

**Foundation for Inspiration and Recognition  
of Science and Technology in Texas**

**Audited Financial Statements  
As of and for the years ended  
June 30, 2023 and 2022**



## **Report of Independent Auditors**

To the Board of Directors of  
Foundation for Inspiration and Recognition of Science and Technology in Texas:

### ***Report on the Audit of Financial Statements***

#### ***Opinion***

We have audited the financial statements of the Foundation for Inspiration and Recognition of Science and Technology in Texas (the “Foundation”), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation for Inspiration and Recognition of Science and Technology in Texas as of June 30, 2023 and 2022, 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 (GAAS). 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 the Foundation for Inspiration and Recognition of Science and Technology in Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the Foundation for Inspiration and Recognition of Science and Technology in Texas's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 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.

In performing an audit in accordance with GAAS, 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 Foundation for Inspiration and Recognition of Science and Technology in Texas's 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 Foundation for Inspiration and Recognition of Science and Technology in Texas's 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.

*Affluent Financial Services LLC*

Rockville, MD

April 30, 2024

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Statements of Financial Position**  
**As of June 30, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 771,863	\$ 594,565
Grants and other accounts receivable	186,616	239,924
Prepaid expenses and other assets	1,818	7,859
Total current assets	<u>960,297</u>	<u>842,348</u>
Property and equipment, net	31,183	30,400
Total assets	<u>\$ 991,480</u>	<u>\$ 872,748</u>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 194,456	\$ 69,399
Deferred revenue	4,789	-
Total current liabilities	<u>199,245</u>	<u>69,399</u>
Total liabilities	<u>199,245</u>	<u>69,399</u>
<b>Net Assets</b>		
With donor restrictions	-	-
Without donor restrictions:		
Undesignated	792,235	803,349
Total net assets	<u>792,235</u>	<u>803,349</u>
Total liabilities and net assets	<u>\$ 991,480</u>	<u>\$ 872,748</u>

*The accompanying notes are an integral part of these financial statements.*

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Statements of Activities and Changes in Net Assets**  
**For the year ended June 30, 2023**

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	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues, gain and other support</b>			
Federal grants	\$ 748,560	\$ -	\$ 748,560
Other grants	102,650	1,021,247	1,123,897
Contributions	20,134	-	20,134
Registration fees	817,081	-	817,081
Sales and service	36,774	-	36,774
Discounts	(16,550)	-	(16,550)
In-kind income	81,000	-	81,000
Other income	7,049	-	7,049
Net assets released from restrictions- satisfaction of program restrictions	1,021,247	(1,021,247)	-
Total revenues, gains and other support	<u>2,817,945</u>	<u>-</u>	<u>2,817,945</u>
<b>Expenses</b>			
Program services	2,276,528	-	2,276,528
Supporting services:			
Management and general	550,091	-	550,091
Fund raising	2,440	-	2,440
Total supporting services	<u>552,531</u>	<u>-</u>	<u>552,531</u>
Total expenses	<u>2,829,059</u>	<u>-</u>	<u>2,829,059</u>
<b>Change in net assets</b>	<u>(11,114)</u>	<u>-</u>	<u>(11,114)</u>
Net assets, beginning of year	<u>803,349</u>	<u>-</u>	<u>803,349</u>
Net assets, end of year	<u><u>\$ 792,235</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 792,235</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Statements of Activities and Changes in Net Assets**  
**For the year ended June 30, 2022**

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	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues, gain and other support</b>			
Federal grants	\$ 613,167	\$ -	\$ 613,167
Other grants	64,849	826,446	\$ 891,295
Contributions	56,063	-	56,063
Registration fees	453,299	-	453,299
Sales and service	5,469	-	5,469
Sponsorship	15,073	-	15,073
Waiver of the PPP loan	148,907	-	148,907
In-kind income	86,000	-	86,000
Net assets released from restrictions- satisfaction of program restrictions	1,047,121	(1,047,121)	-
Total revenues, gains and other support	<u>2,489,948</u>	<u>(220,675)</u>	<u>2,269,273</u>
<b>Expenses</b>			
Program services	2,117,084	-	2,117,084
Supporting services:			
Management and general	617,260	-	617,260
Fund raising	2,127	-	2,127
Total supporting services	<u>619,387</u>	<u>-</u>	<u>619,387</u>
Total expenses	<u>2,736,471</u>	<u>-</u>	<u>2,736,471</u>
<b>Change in net assets</b>	<u>(246,523)</u>	<u>(220,675)</u>	<u>(467,198)</u>
Net assets, beginning of year	<u>1,049,872</u>	<u>220,675</u>	<u>1,270,547</u>
Net assets, end of year	<u><u>\$ 803,349</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 803,349</u></u>

*The accompanying notes are an integral part of these financial statements.*

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Statements of Cash Flows**  
**For the years ended June 30, 2023 and 2022**

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	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (11,114)	\$ (467,198)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	16,258	13,275
Change in operating assets and liabilities:		
Decrease (increase) in grants and accounts receivable	53,308	(57,071)
Decrease (increase) in prepaid expenses and other assets	6,041	(4,239)
Increase (decrease) in accounts payable and accrued expenses	125,057	(180,596)
Increase in deferred revenue	4,789	-
Net cash provided by (used in) operating activities	<u>194,339</u>	<u>(695,829)</u>
<b>Cash Flow from Investing Activities</b>		
Purchase of property and equipment	<u>(17,041)</u>	<u>(3,868)</u>
Net cash used in investing activities	<u>(17,041)</u>	<u>(3,868)</u>
<b>Cash Flow from Financing Activities</b>		
Waiver of PPP loan	<u>-</u>	<u>(148,907)</u>
Net cash used in financing activities		<u>(148,907)</u>
Net increase (decrease) in cash and cash equivalents	177,298	(848,604)
Cash and cash equivalents, beginning of year	594,565	1,443,169
Cash and cash equivalents, end of year	<u>\$ 771,863</u>	<u>\$ 594,565</u>

*The accompanying notes are an integral part of these financial statements.*



# Foundation for Inspiration and Recognition of Science and Technology in Texas

## Notes to Financial Statements

### June 30, 2023 and 2022

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#### 1. Foundation

The Foundation for Inspiration and Recognition of Science and Technology in Texas (the “Foundation” or “FIRST in Texas”) is a Texas non-profit corporation, incorporated on May 3, 2010, to build awareness, facilitate events and programs and coordinate funding, professional development, education, and Foundation for Texas public and private schools involved with robotics programs offered by the United States Foundation for Inspiration and Recognition of Science and Technology (US FIRST®). To differentiate itself more clearly from US FIRST®, the Foundation often refers to itself as FIRST® in Texas.

The Foundation’s support comes primarily from individual and corporate contributions, government and other grants and donations, registration fee as well as special event fund-raising activities.

#### 2. Summary of significant accounting policies

##### *Basis of accounting*

The financial statements of the Foundation have been prepared on the accrual basis of accounting which conforms to accounting principles generally accepted in the United States of America.

##### *Net assets*

##### *Classification of Net Assets*

Net assets are classified as “*Without Donor Restrictions*” and “*With Donor Restrictions*” based on the absence or existence and the nature of donor-imposed restrictions. These classifications are defined as follows:

Net Assets *Without Donor Restrictions* generally result from unrestricted contributions, grants, unrealized and realized gains and losses, and interest and dividends from investing in income-producing assets, less the expenses incurred in making grants, raising contributions, and performing administrative functions. Net assets *Without Donor Restrictions* are those whose use by the Foundation is not subject to any donor-imposed stipulations. The Board is free to designate certain portions of its funds for certain activities; however, these are included among net assets *Without Donor Restrictions* since they are not bound by restrictions imposed by a donor. The Foundation had no board designated net assets as of June 30, 2023 and 2022, respectively.

Net assets *With Donor Restrictions* are those whose use by the Foundation is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When these restrictions are met, net assets *With Donor Restrictions* are reclassified to net assets *Without Donor Restrictions* and reported in the statement of activities as net assets

# Foundation for Inspiration and Recognition of Science and Technology in Texas

## Notes to Financial Statements

### June 30, 2023 and 2022

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released from restrictions. Income from these assets can be classified as net assets *Without Donor Restrictions* or net assets *With Donor Restrictions* based on donor stipulations.

Donor restrictions may also result from endowed net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions. The Foundation had no endowed net assets as of June 30, 2023 and 2022, respectively.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of primarily cash and investments in money market funds with original maturity dates of 90 days or less. Certificates of deposit are included in cash and cash equivalents for presentation in the statement of cash flows. The carrying value of these cash equivalents approximates fair value at year end.

#### **Grants and Contributions receivable and allowance for doubtful accounts**

Grants and contributions receivable are recorded at the net realizable value. FIRST in Texas records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections, and specific identification of uncollectible accounts. Accounts are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts receivable are written off against the related allowance. As of June 30, 2023 and 2022, respectively, the Foundation believes that the allowance for doubtful accounts is not required.

#### **Property and equipment**

Property and equipment are carried at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is computed on the straight-line method with half year convention over the estimated useful lives of respective assets, ranging from three to five years, or over the lesser of the term of the lease or the estimated useful life of the assets under capital lease. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the estimated useful life of the improvements.

Expenditures for maintenance and repairs are expensed as incurred. Betterments, which increase the value or materially extend the life of the related assets, are capitalized with cost above \$2,500. When furniture and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and gain or loss resulting from disposition, if any, is credited or charged to operations.

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Revenue recognition**

The Foundation recognizes contributions and unconditional promises to give as revenue in the period received or promised, whichever is earlier. Conditional promises to give- that is, those with measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. All contributions are considered to be *without donor restrictions* unless specifically restricted by the donor. Contributions are reported as *with donor restrictions* if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, net assets *with donor restriction* are reclassified to net assets *without donor restrictions* in the statement of activities as net assets released from restrictions. Donor restricted contributions are reported as *without donor restricted* contribution if those restrictions are met in the same reporting period the contributions are received.

Pledged contributions not expected to be received within one year are recognized as contributions with donor restrictions and are discounted using a credit-adjusted discount rate assigned in the year the pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions.

Revenues from government grants are recognized when earned, that is, generally as the related costs are incurred under the grant or contract agreements. Amounts expended in excess of reimbursements are reported as other receivables. Amounts received in advance are reported as deferred revenue.

Registration and school fees are recognized at the time the event is held, and any amount received in advance are deferred until that time.

The Foundation holds special events throughout the year as fund-raising events. The gross revenues and expenses, and direct benefit to donors from these events are presented in the statement of activities.

For all other sources, revenue is recognized as and when earned.

**Deferred revenue**

Funds received in advance of satisfying contractual performance obligations are recorded as deferred revenue in the statement of financial position. As of June 30, 2023 and 2022, the Foundation had \$4,789 and \$0, respectively, in deferred revenue related to performance obligation included in statement of financial position.

**Donated (in kind) services, materials and use of facilities**

The Foundation receives in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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fundraising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. There were no donated services received during the years ended June 30, 2023 and 2022, respectively.

Donation of materials are recorded as contributions at their estimated fair value as of the date of donation. Such donations are reported as increases in net assets *without donor restrictions* unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets *with donor restrictions* to net assets *without donor restrictions* at that time. These donated materials are recognized as in-kind revenue and program expenses, based on their respective fair value on the date of donated material, in the statements of activities and change in net assets. There were no donated materials received during the years ended June 30, 2023 and 2022, respectively.

Free use of facilities that are made available for the Foundation's office space, events and other purposes, are recognized as in-kind contribution revenue and expense at their estimated fair value of renting similar facility. The Foundation received \$81,000 and \$86,000 of such in-kind free use of facilities during the years ended June 30, 2023 and 2022, respectively.

**Advertising expenses**

Advertising costs are expensed in the statement of activities and changes in net assets as incurred.

**Functional allocation of expenses**

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, expenses that can be identified with the Foundation's program have been allocated to the program expenses according to their natural expense classifications, and indirect expenses have been allocated among the program and supporting activities benefited that includes an allocation of personnel and overhead expenses based upon the estimated amount of time worked by employees and other relationships.

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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The table below presents expenses by both their nature and their function for the year ended June 30, 2023:

	<b>Program expenses</b>	<b>Management and</b>	<b>Fundraising expenses</b>	<b>Total</b>
Accounting and audit	\$ -	\$ 95,942	\$ -	\$ 95,942
Advertising and marketing	25,669	1,424	-	27,093
Audio and visual	203,543	-	-	203,543
Bank charges	-	283	-	283
Consultants and contractors	316,255	90,171	-	406,426
Conference and meetings	6,646	-	-	6,646
Depreciation expense	16,258	-	-	16,258
Direct program expenses	-	2,129	-	2,129
Dues and subscription	-	1,305	-	1,305
Electrical setup	47,830	-	-	47,830
Equipment	58,477	-	-	58,477
Employee vacation expense	-	(361)	-	(361)
Event meals	141,834	-	-	141,834
Fund-raising events	-	-	2,440	2,440
Fringe benefits	66,683	81,453	-	148,136
In-kind services	81,000	-	-	81,000
Insurance	-	16,677	-	16,677
Legal fees	66	39,696	-	39,762
New team funding	175,538	-	-	175,538
Existing team funding	281,704	-	-	281,704
Other program costs	7,142	-	-	7,142
Payroll fees	4,486	6,834	-	11,320
Registration fees	8,799	-	-	8,799
Rental expense	201,932	6,370	-	208,302
Salaries and wages	327,267	142,665	-	469,932
Storage fees	25,789	1,044	-	26,833
Supplies and materials	128,648	11,040	-	139,688
Trophies and awards	36,886	-	-	36,886
Travel	114,076	26,781	-	140,857
Technology and website	-	23,864	-	23,864
Utilities	-	2,774	-	2,774
<b>Total Expenses</b>	<b>\$ 2,276,528</b>	<b>\$ 550,091</b>	<b>\$ 2,440</b>	<b>\$ 2,829,059</b>

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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The table below presents expenses by both their nature and their function for the year ended June 30, 2022:

	<b>Program expenses</b>	<b>Management and General</b>	<b>Fundraising expenses</b>	<b>Total</b>
Accounting and audit	\$ -	\$ 132,729	\$ -	\$ 132,729
Advertising and marketing	20,190	3,957	-	24,147
Audio and visual	177,905	-	-	177,905
Bank charges	-	597	-	597
Consultants and contractors	321,216	77,340	-	398,556
Conference and meetings	1,617	-	-	1,617
Depreciation expense	13,275	-	-	13,275
Direct program expenses	7,640	73	-	7,713
Dues and subscription	-	9,323	-	9,323
Electrical setup	21,787	-	-	21,787
Equipment	62,119	-	-	62,119
Employee vacation expense	9,831	8,097	-	17,928
Event meals	215,161	-	-	215,161
Fund-raising events	-	-	2,127	2,127
Fringe benefits	51,188	75,960	-	127,148
In-kind services	86,000	-	-	86,000
Insurance	-	3,669	-	3,669
Legal fees	-	5,000	-	5,000
New team funding	75,889	-	-	75,889
Existing team funding	140,844	-	-	140,844
Other program costs	86,675	15,776	-	102,451
Payroll fees	4,850	5,850	-	10,700
Registration fees	24,309	-	-	24,309
Rental expense	235,205	10,422	-	245,627
Salaries and wages	272,720	224,597	-	497,317
Storage fees	7,811	330	-	8,141
Supplies and materials	155,807	10,607	-	166,414
Trophies and awards	22,101	-	-	22,101
Travel	102,944	5,052	-	107,996
Technology and website	-	24,337	-	24,337
Utilities	-	3,544	-	3,544
<b>Total Expenses</b>	<b>\$ 2,117,084</b>	<b>\$ 617,260</b>	<b>\$ 2,127</b>	<b>\$ 2,736,471</b>

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**Accounting standards adopted**

In September 2020, the FASB issued ASU 2020-07 on Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and requires additional disclosures related to contributed nonfinancial assets. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The ASU does allow for early adoption. The Foundation has adopted ASU 2020-07 during its fiscal year ended June 30, 2022, but there is no significant impact on its financial statements adopting this standard.

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance Sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of income, as well as the effect on the statement of cash flows, differs depending on the lease classification. The new leases standard requires a lessor to classify leases as either sales-type, direct financing or operating, similar to existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU was originally effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. The Foundation has adopted ASU 2016-02 during its fiscal year ended June 30, 2022, but there is no significant impact on its financial statements adopting this standard.

**Concentration of credit risk**

Financial instruments that potentially subject the Foundation to significant concentration of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at multiple financial institutions and, at times, balances may exceed the insurance limit of \$250,000 per financial institution by Federal Deposit Insurance Corporation (FDIC).

The Foundation has not experienced any such losses in the past related to these balances.

# Foundation for Inspiration and Recognition of Science and Technology in Texas

## Notes to Financial Statements

### June 30, 2023 and 2022

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#### **Concentration of Support and Revenue**

The Foundation receives the majority of its revenue from one local government grant, comprising approximately 27% of total support and revenue for the fiscal years ended June 30, 2023 and 2022, respectively.

#### **Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value due to the short maturity of these financial instruments.

#### **Income taxes**

The Foundation is exempt from federal and state income taxes, other than on unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and is classified as a Foundation that is not a private Foundation. Business income, which is not related to Foundation’s exempt purposes, is subject to federal and state corporate income tax. For the years ended June 30, 2023 and 2022, respectively, the Foundation did not have any unrelated business income. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements.

Under ASC 740-10, *Income Taxes*, require the Foundation to evaluate tax positions taken and recognize a tax liability if it is more likely than not that uncertain tax position taken would not be sustained upon examination by taxing authorities. The Foundation has analyzed tax positions taken and has concluded that, as of June 30, 2023 and 2022, respectively, there are no uncertain tax position taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation had no interest and penalties related to income tax for the years ended June 30, 2023 and 2022, respectively. The Foundation is subject to routine audit by taxing jurisdictions; however, there are currently no audit for any tax periods in progress. Generally, the Foundation’s tax returns remain open for three years for federal and state examination.

#### **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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**3. Property and equipment**

Property and equipment consist of the following as of June 30, 2023 and 2022:

Computers	\$ 3,868
Trailers	7,234
Equipment	57,532
	<u>68,634</u>
Less accumulated depreciation	(38,234)
Total property, plant and equipment, net	<u>\$ 30,400</u>

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 were \$16,258 and \$13,275, respectively.

**4. PPP Loan**

The Foundation had \$148,907 as PPP loan outstanding as of June 30, 2021. In March 2022, the SBA granted full forgiveness of this PPP loan and \$148,907 was recognized as non-taxable income resulting from the waiver of this loan liability in the Statement of Activities and Changes in Net Assets for the year ended June 30, 2022.

**5. Qualitative disclosure on liquidity and availability**

The Foundation receives significant grants, contributions and promises to give restricted by donors, and considers grants and contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Foundation has a liquidity policy to maintain financial cash reserves within net assets without donor restrictions at a minimum of two months of operating expenses exclusive of restricted gifts at all times during the fiscal year. To achieve these targets, the Foundation forecasts its future cash flows, monitors its liquidity monthly and monitors its reserves annually. During the fiscal years ended June 30, 2023 and 2022, respectively, the level of liquidity and reserves were managed within the policy requirement.

The Foundation has \$960,297 and \$842,348 of financial assets available within one year of the balance sheet date, June 30, 2023 and 2022, respectively, to meet cash needs for general expenditure. None of these financial assets as of June 30, 2023 and 2022, are subject to donor or other contractual restrictions that makes them unavailable for general expenditure within one year of the balance sheet date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Foundation for Inspiration and Recognition of Science and Technology in Texas**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

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**6. Subsequent events**

In preparing these financial statements, management of Inspiration and Recognition of Science and Technology in Texas has evaluated events and transactions for potential recognition or disclosure through April 30, 2024, the date the financial statements were available to be issued.