

WASHINGTON FIRST ROBOTICS

**FINANCIAL STATEMENTS
MODIFIED CASH BASIS**

**FOR THE YEAR ENDED
JUNE 30, 2013**

WASHINGTON FIRST ROBOTICS

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
Washington First Robotics
Kent, Washington

We have compiled the accompanying statement of financial position - modified cash basis of Washington First Robotics (a nonprofit organization) as of June 30, 2013, and the related statements of activities and changes in net assets and cash flows – modified cash basis for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Shannon + Associates, LLP

Kent, Washington
February 10, 2014

WASHINGTON FIRST ROBOTICS
STATEMENT OF FINANCIAL POSITION - MODIFIED CASH BASIS
JUNE 30, 2013

ASSETS

Cash and cash equivalents	\$ 144,405
Equipment	31,411
Less: accumulated depreciation	<u>(7,853)</u>
Net equipment	<u>23,558</u>
TOTAL ASSETS	<u>\$ 167,963</u>

LIABILITIES

NET ASSETS

Temporarily Restricted	91,344
Unrestricted	<u>76,619</u>
TOTAL NET ASSETS	<u>167,963</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 167,963</u>

The accompanying notes are an integral part of these financial statements.
(See Independent Accountants' Compilation Report)

**WASHINGTON FIRST ROBOTICS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

UNRESTRICTED REVENUE

Revenue:

Contribution revenue	\$ 90,750
Program service revenue	38,097
In-kind donation of facilities	61,000
Special events revenue	<u>1,101</u>
Total revenue	190,948
Net assets released from temporarily restricted	<u>156,265</u>
TOTAL UNRESTRICTED REVENUE	347,213

EXPENSES

Program expenses	303,900
Fundraising expenses	1,235
Administrative expenses	<u>52,379</u>
TOTAL EXPENSES	<u>357,514</u>

DECREASE IN UNRESTRICTED NET ASSETS (10,301)

TEMPORARILY RESTRICTED NET ASSETS

Contributions	169,408
Net assets released from restrictions	<u>(156,265)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>13,143</u>

TOTAL INCREASE IN NET ASSETS 2,842

Net assets at beginning of year 165,121

Net assets at end of year \$ 167,963

The accompanying notes are an integral part of these financial statements.
(See Independent Accountants' Compilation Report)

**WASHINGTON FIRST ROBOTICS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013**

OPERATING ACTIVITIES

Increase in net assets	\$ 2,842
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:	
Depreciation	<u>6,282</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>9,124</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 9,124
 Cash and cash equivalents at beginning of year	 <u>135,281</u>
 Cash and cash equivalents at end of year	 <u><u>\$ 144,405</u></u>

The accompanying notes are an integral part of these financial statements.
(See Independent Accountants' Compilation Report)

**WASHINGTON FIRST ROBOTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1.--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Washington First Robotics (the “Organization”) is a nonprofit organization founded in 2011 to inspire young people in Washington State to be science and technology leaders by engaging them in exciting, mentor-based programs that build science, engineering, and technology skills that inspire innovation and that foster well-rounded life capabilities including self-confidence, communication, and leadership.

The Organization accomplishes its mission by implementing science and technology related after-school programs, robotics contests, professional development and community volunteer opportunities across the state of Washington.

Primary funding for its activities is derived from registration fees, contributions and grants.

Basis of Accounting and Revenue Recognition

The accompanying financial statements have been prepared using the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because the Organization has not recognized receivables, prepaid expenses, accounts payable or accruals. Except for the modification discussed below, financial transactions are recorded when the actual transactions occur irrespective of when revenue is earned or expense obligations are incurred.

The Organization has modified the cash basis of accounting to capitalize and depreciate purchases of equipment.

Revenue received from contributions, programs, grants and fundraising activities are recognized in the period received.

Cash and Cash Equivalents

For purposes of financial statement presentation, the Organization classifies all cash accounts and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Equipment

Equipment is recorded at cost as of the date of purchase or fair value as of the date of contribution and is depreciated on a straight-line basis over the estimated useful lives of the assets, which is 5 years. The Organization generally capitalizes expenditures of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Equipment consists of two machine trailers. Depreciation recognized in the year ended June 30, 2013, was \$6,282.

**WASHINGTON FIRST ROBOTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1.--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (Continued)

Maintenance, repairs and minor improvements are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset or accumulated depreciation accounts and any resulting gain or loss is recorded in the period of disposal.

Net Assets

Net assets and revenues, expenses gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that will be maintained permanently by the Organization. The Organization has no permanently restricted net assets.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

In-kind Donations: Donated facilities for exhibitions and offices are valued at fair market value. Donated services are recognized 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. Over 2,200 volunteers provide a variety of services to the Organization. The value of these services has not been recorded in the financial statements; further description of the services provided is included in Note 3.

Income Taxes

The Organization is a not-for-profit corporation under the provisions of Section 501(c)(3) of the Internal Revenue Code and, as such, is subject to income taxes only to the extent of taxable unrelated business income. During the year ended June 30, 2013, the Organization did not generate any taxable income and, therefore, no provision for federal income tax is necessary. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation.

**WASHINGTON FIRST ROBOTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 1.--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting for Income Taxes guidance requires nonpublic entities to determine and evaluate uncertain tax positions. The standard requires entities to measure, recognize, and disclose certain tax positions. The term tax position includes, but is not limited to, a decision not to file a return, the characterization of income or a decision to exclude reporting taxable income on a tax return, and the entity's tax-exempt status. Management believes the Organization does not have any uncertain tax positions. The Organization may be subject to examination by the Internal Revenue Service for fiscal tax years 2011 through 2013.

Use of Estimates

The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions. These assumptions may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 2.--TEMPORARILY RESTRICTED NET ASSETS

As of June 30, 2013, temporarily restricted net assets are available for the following purposes:

Website development	\$ 8,633
Specific teams	<u>82,711</u>
Total temporarily restricted net assets	<u>\$ 91,344</u>

NOTE 3.--IN-KIND CONTRIBUTIONS

The Organization's success is built upon the volunteer engagement of technology and other professionals, many of which have high technical skills that are used to guide and train students. During the year ended June 30, 2013, the Organization used the services of approximately 2,200 volunteers to implement their program activities. These volunteers served as mentors, teachers, engineers and event staff. Management estimates that volunteers provided over 300,000 hours of service with an estimated value in excess of \$11 million dollars.

The Organization was also granted the use of exhibition space for competitions and office space for administrative and other purposes. The fair value of the facilities has been determined to be \$61,000 and is recorded in the financial statements.

**WASHINGTON FIRST ROBOTICS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

NOTE 4.--RELATED PARTY TRANSACTIONS

The Organization is affiliated with the United States Foundation for Inspiration and Recognition of Science and Technology (“FIRST”), a national organization. During the year ended June 30, 2013, the Organization received approximately \$17,000 in contributions from this entity. Additionally, several Board members made donations totaling \$11,485 during the year ended June 30, 2013.

NOTE 5.--CONCENTRATIONS

One donor contributed \$32,550 in 2013, which represents approximately 12.5% of total contributions received.

NOTE 6.--SUBSEQUENT EVENTS

The Organization entered into an office lease effective for the period of September 2013 through October 2016. In addition to lease payments, the lease requires monthly payments for common area charges, taxes and insurance, which have been initially estimated to be \$1,720 per month.

Future minimum lease payments under non-cancelable operating leases are as follows:

Year ending June 30:

2014	\$ 55,910
2015	57,030
2016	70,202
2017 and thereafter	<u>23,790</u>
	<u>\$ 206,932</u>

The Organization has evaluated subsequent events through February 10, 2014, the date which the financial statements were available to be issued.

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