

**WASHINGTON FIRST ROBOTICS**

**FINANCIAL STATEMENTS  
MODIFIED CASH BASIS**

**FOR THE YEAR ENDED  
JUNE 30, 2014**

# WASHINGTON FIRST ROBOTICS

## TABLE OF CONTENTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	3
FINANCIAL STATEMENTS:	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis	4
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis	5
Statement of Cash Flows - Modified Cash Basis	6
Notes to Financial Statements	7 - 10



## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Washington FIRST Robotics  
Kent, Washington

We have reviewed the accompanying statement of assets, liabilities and net assets - modified cash basis of Washington FIRST Robotics (a nonprofit organization) as of June 30, 2014, and the related statements of revenues, expenses and changes in net assets and cash flows - modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 1.

*Shannon + Associates, LLP*

Kent, Washington  
March 18, 2015

**WASHINGTON FIRST ROBOTICS**  
**STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2014**

---

**ASSETS**

Cash and cash equivalents \$ 162,745

**PROPERTY AND EQUIPMENT**

Audiovisual equipment 45,189

Competition fields 38,433

Event equipment 10,796

Fieldhouse equipment 15,857

Trailer 39,949

150,224

Less: accumulated depreciation 30,554

**NET PROPERTY AND EQUIPMENT** 119,670

**SECURITY DEPOSIT**

15,869

**TOTAL ASSETS** \$ 298,284

**LIABILITIES**

Payroll liabilities \$ 457

**NET ASSETS**

Temporarily restricted 103,022

Unrestricted 194,805

**TOTAL NET ASSETS** 297,827

**TOTAL LIABILITIES AND NET ASSETS** \$ 298,284

See accompanying notes and independent accountants' review report.

**WASHINGTON FIRST ROBOTICS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

---

**UNRESTRICTED SUPPORT AND REVENUE**

Revenue:

Contribution revenue	\$ 452,125
Program service revenue	276,097
In-kind donations	82,110
Special events revenue	<u>6,122</u>
Total revenue	816,454
Net assets released from temporarily restricted	<u>228,085</u>
<b>TOTAL UNRESTRICTED REVENUE</b>	<b>1,044,539</b>

**EXPENSES**

Program expenses	763,413
Fundraising expenses	397
Administrative expenses	<u>162,543</u>
<b>TOTAL EXPENSES</b>	<b><u>926,353</u></b>

**INCREASE IN UNRESTRICTED NET ASSETS** 118,186

**TEMPORARILY RESTRICTED NET ASSETS**

Contributions	239,763
Net assets released from restrictions	<u>(228,085)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>11,678</u></b>

**TOTAL INCREASE IN NET ASSETS** 129,864

**Net assets at beginning of year** 167,963

**Net assets at end of year** \$ 297,827

See accompanying notes and independent accountants' review report.

**WASHINGTON FIRST ROBOTICS  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**OPERATING ACTIVITIES**

Increase in net assets	\$ 129,864
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:	
Depreciation	22,702
In-kind donation of equipment	(48,110)
Cash provided (used by) changes in operating assets and liabilities:	
Deposits	(15,869)
Payroll liabilities	<u>457</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>89,044</b>

**INVESTING ACTIVITIES**

Purchase of equipment	<u>(70,704)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>18,340</b>

<b>Cash and cash equivalents at beginning of year</b>	<u>144,405</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 162,745</u></u>

**Supplemental cash flow information:**

In-kind donations of equipment	\$ 48,110
In-kind donation of transportation services	\$ 8,000
In-kind donations of event facilities	\$ 26,000

See accompanying notes and independent accountants' review report.

**WASHINGTON FIRST ROBOTICS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**NOTE 1.--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Washington FIRST Robotics (the “Organization”) is a nonprofit corporation 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 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. In addition, the Organization is instrumental in assisting school districts and robotics teams who participate in the FIRST LEGO League, FIRST Tech Challenge and FIRST Robotics programs apply for and secure grants with both governmental and private entities. During the year ended June 30, 2014, the Organization assisted in securing grants totaling \$600,000. These grants were awarded directly to the beneficiaries and as such, are not recorded in the financial statements.

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.

**WASHINGTON FIRST ROBOTICS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

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

Property and Equipment

Property and 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. Expenditures of \$2,500 or more representing major improvements, replacements, or extensions of useful lives are capitalized.

Depreciation recognized in the year ended June 30, 2014, was \$22,702.

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 and 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. When a restriction is satisfied, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of revenues and expenses as net assets released from restrictions.

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

In-kind Donations

Property and equipment donated with explicit instructions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**WASHINGTON FIRST ROBOTICS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

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

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 1,800 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, 2014, 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.

*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 2014.

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, 2014, temporarily restricted net assets are available for the following purposes:

Event support	\$ 11,825
Team grants and booster accounts	<u>91,197</u>
Total temporarily restricted net assets	<u>\$ 103,022</u>

**WASHINGTON FIRST ROBOTICS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**NOTE 3.--IN-KIND DONATIONS**

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, 2014, the Organization used the services of approximately 1,800 volunteers to implement their program activities. These volunteers served as mentors, teachers, engineers and event staff. Management estimates that volunteers provided over 58,800 hours of service.

The Organization received donated trucking services to transport equipment to competition sites. The fair value of the services has been determined to be \$8,000 and is recorded in the financial statements.

The Organization was also granted the use of exhibition space for competitions. The fair value of the facilities has been determined to be \$26,000 and is recorded in the financial statements.

Audio visual equipment was also donated during the year ended June 30, 2014, and has been recorded in property and equipment at its estimated fair value of \$31,000.

**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, 2014, the Organization received approximately \$193,967 in contributions from this entity. Additionally, members of the Board and management made donations totaling approximately \$71,500 during the year ended June 30, 2014.

**NOTE 5.--CONCENTRATIONS**

The Organization maintains cash balances in certain financial institutions that may, at times, exceed limits insured by the FDIC. The Organization does not believe it is exposed to significant credit risk on cash and cash equivalents as deposits are maintained in high quality financial institutions and the Organization has not experienced any losses in such accounts.

There were not any individual donors that donated over 10% of the total contributions except for the related party national organization mentioned in Note 4. Participants are all from Washington State.

**NOTE 6.--OPERATING LEASE**

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.

**WASHINGTON FIRST ROBOTICS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

---

**NOTE 6.--OPERATING LEASE (Continued)**

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

<u>Year ending June 30:</u>	
2015	\$ 57,030
2016	70,202
2017	23,790
Thereafter	<u>-</u>
	<u>\$ 151,022</u>

Total lease expense for the year ended June 30, 2014 was \$81,602.

**NOTE 7.--SUBSEQUENT EVENTS**

Subsequent to June 30, 2014, Oregon FIRST and Washington FIRST Robotics formed the Pacific Northwest FIRST District (“PNW FIRST”). PNW FIRST is the operational name in which all FIRST Robotics Competitions (“FRC”) and programs operate under for youth, 14-18 years of age. The PNW District is composed of FRC teams across Oregon and Washington. Washington FIRST Robotics is the legal entity that is financially responsible and facilitates the programs and competitions of PNW FIRST.

The Organization has evaluated subsequent events through March 18, 2015, the date which the financial statements were available to be issued.

\* \* \* \* \*