

**FIRST North Carolina**

Financial Statements

June 30, 2022 and 2021

FIRST North Carolina

2022 Board of Directors

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Melissa Wittner	Board Co-Chair
Merwan Mehta	Secretary
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## **Independent Auditors' Report**

The Board of Directors  
FIRST North Carolina  
Greensboro, North Carolina

### **Opinion**

We have audited the accompanying financial statements of FIRST North Carolina (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 FIRST North Carolina as of June 30, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FIRST North Carolina 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 FIRST North Carolina's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 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 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 FIRST North Carolina'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 FIRST North Carolina'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.

## **Report on Summarized Comparative Information**

We have previously audited FIRST North Carolina 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 09, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants  
Greensboro, North Carolina  
October 31, 2022

**FIRST North Carolina**  
**Statements of Financial Position**  
June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 444,360	\$ 459,144
Lease deposit	3,600	-
Prepaid expenses	-	5,278
Sales tax receivable	3,644	975
	<hr/>	<hr/>
Total current assets	451,604	465,397
Property and equipment - net	33,033	15,020
	<hr/>	<hr/>
<b>Total assets</b>	<u><u>\$ 484,637</u></u>	<u><u>\$ 480,417</u></u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 5,000	\$ -
	<hr/>	<hr/>
Total current liabilities	5,000	-
	<hr/>	<hr/>
<b>Net Assets</b>		
Without donor restrictions	349,430	411,659
With donor restrictions	130,207	68,758
	<hr/>	<hr/>
Total net assets	479,637	480,417
	<hr/>	<hr/>
<b>Total liabilities and net assets</b>	<u><u>\$ 484,637</u></u>	<u><u>\$ 480,417</u></u>

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

**FIRST North Carolina**  
**Statements of Activities**

For the Years Ended June 30, 2022 and 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
<b>Revenue</b>				
Individual contributions	\$ 26,694	\$ -	\$ 26,694	\$ 50,132
Corporate contributions	296,191	55,000	351,191	205,487
Team grants	559	60,849	61,408	22,019
Government grants	-	176,369	176,369	-
Foundation grants	-	107,000	107,000	-
Nonprofit organizations	120,311	-	120,311	35,500
Event income	8,810	-	8,810	5,127
Fundraising	10,267	-	10,267	1,999
In-kind donations	68,200	-	68,200	11,289
Miscellaneous income	156	-	156	25
Debt forgiveness income	-	-	-	69,551
Professional development	16,250	-	16,250	-
Net assets released from restrictions	337,769	(337,769)	-	-
Total revenue	885,207	61,449	946,656	401,129
<b>Expenses</b>				
Program services	909,435	-	909,435	228,188
Management and general	20,792	-	20,792	12,259
Fundraising	17,209	-	17,209	8,320
Total expenses	947,436	-	947,436	248,767
Loss on disposal of property				
Increase (decrease) in net assets	\$ (62,229)	\$ 61,449	\$ (780)	\$ 152,362
Net assets - beginning	411,659	68,758	480,417	328,055
<b>Net assets - ending</b>	<u>\$ 349,430</u>	<u>\$ 130,207</u>	<u>\$ 479,637</u>	<u>\$ 480,417</u>

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

**FIRST North Carolina****Statements of Functional Expenses**

For the Years Ended June 30, 2022 and 2021

		Supporting Services			
	Program Services	Management and General	Fundraising	2022	2021
Administrative expenses	\$ 31,293	\$ 2,734	\$ 2,950	\$ 36,977	\$ 27,142
Contract services	39,437	-	-	39,437	8,664
Depreciation	7,171	-	-	7,171	7,171
Fundraising	-	-	4,326	4,326	284
In-kind donations	62,062	6,138	-	68,200	11,289
Personnel	176,807	11,920	9,933	198,660	141,672
Programs	400,244	-	-	400,244	16,389
Team re-grants and support	192,207	-	-	192,207	35,031
Volunteers	214	-	-	214	1,125
<b>Total expenses</b>	<b>\$ 909,435</b>	<b>\$ 20,792</b>	<b>\$ 17,209</b>	<b>\$ 947,436</b>	<b>\$ 248,767</b>

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



**FIRST North Carolina**  
**Statements of Cash Flows**

For the Years Ended June 30, 2022 and 2021

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ (780)	\$ 152,362
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Forgiveness of SBA Paycheck Protection Program loan	-	(69,551)
Lease deposit	(3,600)	-
Prepaid expenses	5,278	-
Sales tax receivable	(2,669)	4,233
Depreciation	7,171	7,171
Accounts payable	5,000	(8,000)
Net cash provided by operating activities	10,400	86,215
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(25,184)	-
Net cash used in investing activities	(25,184)	-
<b>Cash Flows from Financing Activities</b>		
Proceeds from SBA Paycheck Protection Program loan	-	30,051
Net cash provided by financing activities	-	30,051
Net increase (decrease) in cash	(14,784)	116,266
Cash - beginning	459,144	342,878
<b>Cash - ending</b>	<u>\$ 444,360</u>	<u>\$ 459,144</u>

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

**FIRST North Carolina**  
**Notes To Financial Statements**  
June 30, 2022 and 2021

**Note 1: Nature of Activities and Summary of Significant Accounting Policies**

**Nature of organization** - FIRST North Carolina ("the Organization") was established in North Carolina on November 5, 2012. The Organization's purpose is to expose students to the excitement of science, technology, engineering, and math so as to help prepare the workforce for the technically advanced workplace of the future.

**Comparative financial information** - The accompanying financial statement include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and cash equivalents** - Cash and cash equivalents include cash balances and highly liquid investments with an original maturity date of three months or less. Periodically during the year, the Organization may have credit risk exposure resulting from balances in excess of federally insured limits of \$250,000.

**Property and equipment** - Property and equipment are recorded at cost less accumulated depreciation or, if donated, at the approximate fair value at the date of donation less accumulated depreciation and include expenditures for major betterments and renewals. The Organization's capitalization threshold is \$5,000. Maintenance, repairs and minor renewals are expensed as incurred.

**Depreciation** - The cost of property and equipment is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$7,171 for the years ended June 30, 2022 and 2021.

**Contributed services** - Donated materials and services are reflected in the financial statements only if an objective basis is available to measure the value of such materials and services. Volunteers donated hours to the Organization's operations and program services for the years ended June 30, 2022 and 2021, the value of which cannot be objectively determined.

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

**FIRST North Carolina**  
**Notes To Financial Statements**  
June 30, 2022 and 2021

**Note 1: Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Net assets (continued)** - Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished) when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Note 2: Property and Equipment**

The following is a summary of costs and accumulated depreciation:

	2022	2021
Mobile machine shop	\$ 24,756	\$ 24,756
Competition materials	58,052	32,868
Total property and equipment	82,808	57,624
Less accumulated depreciation	49,775	42,604
Property and equipment – net	<u>\$ 33,033</u>	<u>\$ 15,020</u>

**Note 3: Available Resources and Liquidity**

The following reflects the Organization's financial assets as of year-end, reduced by amounts not available for general use due to donor-imposed restrictions.

	2022	2021
Cash and cash equivalents	\$ 444,360	\$ 459,144
Less net assets with donor restrictions	130,207	68,758
Financial assets available	<u>\$ 314,153</u>	<u>\$ 390,386</u>

The Organization routinely receives support from various donors that is more than sufficient to fund operating expenses. Furthermore, management and the Board routinely monitor support through review of the annual budget.

**FIRST North Carolina**  
**Notes To Financial Statements**  
June 30, 2022 and 2021

**Note 4: Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes:

	2022	2021
Team re-grants	\$ 13,656	\$ 13,758
Argosy grant for Inspiring Black Youth	61,551	-
Duke Energy grant for RISE UP STEM	-	55,000
Duke Energy grant for building and energizing a diverse STEM workforce	55,000	-
	<u>\$ 130,207</u>	<u>\$ 68,758</u>
Total net assets with donor restrictions		

**Note 5: Tax Exempt Organization**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, no income taxes are reflected in the accompanying financial statements. Management is unaware of any uncertain tax position in the financial statements that would jeopardize the Organization's tax-exempt status or otherwise requires disclosure.

**Note 6: Lease Commitments**

Beginning February 01, 2021, the Organization leased its office space at a monthly rate of \$800 until May 31, 2022. The rental payments were \$8,800 and \$4,000 for the years ended June 30, 2022 and 2021, respectively.

On May 06, 2022 the Organization entered into a lease for office space at a monthly rate of \$2,500, with a lease term of July 01, 2022 through May 31, 2025. Rent expense under this agreement was \$0 for the year ended June 30, 2022.

Future minimum lease payments under the leases are as follows:

2023	\$ 30,000
2024	30,000
2025	27,500

**Note 7: Matching IRA Contribution**

The Organization allows employees to obtain an IRA plan in which the Organization matches contributions made by employees. Matching contributions for the years ended June 30, 2022 and 2021 were \$3,970 and \$4,126, respectively.

**Note 8: Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include administrative, in-kind and personnel expenses, which are allocated on the basis of estimates of time and effort.

**FIRST North Carolina**  
**Notes To Financial Statements**  
June 30, 2022 and 2021

**Note 9: SBA Paycheck Protection Program Loan**

In April 2020, the Organization received a Small Business Administration ("SBA") Payroll Protection Program ("PPP") loan totaling \$39,500 with an interest rate of 1% and a scheduled maturity of April 2022. In February 2021, the Organization received a second SBA PPP loan totaling \$30,051 with an interest rate of 1% and a scheduled maturity of February 2023. The Organization incurred qualifying expenses and met other requirements which made it eligible for loan forgiveness. In June 2021, the Organization received notice that both PPP loans had been forgiven in full. As such, the Organization has recognized \$69,551 as debt forgiveness income for the year ended June 30, 2021.

**Note 10: Concentrations**

One organization accounted for approximately 37% and 52% of total support revenue for the Organization for the years ended June 30, 2022 and 2021, respectively.

**Note 11: Reclassifications**

Certain 2021 items in the statements of cash flow have been reclassified to conform to current year presentation. These reclassifications had no effect on the Organization's financial position or net assets.

**Note 12: Subsequent Events**

The Organization has evaluated events and transactions that occurred between June 30, 2022 and October 31, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.