

FIRST NORTH CAROLINA

2021 Audited Financial Statements

For the Years Ended June 30, 2021 and 2020

FIRST North Carolina

2021 Board of Directors

Kevin Gordon	Board Co-Chair
Melissa Wittner	Board Co-Chair
David Kaiser	Secretary
Tristan Springmeyer	Treasurer
Ramesh Akkiangadi	Merwan Mehta
Antonia Arnold-McFarlan	Bob Nelson
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James Conrad	Alex Seidita
Herman Hold	Balaji Srinivasan
Glenn Kleiman	Dan Stancil

Chris Widmann

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INDEPENDENT AUDITORS' REPORT

September 9, 2021

The Board of Directors
FIRST North Carolina
Greensboro, North Carolina

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, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditors' 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 auditors' 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 auditors consider 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.

The Board of Directors
FIRST North Carolina

Opinion

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, 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.

Report on Summarized Comparative Information

We have previously audited FIRST North Carolina 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statement in our report dated October 15, 2020. 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.

Gillian Bell Moser LLP

Certified Public Accountants
Greensboro, North Carolina
September 9, 2021

FIRST NORTH CAROLINA
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 459,144	\$ 342,878
Prepaid expenses	5,278	5,278
Sales tax receivable	975	5,208
Total current assets	465,397	353,364
Property and equipment - net	15,020	22,191
Total assets	\$ 480,417	\$ 375,555
Liabilities		
Current liabilities:		
Accounts payable	\$ -	\$ 8,000
SBA Paycheck Protection Program loan	-	39,500
Total current liabilities	-	47,500
Net Assets		
Without donor restrictions	411,659	237,437
With donor restrictions	68,758	90,618
Total net assets	480,417	328,055
Total liabilities and net assets	\$ 480,417	\$ 375,555

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

FIRST NORTH CAROLINA
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Revenue				
Individual contributions	\$ 50,132	\$ -	\$ 50,132	\$ 28,890
Corporate contributions	150,487	55,000	205,487	297,197
Team grants	352	21,667	22,019	102,097
Nonprofit organizations	35,500	-	35,500	159,347
Event income	5,127	-	5,127	20,770
Fundraising	1,999	-	1,999	13,234
In-kind donations	11,289	-	11,289	55,325
Miscellaneous income	25	-	25	1,922
Grant income - PPP	69,551	-	69,551	-
Net assets released from restrictions	98,527	(98,527)	-	-
Total revenue	422,989	(21,860)	401,129	678,782
Expenses				
Program services	228,188	-	228,188	554,820
Management and general	12,259	-	12,259	22,048
Fundraising	8,320	-	8,320	17,529
Total expenses	248,767	-	248,767	594,397
Increase in net assets	\$ 174,222	\$ (21,860)	\$ 152,362	\$ 84,385
Net assets - beginning of year	237,437	90,618	328,055	243,670
Net assets - end of year	\$ 411,659	\$ 68,758	\$ 480,417	\$ 328,055

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

FIRST NORTH CAROLINA
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

		Supporting Services				
	Program Services	Management and General	Fundraising	2021	2020	
Administrative expenses	\$ 23,447	\$ 2,743	\$ 952	\$ 27,142	\$ 35,815	
Contract services	8,664	-	-	8,664	8,796	
Depreciation	7,171	-	-	7,171	7,171	
Fundraising	-	-	284	284	3,944	
In-kind donations	10,273	1,016	-	11,289	54,090	
Personnel	126,088	8,500	7,084	141,672	202,784	
Programs	16,389	-	-	16,389	160,249	
Team re-grants and support	35,031	-	-	35,031	112,774	
Volunteers	1,125	-	-	1,125	8,774	
Total expenses	\$ 228,188	\$ 12,259	\$ 8,320	\$ 248,767	\$ 594,397	

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

FIRST NORTH CAROLINA
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	\$ 152,362	\$ 84,385
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	7,171	7,171
Prepaid expenses	-	(5,278)
Sales tax receivable	4,233	(2,054)
Accounts payable	(8,000)	8,000
Deferred revenue	-	(8,421)
Net cash provided by operating activities	<u>155,766</u>	<u>83,803</u>
Cash Flows From Financing Activities		
Proceeds from SBA Paycheck Protection Program loan	30,051	39,500
Forgiveness of SBA Paycheck Protection Program loan	(69,551)	-
Net cash provided by (used in) financing activities	<u>(39,500)</u>	<u>39,500</u>
Net increase in cash	116,266	123,303
Cash - beginning of year	342,878	219,575
Cash - ending of year	<u>\$ 459,144</u>	<u>\$ 342,878</u>

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

FIRST NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2020, 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, 2021 and 2020.

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, 2021 and 2020, 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, 2021 and 2020

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

	<u>2021</u>	<u>2020</u>
Mobile machine shop	\$ 24,756	\$ 24,756
Competition materials	<u>32,868</u>	<u>32,868</u>
	57,624	57,624
Less accumulated depreciation	<u>42,604</u>	<u>35,433</u>
	<u>\$ 15,020</u>	<u>\$ 22,191</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.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 459,144	\$ 342,878
Less net assets with donor restrictions	<u>68,758</u>	<u>90,618</u>
Financial assets available	<u>\$ 390,386</u>	<u>\$ 252,260</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, 2021 and 2020

Note 4: Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Team Re-Grants	\$ 13,758	\$ 4,635
Argosy grant	-	5,983
Duke Energy grant	<u>55,000</u>	<u>80,000</u>
	<u>\$ 68,758</u>	<u>\$ 90,618</u>

Note 5: Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of Internal Revenue Code and is also exempt from North Carolina income tax. Therefore, no provision has been made for federal or state income taxes in the accompanying financial statements. The Organization has determined that it does not have any material unrecognized tax benefits or obligations and believes that they are no longer subject to income tax examinations for years prior to June 30, 2018.

Note 6: Lease Commitments

A nonprofit organization provides office space on a month-to-month basis for the Organization totaling \$6,600 for the year ended June 30, 2020. For the year ended June 30, 2021, the Organization was in this office space until January 2021. These amounts are reflected as in-kind donations in the financial statements.

Beginning February 1, 2021, the Organization leases its office space at a monthly rate of \$800 until January 31, 2022. Rent expense under this agreement was \$4,000 for the year ended June 30, 2021.

Note 7: Matching IRA Contribution

The Organization allows employees to obtain an IRA plan in which they will match the contributions made by the employees. The Organization provided a matching contribution for the years ended June 30, 2021 and 2020 of \$4,126 and \$3,491, 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, 2021 and 2020

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 an SBA PPP loan totaling \$30,051 with an interest rate of 1% and a scheduled maturity of February 2023. The Organization incurred eligible expenses and received notification of satisfaction by the SBA on June 23, 2021 for both PPP loans. As such, the Organization has recognized \$69,551 as debt forgiveness income.

Note 10: Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2021 and September 9, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.