

**WASHINGTON FIRST ROBOTICS**  
**dba FIRST WASHINGTON**

Financial Statements  
June 30, 2021 and 2020

## Table of Contents

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>1</b>
<b>Financial Statements</b>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11

Amanda O'Rourke, CPA  
Matt Smith, CPA



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Washington FIRST Robotics  
Kent, Washington

We have audited the accompanying financial statements of Washington FIRST Robotics (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those 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 Washington FIRST Robotics as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Prior Period Financial Statements**

The financial statements of Washington FIRST Robotics as of June 30, 2020, were audited by other auditors whose report dated February 18, 2021, expressed an unmodified opinion on those statements.

*Greenwood Ohlund*

Seattle, Washington  
November 29, 2021

# WASHINGTON FIRST ROBOTICS

## STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS	2021	2020
Current Assets		
Cash and cash equivalents	\$ 2,999,645	\$ 2,760,939
Contributions receivable	41,136	128,349
Accounts receivable	3,493	47,020
Total current assets	3,044,274	2,936,308
Deposits	10,248	10,248
Property and Equipment, net	27,216	39,977
Total assets	<u>\$ 3,081,738</u>	<u>\$ 2,986,533</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 58,750	\$ 91,912
Accrued salaries and related liabilities	9,767	35,725
Total current liabilities	68,517	127,637
Paycheck Protection Program Loan	-	102,960
Total liabilities	68,517	230,597
Net Assets		
Without donor restrictions	967,243	525,412
With donor restrictions	2,045,978	2,230,524
Total net assets	3,013,221	2,755,936
Total liabilities and net assets	<u>\$ 3,081,738</u>	<u>\$ 2,986,533</u>

*See accompanying notes to financial statements.*

## WASHINGTON FIRST ROBOTICS

### STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>						
Contributions	\$ 262,296	\$ 559,007	\$ 821,303	\$ 263,215	\$ 845,990	\$ 1,109,205
Program service fees	205,518	-	205,518	534,764	-	534,764
Special events	20,000	-	20,000	132,625	-	132,625
Special events - direct benefit to donors	(3,026)	-	(3,026)	(29,476)	-	(29,476)
In-kind contributions	-	-	-	48,499	-	48,499
Net assets released from restrictions	743,553	(743,553)	-	912,556	(912,556)	-
<b>Total support and revenue</b>	<b>1,228,341</b>	<b>(184,546)</b>	<b>1,043,795</b>	<b>1,862,183</b>	<b>(66,566)</b>	<b>1,795,617</b>
<b>Expenses</b>						
Program services	290,463	-	290,463	1,165,963	-	1,165,963
General and administrative	379,589	-	379,589	117,296	-	117,296
Fundraising	116,458	-	116,458	271,050	-	271,050
<b>Total expenses</b>	<b>786,510</b>	<b>-</b>	<b>786,510</b>	<b>1,554,309</b>	<b>-</b>	<b>1,554,309</b>
<b>Change in net assets</b>	<b>441,831</b>	<b>(184,546)</b>	<b>257,285</b>	<b>307,874</b>	<b>(66,566)</b>	<b>241,308</b>
Net Assets, beginning of year	525,412	2,230,524	2,755,936	217,538	2,297,090	2,514,628
Net Assets, end of year	<u>\$ 967,243</u>	<u>\$ 2,045,978</u>	<u>\$ 3,013,221</u>	<u>\$ 525,412</u>	<u>\$ 2,230,524</u>	<u>\$ 2,755,936</u>

*See accompanying notes to financial statements.*

## WASHINGTON FIRST ROBOTICS

### STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes and benefits	\$ 135,296	\$ 252,831	\$ 88,999	\$ 477,126	\$ 440,152	\$ 24,020	\$ 155,576	\$ 619,748
Professional fees	26,807	95,384	21,207	143,398	239,989	53,791	105,662	399,442
Occupancy	86,619	4,409	-	91,028	137,334	7,439	200	144,973
Information technology	13,752	17,871	-	31,623	71,900	9,334	2,688	83,922
Events	14,513	-	3,026	17,539	149,268	-	32,652	181,920
Depreciation and amortization	11,816	945	-	12,761	7,870	-	630	8,500
Insurance	-	7,154	-	7,154	11,190	595	119	11,904
Miscellaneous	187	180	4,896	5,263	361	5,123	254	5,738
Office expense	1,473	815	1,356	3,644	15,158	1,510	1,160	17,828
In-kind facilities and services	-	-	-	-	48,499	-	-	48,499
Travel and meetings	-	-	-	-	44,242	1,085	1,585	46,912
Bad debts	-	-	-	-	-	14,399	-	14,399
Total expenses	290,463	379,589	119,484	789,536	1,165,963	117,296	300,526	1,583,785
Less: Special events - direct benefit to donors	-	-	(3,026)	(3,026)	-	-	(29,476)	(29,476)
	\$ 290,463	\$ 379,589	\$ 116,458	\$ 786,510	\$ 1,165,963	\$ 117,296	\$ 271,050	\$ 1,554,309

*See accompanying notes to financial statements.*

## WASHINGTON FIRST ROBOTICS

### STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 257,285	\$ 241,308
Adjustments to reconcile change in net assets to net cash flows for operating activities:		
Forgiveness of Paycheck Protection Program loan	(102,960)	-
Depreciation and amortization	12,761	8,500
Changes in assets and liabilities:		
Contributions receivable	87,213	605,062
Accounts receivable	43,527	(35,098)
Accounts payable	(33,162)	8,717
Accrued salaries and related liabilities	(25,958)	9,752
Net cash flows from operating activities	<u>238,706</u>	<u>838,241</u>
Cash Flows from Financing Activity		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>102,960</u>
<b>Net change in cash and cash equivalents</b>	<b>238,706</b>	<b>941,201</b>
Cash and Cash Equivalents, beginning of the year	<u>2,760,939</u>	<u>1,819,738</u>
Cash and Cash Equivalents, end of the year	<u><u>\$ 2,999,645</u></u>	<u><u>\$ 2,760,939</u></u>

*See accompanying notes to financial statements.*

# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

### **Note 1 – Organization and Summary of Significant Accounting Policies**

#### *Organization*

Washington FIRST Robotics dba FIRST Washington (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.

Through an operating agreement with the U.S. Foundation for Inspiration and Recognition of Science & Technology (FIRST), the Organization formed the Pacific Northwest FIRST District (the PNW District, a program of the Organization) 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 the PNW District.

#### *Affiliate and Fiscal Agent Relationships*

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 and Oregon, collecting team fees and grants to fund the programs.

The Organization is instrumental in assisting (by acting as an agent) school districts and robotics teams who participate in the FIRST LEGO League, FIRST Tech Challenge and FIRST Robotics competition programs in applying for and securing grants with both governmental and private entities.

In addition, the Organization is affiliated with the United States Foundation for Inspiration and Recognition of Science and Technology (FIRST), a national nonprofit organization. The Organization bills and collects event registration fees and program participation fees from Washington and Oregon teams who participate in FIRST programs.

Any fees collected or grants received on behalf of these affiliates are not recognized to revenue or expense within the financial statements of the Organization, but as an asset and corresponding liability until the funds are remitted. There are no outstanding funds held for others at June 30, 2021 or 2020.

Also, the Organization has an agreement with the Oregon Robotics Tournament and Outreach Program (ORTOP) to work together in advertising and recruiting teams from Oregon for the FRC program. The Organization has an exclusive right via an agreement with FIRST to organize and operate the Oregon FRC events, while ORTOP had the exclusive rights to organize and operate the Oregon FLL Jr, FLL, and FTC programs in Oregon.

Under the agreement, ORTOP will perform services such as advertising and will collect and remit contributions and program fees to the Organization relating to the Oregon FRC program. The Organization will then reimburse ORTOP for expenses incurred in providing those services. Contributions and fees received, and expenses incurred are recognized in their natural categories in the statements of activities and functional expenses. There are no outstanding receivables from or payables to ORTOP at June 30, 2021 or 2020.



# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

### *Financial Statement Presentation*

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions that are received are recorded depending on the existence and/or nature of any donor restrictions.

### *Net Assets with and without Donor Restriction*

Net assets without donor restrictions are available without restriction for support of the Organization's operations.

Net assets with donor restrictions consist of unexpended contributions restricted for particular purposes or time periods. Net assets with donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted purpose or as time restrictions are met. The Organization has elected to present as without restriction any donor restricted contributions whose restrictions are met in the same reporting period they are received.

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
FIRST leagues, tech challenges, and competitions	\$ 1,103,428	\$ 1,425,221
Team support	921,960	794,959
Professional development	20,253	10,344
FIRST junior leagues	337	-
	<u>\$ 2,045,978</u>	<u>\$ 2,230,524</u>

### *Cash and Cash Equivalents*

Cash and cash equivalents are defined as any short term, highly liquid instruments with original maturities of three months or less. The Organization maintains amounts on deposit in banks in excess of the federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

### *Accounts Receivable*

Accounts receivable consists of amounts due from program service fees related to participation or attendance at an event or class. In most instances, payments are due in advance of the event or class or received at the time of the activity. In other instances, a 3rd party has agreed to pay or reimburse the participants and the Organization holds a receivable until the participant receives reimbursement and pays for the event. When an account is deemed uncollectible, it is generally written off against the allowance. Management does not believe any allowance is necessary at June 30, 2021 or 2020.

# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

### *Contributions Receivable*

Contributions receivable are expected to be collected in one year and are recorded at net realizable value. The Organization uses the allowance method, similar to the above, to account for uncollectible balances. Accordingly, contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Management does not believe any allowance is necessary at June 30, 2021 or 2020.

### *Property and Equipment*

Property and equipment are stated at cost if purchased or, if donated, at the estimated fair value at the date of donation. The Organization capitalizes assets with a cost or donated value greater than \$2,500 and a useful life in excess of one year. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the assets. Equipment is depreciated over three to five years, and website development costs are amortized over five years.

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$ 107,731	\$ 107,731
Fileldhouse equipment	61,806	61,806
Event equipment	49,229	49,229
Website development	<u>45,362</u>	<u>45,362</u>
	264,128	264,128
Less: Accumulated depreciation and amortization	<u>(236,912)</u>	<u>(224,151)</u>
	<u>\$ 27,216</u>	<u>\$ 39,977</u>

### *Contributions Revenue*

Contributions (including those received at special events) are recognized when the unconditional pledge or award is made. Conditional contributions are not recognized until they become unconditional; that is, the conditions on which they depend are substantially met.

During the year ended June 30, 2020, the Organization received a conditional contribution from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) of \$102,600. The conditions of this contribution were met during the year ended June 30, 2021 and, therefore, the contribution amount was recognized to contribution revenue.

In addition, the Organization received a second conditional contribution from the SBA under the Paycheck Protection Program (PPP) of \$111,300. The conditions of this contribution were met during the year ended June 30, 2021 and, therefore, the contribution amount was recognized to contribution revenue.

# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2020, the Organization received 10% of total support and revenue from one donor. There were no concentrations of total support and revenue (other than from the SBA as noted above) during the year ended June 30, 2021.

### *Program Service Fees*

Program service fees revenue is recognized when the related program, primarily participation or attendance at an event or class, takes place (the sole performance obligation). Program service fees collected in advance of program events or classes are recognized as deferred revenue (a contract liability). There are no significant judgments affecting the determination of amount and timing of program service fees revenue.

### *In-Kind Contributions*

Donated facilities for exhibitions and offices are valued at estimated fair value. In-kind contributions of donated facilities for exhibitions and offices received during the year ended June 30, 2020 exclusively supported program services. There were no in-kind contributions received during the year ended June 30, 2021.

A substantial number of unpaid volunteers made significant contributions of their time to carry out programs and activities of the Organization. The estimated value of the volunteer services is not included in these financial statements because it does not meet the accounting criteria for recording.

### *Functional Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include occupancy and depreciation and amortization, which is allocated on a percentage of space benefitting the function, as well as salaries, payroll taxes and benefits, professional fees, and information technology, which are allocated on the basis of estimates of time and effort.

### *Income Taxes*

The Organization is a nonprofit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

### *Reclassifications*

Certain prior year balances have been reclassified in order to conform to the current year presentation.

# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

### *Recently Issued Accounting Pronouncement*

#### ASU 2014-09, Revenue from Contracts with Customers

During the year ended June 30, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2014-09 (ASU 2014-09), Revenue from Contracts with Customers (commonly referred to as Accounting Standards Codification Topic 606 (ASC 606), issued by the Financial Accounting Standards Board (FASB) using the modified retrospective method; as such, the Organization applied the guidance only to the most recent period presented in the financial statements. The pronouncement was issued to clarify the principles for recognizing revenue and the core principle of the guidance is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the organization satisfies a performance obligation

The Organization's only revenue stream subject to the ASU is program service fees. The ASU has been applied retrospectively to all periods presented, with no impact to the change in net assets or total net assets.

### *Subsequent Events*

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was November 29, 2021.

### **Note 2 – Liquidity and Availability of Resources**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the use of its available funds for program activities. The Organization considers its net assets with donor restrictions as available for general expenditures as the related program restrictions are ongoing and primary to the Organization's ongoing mission.

Financial assets available to meet general expenditures within one year of the statement of financial position date are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,999,645	\$ 2,760,939
Contributions receivable	41,136	128,349
Accounts receivable	3,493	47,020
	<u>\$ 3,044,274</u>	<u>\$ 2,936,308</u>

# WASHINGTON FIRST ROBOTICS

## NOTES TO FINANCIAL STATEMENTS

### Note 3 – Operating Lease

The Organization leases its office under an operating agreement lease expiring in November 2021. Rent expense under this lease amounted to \$65,927 and \$140,967 for the years ended June 30, 2021 and 2020, respectively. Effective February 1, 2021, the Organization subleased all space under this lease agreement to another tenant, who assumed all remaining lease payments.

In November 2021, the Organization entered into a new lease for space through November 2024.

Future base rent payments under this lease are as follows for the year's ending June 30:

2022	\$	57,254
2023		107,286
2024		110,349
2025		<u>46,830</u>
	\$	<u><u>321,719</u></u>