, 2023. As of June 30, 2023, the *FIRST* has yet to receive the \$3,796,478 of the ERTC, which is included in federal grants receivable on the statement of financial position. The credit is expected to be received in fiscal year 2024. The credits received could be subject to audit for up to five years from the date of the credit filing.