



FINANCIAL STATEMENTS

June 30, 2021 and 2020

With Independent Auditor's Report

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

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *FIRST* as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in accordance with U.S. GAAP.

Other Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2021 *FIRST* adopted Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), and related guidance. Our opinion is not modified with respect to this matter.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
September 24, 2021

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

Statements of Financial Position

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 34,202,696	\$ 41,647,636
Restricted cash - scholarship funds	1,429,008	961,427
Accounts receivable, net of allowance for doubtful accounts of \$75,824 in 2021 and \$456,160 in 2020	688,400	803,969
Short-term investments	16,500,000	8,250,000
Current portion of pledges and nonfederal grants receivable	4,427,000	6,668,941
Federal grants receivable	1,466,748	1,239,251
Program supply inventory	835,619	733,627
Prepaid expenses and other assets	<u>1,937,501</u>	<u>2,066,353</u>
Total current assets	<u>61,486,972</u>	<u>62,371,204</u>
Pledges and nonfederal grants receivable, excluding current portion	<u>2,061,386</u>	<u>4,420,678</u>
Property and equipment		
Land, building and improvements	10,325,175	10,049,128
Equipment	3,858,794	3,838,014
Furniture and fixtures	911,491	911,491
Software	786,846	663,801
Website and portal	883,510	883,510
Improvements in progress	<u>29,615</u>	<u>209,921</u>
	16,795,431	16,555,865
Less accumulated depreciation and amortization	<u>12,278,278</u>	<u>11,333,893</u>
Net property and equipment	<u>4,517,153</u>	<u>5,221,972</u>
Total assets	<u>\$ 68,065,511</u>	<u>\$ 72,013,854</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 4,351,406	\$ 3,131,419
Deferred revenue	2,192,688	2,523,923
Refundable advance	<u>2,000,000</u>	<u>3,477,800</u>
Total current liabilities and total liabilities	<u>8,544,094</u>	<u>9,133,142</u>
Net assets		
Without donor restrictions	28,040,103	28,677,577
With donor restrictions - temporary in nature	<u>31,481,314</u>	<u>34,203,135</u>
Total net assets	<u>59,521,417</u>	<u>62,880,712</u>
Total liabilities and net assets	<u>\$ 68,065,511</u>	<u>\$ 72,013,854</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenues and other support		
Program revenue	\$ 5,789,688	\$ 15,091,513
Contributions and grants	4,343,936	11,896,431
Other income	596,476	1,017,589
Special event income, net of expenses of \$406,309 in 2020	-	424,959
Net assets released from restrictions	<u>36,703,128</u>	<u>39,856,978</u>
Total revenues and other support	<u>47,433,228</u>	<u>68,287,470</u>
Expenses		
Program	38,807,648	57,950,115
Facility support of other organizations	245,537	320,651
Management and general	6,926,858	8,330,803
Fundraising and development	<u>2,090,659</u>	<u>2,400,224</u>
Total expenses	<u>48,070,702</u>	<u>69,001,793</u>
Operating deficit and change in net assets without donor restrictions	<u>(637,474)</u>	<u>(714,323)</u>
Changes in net assets with donor restrictions - temporary in nature		
Contributions and grants	33,981,307	50,681,876
Net assets released from restrictions	<u>(36,703,128)</u>	<u>(39,856,978)</u>
Change in net assets with donor restrictions - temporary in nature	<u>(2,721,821)</u>	<u>10,824,898</u>
Total change in net assets	<u>(3,359,295)</u>	10,110,575
Net assets, beginning of year	<u>62,880,712</u>	<u>52,770,137</u>
Net assets, end of year	<u>\$ 59,521,417</u>	<u>\$ 62,880,712</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, 2021 and 2020

	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
2021						
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

	Programs			Management and General	Fundraising and Development	Total Expenses
	STEM Programs	Facility Support of Other Organizations	Total Programs			
2020						
Grants and other assistance/support	\$ 28,116,449	\$ -	\$ 28,116,449	\$ -	\$ -	\$ 28,116,449
Compensation, benefits and payroll taxes	13,264,751	-	13,264,751	4,519,714	1,865,890	19,650,355
Fees for services	1,288,336	-	1,288,336	636,338	73,190	1,997,864
Promotion and advertising	724,073	-	724,073	493,314	22,224	1,239,611
Office, insurances and information technology	907,190	-	907,190	431,375	52,692	1,391,257
Occupancy	559,024	320,651	879,675	614,568	127,134	1,621,377
Travel	452,295	-	452,295	107,155	113,861	673,311
STEM supplies and costs of competitions	10,651,149	-	10,651,149	-	-	10,651,149
Training and recognition	1,413,725	-	1,413,725	1,087,317	73,458	2,574,500
Other	573,123	-	573,123	441,022	71,775	1,085,920
	\$ 57,950,115	\$ 320,651	\$ 58,270,766	\$ 8,330,803	\$ 2,400,224	\$ 69,001,793

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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ (3,359,295)	\$ 10,110,575
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	944,385	987,590
Changes in operating assets and liabilities		
Accounts receivable	115,569	2,225,707
Pledges and nonfederal grants receivable	4,601,233	(2,478,830)
Federal grants receivable	(227,497)	(297,520)
Program supply inventory	(101,992)	25,346
Prepaid expenses and other assets	128,852	91,341
Accounts payable and accrued expenses	1,219,987	(3,050,339)
Deferred revenue	(331,235)	1,051,733
Refundable advance	(1,477,800)	3,477,800
Net cash provided by operating activities	<u>1,512,207</u>	<u>12,143,403</u>
Cash flows from investing activities		
Purchases of short-term investments, net of reinvested maturities	(8,250,000)	-
Proceeds from maturities of short-term investments	-	3,750,000
Purchases of property and equipment	<u>(239,566)</u>	<u>(1,033,298)</u>
Net cash (used) provided by investing activities	<u>(8,489,566)</u>	<u>2,716,702</u>
Net (decrease) increase in cash and cash equivalents	<u>(6,977,359)</u>	14,860,105
Cash and cash equivalents, beginning of year	<u>42,609,063</u>	<u>27,748,958</u>
Cash and cash equivalents, end of year	<u>\$ 35,631,704</u>	<u>\$ 42,609,063</u>
Composition of cash and cash equivalents, end of year:		
Cash and cash equivalents	\$ 34,202,696	\$ 41,647,636
Restricted cash - scholarship funds	<u>1,429,008</u>	<u>961,427</u>
	<u>\$ 35,631,704</u>	<u>\$ 42,609,063</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, 2021 and 2020

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 (Unaudited)

FIRST activities and events provide inspiration to an ascending age range of today's youth in 90 countries. 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 28,000 youths with hands-on activities in the classroom and the home; *FIRST* LEGO® League Explore, which reaches over 68,000 students ages 6 to 10 through a network of web-based Festivals and local events; and finally, *FIRST* LEGO® League Challenge, which reaches over 120,000 students, ages 9 to 16, 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 49,000 youths. The original and most intensive program, the *FIRST* Robotics Competition (FRC), features teams of approximately 17 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 52,000 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 \$12,246,530 in 2021 and \$13,753,768 in 2020.

1. Summary of Significant Accounting Policies

Accounting Standards Adoption

On July 1, 2020, *FIRST* adopted Financial Accounting Standards Board Accounting Standards Update 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.

Financial Statement Basis of Presentation

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

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

Notes to Financial Statements

June 30, 2021 and 2020

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
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Notes to Financial Statements

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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 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.

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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, 2021 and 2020 were \$3,793,806 and \$3,959,234, 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.

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Notes to Financial Statements

June 30, 2021 and 2020

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 9,859,000 hours in 2021 and 20,300,000 hours in 2020. The decrease from 2020 to 2021 is attributed to the cancellation of events as a result of the COVID-19 pandemic.

During 2021 and 2020, *FIRST* recorded the value of contributed program supplies, competition venues, and services in the financial statements as follows:

	<u>2021</u>	<u>2020</u>
Contributions without donor restrictions included in program expenses		
FRC, including shipping services in the amount of \$350,000 in 2021 and \$266,000 in 2020	\$ 2,324,405	\$ 7,524,804
FLL	219,531	243,404
FTC	<u>4,400</u>	<u>7,700</u>
Total included in program expenses	2,548,336	7,775,908
Contributions without donor restrictions included in management and general expenses	66,000	50,050
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>235,433</u>	<u>210,731</u>
Total	<u>\$ 2,849,769</u>	<u>\$ 8,036,689</u>

Subsequent Events

FIRST management has considered transactions or events occurring through September 24, 2021, 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.

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

Notes to Financial Statements

June 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 34,202,696	\$ 41,647,636
Restricted cash - scholarship funds	1,429,008	961,427
Accounts receivable	688,400	803,969
Short-term investments	16,500,000	8,250,000
Current portion of pledges and nonfederal grants receivable	4,427,000	6,668,941
Federal grants receivable	<u>1,466,748</u>	<u>1,239,251</u>
Total current financial assets	58,713,852	59,571,224
Assets with restrictions		
Restricted cash - scholarship funds	(1,429,008)	(961,427)
Donor-restricted net assets	<u>(31,481,314)</u>	<u>(34,203,135)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 25,803,530</u>	<u>\$ 24,406,662</u>

3. Accounts Receivable

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

	<u>2021</u>	2020
Balance, beginning of year	\$ 803,969	\$ 3,029,676
Net payments, charges and adjustments	<u>(115,569)</u>	<u>(2,225,707)</u>
Balance, end of year	<u>\$ 688,400</u>	<u>\$ 803,969</u>

4. Pledges and Grants Receivable

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

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 4,427,000	\$ 6,668,941
Due between one and three years	2,172,500	4,605,000
Total pledges and grants receivable		
Less present value discount at 2.75%	<u>(111,114)</u>	<u>(184,322)</u>
Pledges and grants receivable, net	<u>\$ 6,488,386</u>	<u>\$ 11,089,619</u>

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In addition, during the year ended June 30, 2021, *FIRST* received a pledge totaling approximately \$4.6 million, 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 \$88,000 and \$77,000 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, *FIRST* contributed a total of \$561,973 and \$418,410, respectively, to the Plan.

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>2021</u>	<u>2020</u>
Program activities and events		
FRC	\$ 6,061,740	\$ 6,681,678
FLL	1,800,310	4,438,632
FTC	812,229	663,015
Program, during future periods as directed by donors or determined by management	20,596,143	20,202,731
Management and general	619,470	790,830
The Bart Kamen Memorial <i>FIRST</i> Scholarship Fund	1,284,829	1,426,249
The Woodie Flowers Memorial <i>FIRST</i> Scholarship Fund	<u>306,593</u>	<u>-</u>
	<u>\$ 31,481,314</u>	<u>\$ 34,203,135</u>

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

Notes to Financial Statements

June 30, 2021 and 2020

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*.

9. Uncertainty

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group gatherings. Most sectors are still experiencing disruption to business operations. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and additional government actions to mitigate them. Accordingly, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

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 has 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. *FIRST* submitted an application for forgiveness subsequent to June 30, 2021.