

WASHINGTON FIRST ROBOTICS
dba FIRST WASHINGTON

Financial Statements
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Washington FIRST Robotics
Kent, Washington

Opinion

We have audited the accompanying financial statements of Washington FIRST Robotics (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Washington FIRST Robotics as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Washington FIRST Robotics 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Washington FIRST Robotics' 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 generally accepted auditing standards 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, including omissions, 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.

Amanda O'Rourke, CPA
Matt Smith, CPA
Claire Chow, CPA
Jason Mallon, CPA



In performing an audit in accordance with generally accepted auditing standards, 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 Washington FIRST Robotics' 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 Washington FIRST Robotics' 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.

Greenwood Ohlund

Seattle, Washington
October 11, 2022

WASHINGTON FIRST ROBOTICS

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS	2022	2021
Current Assets		
Cash and cash equivalents	\$ 3,071,633	\$ 2,999,645
Contributions receivable	101,136	41,136
Accounts receivable	8,848	3,493
Prepaid expenses and other assets	13,848	-
Total current assets	3,195,465	3,044,274
Deposits	23,986	10,248
Property and Equipment, net	18,144	27,216
Total assets	<u>\$ 3,237,595</u>	<u>\$ 3,081,738</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 36,830	\$ 58,750
Accrued salaries and related liabilities	8,134	9,767
Total liabilities	44,964	68,517
Net Assets		
Without donor restrictions	1,169,182	967,243
With donor restrictions	2,023,449	2,045,978
Total net assets	3,192,631	3,013,221
Total liabilities and net assets	<u>\$ 3,237,595</u>	<u>\$ 3,081,738</u>

See accompanying notes to financial statements.

WASHINGTON FIRST ROBOTICS

STATEMENTS OF ACTIVITIES For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	\$ 510,823	\$ 650,996	\$ 1,161,819	\$ 408,990	\$ 559,007	\$ 967,997
Program service fees	280,965	-	280,965	58,824	-	58,824
Special events	-	-	-	20,000	-	20,000
Special events - direct benefit to donors	-	-	-	(3,026)	-	(3,026)
Net assets released from restrictions	673,525	(673,525)	-	743,553	(743,553)	-
Total support and revenue	1,465,313	(22,529)	1,442,784	1,228,341	(184,546)	1,043,795
Expenses						
Program services	722,212	-	722,212	290,463	-	290,463
General and administrative	376,275	-	376,275	379,589	-	379,589
Fundraising	164,887	-	164,887	116,458	-	116,458
Total expenses	1,263,374	-	1,263,374	786,510	-	786,510
Change in net assets	201,939	(22,529)	179,410	441,831	(184,546)	257,285
Net Assets, beginning of year	967,243	2,045,978	3,013,221	525,412	2,230,524	2,755,936
Net Assets, end of year	<u>\$ 1,169,182</u>	<u>\$ 2,023,449</u>	<u>\$ 3,192,631</u>	<u>\$ 967,243</u>	<u>\$ 2,045,978</u>	<u>\$ 3,013,221</u>

See accompanying notes to financial statements.

WASHINGTON FIRST ROBOTICS

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended June 30, 2022 and 2021

	2022				2021			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries, taxes and benefits	\$ 317,812	\$ 288,448	\$ 87,996	\$ 694,256	\$ 135,296	\$ 252,831	\$ 88,999	\$ 477,126
Events and travel	214,770	36,784	688	252,242	14,513	-	3,026	17,539
Occupancy	99,631	3,706	-	103,337	86,619	4,409	-	91,028
Information technology	56,538	13,769	2,141	72,448	13,752	17,871	-	31,623
Professional fees	2,000	20,359	44,605	66,964	26,807	95,384	21,207	143,398
Miscellaneous	9,119	2,323	26,128	37,570	187	180	4,896	5,263
Office expense	13,941	2,674	3,329	19,944	1,473	815	1,356	3,644
Depreciation and amortization	8,401	671	-	9,072	11,816	945	-	12,761
Insurance	-	7,541	-	7,541	-	7,154	-	7,154
Total expenses	722,212	376,275	164,887	1,263,374	290,463	379,589	119,484	789,536
Less: Special events - direct benefit to donors	-	-	-	-	-	-	(3,026)	(3,026)
	<u>\$ 722,212</u>	<u>\$ 376,275</u>	<u>\$ 164,887</u>	<u>\$ 1,263,374</u>	<u>\$ 290,463</u>	<u>\$ 379,589</u>	<u>\$ 116,458</u>	<u>\$ 786,510</u>

See accompanying notes to financial statements.

WASHINGTON FIRST ROBOTICS

STATEMENTS OF CASH FLOWS For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 179,410	\$ 257,285
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	9,072	12,761
Changes in assets and liabilities:		
Contributions receivable	(60,000)	87,213
Accounts receivable	(5,355)	43,527
Prepaid expenses and other assets	(13,848)	-
Deposits	(13,738)	-
Accounts payable	(21,920)	(33,162)
Accrued salaries and related liabilities	(1,633)	(25,958)
	71,988	238,706
Net change in cash flows from operating activities and cash and cash equivalents		
Cash and Cash Equivalents, beginning of the year	2,999,645	2,760,939
Cash and Cash Equivalents, end of the year	\$ 3,071,633	\$ 2,999,645

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, 2022 or 2021.

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, 2022 or 2021.

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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 without and with 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:

	2022	2021
FIRST leagues, tech challenges, and competitions	\$ 977,655	\$ 1,103,428
Team support	938,143	921,960
Professional development	107,253	20,253
FIRST junior leagues	398	337
	<u>\$ 2,023,449</u>	<u>\$ 2,045,978</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.

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 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, 2022 or 2021.

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NOTES TO FINANCIAL STATEMENTS

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 third 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, 2022 or 2021.

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>2022</u>	<u>2021</u>
Computers and equipment	\$ 107,731	\$ 107,731
Fileldhouse equipment	61,806	61,806
Event equipment	49,229	49,229
Website development	45,362	45,362
	<u>264,128</u>	<u>264,128</u>
Less: Accumulated depreciation and amortization	<u>(245,984)</u>	<u>(236,912)</u>
	<u>\$ 18,144</u>	<u>\$ 27,216</u>

Contributions Revenue

Contributions (including those received at special events) are recognized when the unconditional pledge or award is made. Conditional promises to give, that is, those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization had approximately \$83,000 in conditional contributions, of which it was notified during the year ended June 30, 2022. The promises were conditional upon the Organization achieving certain goals related to specific programs. Due to the conditions present, revenue was not recognized for these contributions as of June 30, 2022.

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.

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NOTES TO FINANCIAL STATEMENTS

In addition, during the year ended June 30, 2021, 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 also met during the year ended June 30, 2021 and, therefore, the contribution amount was recognized to contribution revenue.

During the year ended June 30, 2022, 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

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, events and travel, information technology, and professional fees, 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.

Subsequent Events

The Organization has evaluated subsequent events through the date these financial statements were available to be issued, which was October 11, 2022.

WASHINGTON FIRST ROBOTICS

NOTES TO FINANCIAL STATEMENTS

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,071,633	\$ 2,999,645
Contributions receivable	101,136	41,136
Accounts receivable	<u>8,848</u>	<u>3,493</u>
	<u>\$ 3,181,617</u>	<u>\$ 3,044,274</u>

Note 3 – Operating Lease

The Organization leases its previous office under an operating agreement lease which expired in November 2021. 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 the new lease are as follows for the year's ending June 30:

2023	\$ 110,606
2024	111,120
2025	<u>46,830</u>
	<u>\$ 268,556</u>

Rent expense under these leases was \$77,252 and \$65,927 for the years ended June 30, 2022 and 2021, respectively.