



FINANCIAL STATEMENTS

June 30, 2024 and 2023

With Independent Auditor's Report

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

Years Ended June 30, 2024 and 2023

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Audited Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 15

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, 2024 and 2023, 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, 2024 and 2023, 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
October 14, 2024

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

Statements of Financial Position

June 30, 2024 and 2023

ASSETS

	<u>2024</u>	<u>2023</u>
Current assets		
Cash and cash equivalents	\$ 18,319,907	\$ 25,785,539
Restricted cash - scholarship funds	1,461,406	1,579,205
Accounts receivable, net of allowance for credit losses of \$259,445 in 2024 and \$125,133 in 2023	3,496,481	4,478,557
Short-term investments	32,793,620	20,308,745
Current portion of pledges and nonfederal grants receivable	4,414,750	6,136,970
Federal grants receivable	5,445,279	4,899,614
Program supply inventory	1,132,055	1,781,173
Prepaid expenses and other assets	<u>1,595,137</u>	<u>1,376,307</u>
Total current assets	<u>68,658,635</u>	<u>66,346,110</u>
Pledges and nonfederal grants receivable, net of current portion and preset value discount	2,495,125	3,976,906
Right-of-use asset, operating lease	<u>373,579</u>	<u>-</u>
Property and equipment		
Land, building and improvements	10,420,794	10,339,534
Equipment	5,011,903	4,076,989
Furniture and fixtures	940,489	939,156
Software	3,239,981	1,862,211
Website and portal	<u>492,090</u>	<u>492,090</u>
	20,105,257	17,709,980
Less accumulated depreciation and amortization	<u>14,589,032</u>	<u>13,753,309</u>
Net property and equipment	<u>5,516,225</u>	<u>3,956,671</u>
Total assets	<u>\$ 77,043,564</u>	<u>\$ 74,279,687</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Current portion of lease liability, operating lease	\$ 202,092	\$ -
Accounts payable and accrued expenses	5,920,782	6,760,999
Deferred revenue	<u>2,028,156</u>	<u>1,512,349</u>
Total current liabilities	8,151,030	8,273,348
Lease liability, operating lease, net of current portion	<u>171,487</u>	<u>-</u>
Total liabilities	<u>8,322,517</u>	<u>8,273,348</u>
Net assets		
Without donor restrictions	36,650,253	33,420,564
With donor restrictions - temporary in nature	<u>32,070,794</u>	<u>32,585,775</u>
Total net assets	<u>68,721,047</u>	<u>66,006,339</u>
Total liabilities and net assets	<u>\$ 77,043,564</u>	<u>\$ 74,279,687</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Program revenue	\$ 33,711,657	\$ 31,432,688
Contributions and grants	9,330,841	5,274,855
In-kind contributions	6,035,620	5,961,124
Employee retention tax credit	-	3,796,478
Other income	5,085,421	2,580,660
Net assets released from restrictions	<u>32,325,498</u>	<u>36,974,858</u>
Total revenues and other support	<u>86,489,037</u>	<u>86,020,663</u>
Expenses		
Program	71,663,278	69,096,448
Facility support of other organizations	313,435	321,525
Management and general	8,834,650	9,226,630
Fundraising and development	<u>2,447,985</u>	<u>2,398,960</u>
Total expenses	<u>83,259,348</u>	<u>81,043,563</u>
Operating surplus and change in net assets without donor restrictions	<u>3,229,689</u>	<u>4,977,100</u>
Changes in net assets with donor restrictions - temporary in nature		
Contributions and grants	31,424,747	38,729,925
In-kind contributions	385,770	373,599
Net assets released from restrictions	<u>(32,325,498)</u>	<u>(36,974,858)</u>
Change in net assets with donor restrictions - temporary in nature	<u>(514,981)</u>	<u>2,128,666</u>
Total change in net assets	2,714,708	7,105,766
Net assets, beginning of year	<u>66,006,339</u>	<u>58,900,573</u>
Net assets, end of year	<u>\$ 68,721,047</u>	<u>\$ 66,006,339</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, 2024 and 2023

	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
<u>2024</u>						
Grants and other assistance/support	\$ 28,806,782	\$ -	\$ 28,806,782	\$ -	\$ -	\$ 28,806,782
Compensation, benefits and payroll taxes	17,958,774	-	17,958,774	3,580,705	1,805,608	23,345,087
Fees for services	1,839,826	-	1,839,826	569,862	127,268	2,536,956
Promotion and advertising	1,249,476	-	1,249,476	368,591	108,439	1,726,506
Office, insurances and information technology	1,828,148	-	1,828,148	507,848	44,283	2,380,279
Occupancy	748,744	313,435	1,062,179	214,138	47,056	1,323,373
Travel	1,315,229	-	1,315,229	327,701	60,075	1,703,005
STEM supplies and costs of competitions	15,511,153	-	15,511,153	2,713,193	191,686	18,416,032
Training and recognition	1,509,898	-	1,509,898	460,586	30,645	2,001,129
Other	895,248	-	895,248	92,026	32,925	1,020,199
	<u>\$ 71,663,278</u>	<u>\$ 313,435</u>	<u>\$ 71,976,713</u>	<u>\$ 8,834,650</u>	<u>\$ 2,447,985</u>	<u>\$ 83,259,348</u>
Total expenses						
	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
<u>2023</u>						
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
	<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>
Total expenses						

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 2,714,708	\$ 7,105,766
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	837,669	790,298
Changes in operating assets and liabilities		
Accounts receivable	982,076	(1,929,774)
Pledges and nonfederal grants receivable	3,204,001	(4,046,283)
Federal grants receivable	(545,665)	(3,649,450)
Program supply inventory	649,118	(1,371,018)
Prepaid expenses and other assets	(218,830)	895,521
Accounts payable and accrued expenses	(840,217)	2,621,576
Deferred revenue	<u>515,807</u>	<u>282,401</u>
Net cash provided by operating activities	<u>7,298,667</u>	<u>699,037</u>
Cash flows from investing activities		
Net purchases from short-term investments	(12,484,875)	(5,358,745)
Purchases of property and equipment	<u>(2,397,223)</u>	<u>(449,899)</u>
Net cash used by investing activities	<u>(14,882,098)</u>	<u>(5,808,644)</u>
Net decrease in cash and cash equivalents	(7,583,431)	(5,109,607)
Cash and cash equivalents, beginning of year	<u>27,364,744</u>	<u>32,474,351</u>
Cash and cash equivalents, end of year	\$ <u>19,781,313</u>	\$ <u>27,364,744</u>
Composition of cash and cash equivalents, end of year:		
Cash and cash equivalents	\$ 18,319,907	\$ 25,785,539
Restricted cash - scholarship funds	<u>1,461,406</u>	<u>1,579,205</u>
	<u>\$ 19,781,313</u>	<u>\$ 27,364,744</u>
Supplemental disclosure of noncash activities:		
ROU asset - operating acquired through lease obligation	\$ <u>557,484</u>	\$ <u>-</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, 2024 and 2023

Nature of Business

Founded in 1989, For Inspiration and Recognition of Science and Technology (the Organization or *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 activities and events provide inspiration to PreK-12 youth and prepare them for the world of tomorrow. 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 75,000 youths with playful hands-on activities in the classroom and the home using LEGO® DUPLO® bricks; *FIRST*® LEGO® League Explore, which reaches over 189,000 students ages 6 to 10 with team-based challenges where students create unique solutions made with LEGO bricks and powered by LEGO® Education technologies; and *FIRST*® LEGO® League Challenge, which reaches over 333,000 students, ages 9 to 16, in 91 countries, by engaging them in research, problem-solving, coding, and engineering using LEGO® Education technologies. *FIRST*® Tech Challenge (FTC) is a highly accessible design and build robotics competition with annual themed challenges for ages 12 to 18, reaching almost 100,000 youth participants. The *FIRST*® Robotics Competition (FRC) features teams of approximately 25 high school students working with professional mentors to design and build industrial-sized robots from a common kit of parts, reaching over 87,000 students. *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 \$10,551,891 in 2024 and \$10,276,040 in 2023.

1. Summary of Significant Accounting Policies

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.

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

Notes to Financial Statements

June 30, 2024 and 2023

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 the management expects to collect from outstanding balances. *FIRST* estimates implicit price concessions based on its historical collection experience with students. No additional valuation allowance is necessary for possible credit losses based on historical experience, current conditions and reasonable and supportable forecasts.

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.

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

Notes to Financial Statements

June 30, 2024 and 2023

Recently Adopted Accounting Policy

Effective July 1, 2023, *FIRST* adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses* Topic 326) *Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected claims and credit losses on certain financial instruments. *FIRST* adopted this new guidance utilizing the modified retrospective transition method. ASU 2016-13 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Academy that are subject to FASB ASU 2016-13 include accounts and federal grants receivable. The adoption of this ASU did not have a material impact on *FIRST*'s financial statements but did change how the allowance for credit losses is determined.

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.

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

Notes to Financial Statements

June 30, 2024 and 2023

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.

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 property 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 property or equipment are acquired and placed in service.

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, 2024 and 2023 were \$4,535,857 and \$4,262,959, respectively.

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

Notes to Financial Statements

June 30, 2024 and 2023

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.

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 33,714,800 hours in 2024 and 28,538,700 hours in 2023. The increase from 2023 to 2024 dovetails with FIRST's growth in teams, events, and number of youth served in FIRST programs.

During 2024 and 2023, FIRST recorded the value of contributed program supplies, competition venues, services, and property and equipment in the financial statements as follows:

	<u>2024</u>	<u>2023</u>
Contributions without donor restrictions included in program expenses		
FRC		
Kits, and related supplies, for events, including shipping services in the amount of \$677,901 in 2024 and \$767,061 in 2023	\$ 5,152,248	\$ 5,264,150
Venue rentals	208,873	290,146
Legal services and travel vouchers	13,038	3,750
FLL		
Kits, and related supplies, for events	373,599	324,328
Legal services and travel vouchers	4,931	9,000
FTC		
Legal services and travel vouchers	<u>1,431</u>	<u>3,750</u>
Total included in program expenses	<u>5,754,120</u>	5,895,124
Contributions without donor restrictions included in management and general expenses - legal services	<u>3,500</u>	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>385,770</u>	373,599
Contributions of property and equipment	<u>278,000</u>	-
Total	<u>\$ 6,421,390</u>	<u>\$ 6,334,723</u>

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

Notes to Financial Statements

June 30, 2024 and 2023

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.

Subsequent Events

FIRST management has considered transactions or events occurring through October 14, 2024, 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 cash equivalents 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 statements of financial position date to meet general expenditures:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 18,319,907	\$ 25,785,539
Restricted cash - scholarship funds	1,461,406	1,579,205
Accounts receivable	3,496,481	4,478,557
Short-term investments	32,793,620	20,308,745
Pledges and nonfederal grants receivable	6,909,875	10,113,876
Federal grants receivable	<u>5,445,279</u>	<u>4,899,614</u>
Total current financial assets	68,426,568	67,165,536
Less net assets with donor restrictions temporary in nature	(32,070,794)	(32,585,775)
Plus contributions with donor restrictions - temporary in nature - recorded as program supplies included in prepaid expenses and other assets	385,770	373,599
Expected net assets with donor restrictions temporarily in nature for management and general that will be available for operations in next year (Note 8)	<u>1,460,740</u>	<u>1,154,100</u>
Financial assets available to meet general expenditures within one year	<u>\$ 38,202,284</u>	<u>\$ 36,107,460</u>

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

Notes to Financial Statements

June 30, 2024 and 2023

3. Accounts Receivable, Federal Grants Receivable and Deferred Revenue

The opening and closing balances in accounts receivable, net, federal grants receivable, and deferred revenue were as follows:

	<u>Accounts Receivable</u>	<u>Federal Grants Receivable</u>	<u>Deferred Revenue</u>
July 1, 2022	\$ 2,492,216	\$ 1,250,164	\$ 1,229,948
June 30, 2023	4,478,557	4,899,614	1,512,349
June 30, 2024	3,496,481	5,445,279	2,028,156

4. Pledges and Nonfederal Grants Receivable

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

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 4,414,750	\$ 6,136,970
Due between one and three years	<u>505,454</u>	<u>199,594</u>
Total pledges and nonfederal grants receivable	4,920,204	6,336,564
Less present value discount at 4.94% and 2.75% at June 30, 2024 and 2023, respectively	<u>(131,875)</u>	<u>(199,594)</u>
Pledges and nonfederal grants receivable, net	<u>\$ 4,788,329</u>	<u>\$ 6,136,970</u>

During the year ended June 30, 2021, FIRST received a pledge totaling approximately \$4.6 million. During the years ended June 30, 2024 and 2023, FIRST recognized approximately \$566 thousand and \$1.9 million, respectively, in revenues based on achieving performance milestones in accordance with the pledge agreement. The remaining portion of approximately \$0.7 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, Dean Kamen, an accomplished inventor who established the Organization in 1989. The amount of these services were approximately \$8,431 and \$82,500 for the years ended June 30, 2024 and 2023, 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.

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

Notes to Financial Statements

June 30, 2024 and 2023

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, 2024 and 2023, FIRST contributed a total of \$823,790 and \$750,098, respectively, to the Plan.

7. Operating Lease

During 2024, FIRST entered into a building lease under a noncancelable operating lease that expires in 2026 subject to FASB Accounting Standards Codification Topic 842, *Leases*. The monthly lease payment is \$16,841 through the end of the lease term. The following table presents the right-of-use asset and lease liability as of June 30, 2024:

Asset	
Right-of-use asset, operating lease	\$ <u>373,579</u>
Liability	
Current portion of lease liability, operating lease	\$ 202,092
Lease liability, operating lease	<u>171,487</u>
	\$ <u>373,579</u>
Discount rate	3.98 %
Remaining lease term	1.92

Expense under the operating lease was \$202,092 for the year ended June 30, 2024, which approximated the cash paid for the operating lease.

The maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liability is as follows for the years ending June 30:

2025	\$ 202,092
2026	<u>185,251</u>
	387,343
Less present value discount	<u>(13,764)</u>
	\$ <u>373,579</u>

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

Notes to Financial Statements

June 30, 2024 and 2023

8. 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>2024</u>	<u>2023</u>
Program activities and events		
FRC	\$ 3,892,333	\$ 5,939,662
FLL	2,972,045	5,964,702
FTC	1,934,173	540,584
Program, during future periods as directed by donors	19,999,212	17,205,311
Management and general	1,870,737	1,406,600
The Bart Kamen Memorial <i>FIRST</i> Scholarship Fund	1,098,112	1,234,829
The Woodie Flowers Memorial <i>FIRST</i> Scholarship Fund	<u>304,182</u>	<u>294,087</u>
	<u>\$ 32,070,794</u>	<u>\$ 32,585,775</u>

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

	<u>2024</u>	<u>2023</u>
Program activities and events	\$ 30,528,937	\$ 35,445,216
Management and general	1,596,561	1,374,642
Bart Kamen scholarships	170,000	140,000
Woodie Flowers scholarships	<u>30,000</u>	<u>15,000</u>
	<u>\$ 32,325,498</u>	<u>\$ 36,974,858</u>

9. 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.

10. COVID-19 Relief Funding

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 revenues and other support in the statement of activities for the year ended June 30, 2023. As of June 30, 2024, the *FIRST* has yet to receive the \$3,796,478 of the ERTC, which is included in federal grants receivable on the statements of financial position. The credit is expected to be received in fiscal year 2025. The credits received could be subject to audit for up to five years from the date of the credit filing.