

BSCS SCIENCE LEARNING

Financial Statements

*For the Years Ended
December 31, 2022 and 2021*

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INDEPENDENT AUDITORS' REPORT

Board of Directors
BSCS Science Learning

Opinion

We have audited the accompanying financial statements of BSCS Science Learning (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 BSCS Science Learning as of December 31, 2022, and the changes in 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 BSCS Science Learning 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 BSCS Science Learning'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.

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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.

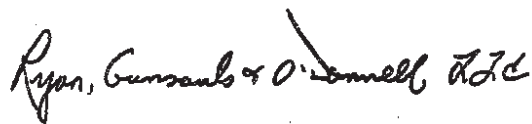
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 BSCS Science Learning'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 BSCS Science Learning'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 2021 Financial Statements and Report on Summarized Comparative Information

BSCS Science Learning's 2021 financial statements were audited by other auditors, and they expressed an unmodified audit opinion on those audited financial statements in their report dated September 1, 2022. They have not performed any audited procedures since that date. In their opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Denver, Colorado

June 20, 2023

BSCS SCIENCE LEARNING
Statements of Financial Position
December 31, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 293,604	\$ 147,133
Cash portion of investments	15,417	33,084
Cash portion of SLH Memorial Fund	160	144
Cash portion of investments - board-designated endowment	28,300	23,370
Accounts receivable	410,005	1,201,994
Grants receivable	1,449,938	342,289
Other receivable	982	1,483
Inventory	126,108	90,000
Prepaid expenses and deposits	96,128	104,837
Total current assets	<u>2,420,642</u>	<u>1,944,334</u>
Land	<u>82,300</u>	<u>82,300</u>
Property and equipment, net	<u>76,581</u>	<u>127,123</u>
Long-term assets:		
Investments, net of cash portion	587,401	1,602,014
Investments- SLH Memorial Fund, net of cash portion	12,287	22,512
Investments - board-designated endowment net of cash portion	<u>943,689</u>	<u>1,000,000</u>
Total non-current assets	<u>1,543,377</u>	<u>2,624,526</u>
Total assets	\$ <u>4,122,900</u>	\$ <u>4,778,283</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 519,399	\$ 739,213
Accrued expenses	504,768	823,641
Line of credit	185,579	185,692
Capital lease, current portion	<u>-</u>	<u>8,531</u>
Total current liabilities	<u>1,209,746</u>	<u>1,757,077</u>
Total liabilities	<u>1,209,746</u>	<u>1,757,077</u>
Net assets:		
Without donor restrictions	1,882,034	1,645,367
With donor restrictions	<u>1,031,120</u>	<u>1,375,839</u>
Total net assets	<u>2,913,154</u>	<u>3,021,206</u>
Total liabilities and net assets	\$ <u>4,122,900</u>	\$ <u>4,778,283</u>

See accompanying independent auditors' report and notes to financial statements.

BSCS SCIENCE LEARNING
Statements of Activities
For the Year Ended December 31, 2022 With Summarized Comparative Totals for 2021

	Without donor restrictions	With donor restrictions	2022 Total	2021 (Summarized)
Contributions:				
Federal grants:				
Grants from National Science Foundation	\$ 4,502,521	\$ -	\$ 4,502,521	\$ 4,036,293
Grants from Department of Education	1,787,602	-	1,787,602	1,543,256
Other federally funded grants and contracts	234,279	-	234,279	254,839
Foundation grants	1,817,013	789,860	2,606,873	3,568,595
Other grants and contributions	279,746	553,920	833,666	99,980
Total contributions	8,621,161	1,343,780	9,964,941	9,502,963
Total released from restrictions	1,688,499	(1,688,499)	-	-
Total contributions	10,309,660	(344,719)	9,964,941	9,502,963
Revenues from contracts				
Contract services	1,381,388	-	1,381,388	1,186,505
Other income	51,507	-	51,507	18,408
Royalty income	13,351	-	13,351	5,809
Sales revenues, net	10,618	-	10,618	(156,762)
Workshop and consulting	3,210	-	3,210	6,340
Total revenues from contracts	1,460,074	-	1,460,074	1,060,300
Total revenues	11,769,734	(344,719)	11,425,015	10,563,263
Functional expenses:				
<i>Program services:</i>				
Federally funded projects	5,216,837	-	5,216,837	4,433,288
Foundation funded projects	1,958,823	-	1,958,823	3,637,538
Other funded projects	986,894	-	986,894	943,057
Total program services	8,162,554	-	8,162,554	9,013,883
<i>Supporting services</i>				
General and administrative	2,924,792	-	2,924,792	2,304,483
Fundraising and development	17,174	-	17,174	193,983
Total supporting services	2,941,967	-	2,941,967	2,498,466
Total expenses	11,104,521	-	11,104,521	11,512,349
Change in net assets from operating activities	665,213	(344,719)	320,494	(949,086)
Non-operating (expense) income:				
Realized gain (loss) on investments	299,770	-	299,770	(552)
Interest income	32,340	-	32,340	42,022
Interest expense	(9,062)	-	(9,062)	(7,140)
Unrealized (loss) gain on investments	(751,594)	-	(751,594)	337,868
Total other (expense) income	(428,546)	-	(428,546)	372,198
Change in net assets	236,667	(344,719)	(108,052)	(576,888)
Net assets at beginning of year	1,645,367	1,375,839	3,021,206	3,598,094
Net assets at end of year	\$ 1,882,034	\$ 1,031,120	\$ 2,913,154	\$ 3,021,206

See accompanying independent auditors' report and notes to financial statements.

BSCS SCIENCE LEARNING
Statements of Functional Expenses
For the Year Ended December 31, 2022 With Summarized Comparative Totals for 2021

	PROGRAM SERVICES				SUPPORT SERVICES			2021 Total
	Federally Funded Projects	Foundation Funded Projects	Other Funded Projects	Total program services	General and administrative	Fundraising and Development	2022 Total	
Salaries and wages	\$ 2,040,405	\$ 702,603	\$ 546,508	\$ 3,289,516	\$ 1,716,637	\$ 1,045	\$ 5,007,199	\$ 5,094,997
Fringe	1,008,627	304,426	248,900	1,561,953	262,804	385	1,825,142	2,014,702
Consultants	744,259	490,832	57,697	1,292,788	248,378	150	1,541,316	1,692,016
Subcontract	807,156	321,659	-	1,128,815	-	-	1,128,815	1,606,959
Materials and supplies	126,437	48,970	249,814	425,221	149,853	1,791	576,865	510,345
Travel	151,467	42,822	73,465	267,754	80,198	877	348,829	92,508
Participant support	216,357	6,271	89,638	312,266	-	-	312,266	299,646
Postage and shipping	26,258	1,738	69,807	97,803	5,154	-	102,957	83,913
Insurance and taxes	-	-	-	-	85,093	-	85,093	83,419
Accounting and legal	-	-	467	467	72,180	-	72,646	69,862
Publication and page	41,615	12,977	11,088	65,680	6,830	-	72,511	68,893
Miscellaneous	31,894	-	-	31,894	20,030	1,133	53,057	-
Depreciation	-	-	-	-	50,542	-	50,542	49,987
Computer expense	3,295	10,113	525	13,933	31,687	1,639	47,259	52,928
Dues and subscriptions	16,728	11,412	1,907	30,047	16,671	15	46,733	38,805
Repairs and maintenance	-	-	-	-	45,933	-	45,933	56,062
Training and recruitment	1,571	-	-	1,571	40,277	-	41,849	1,268
Utilities	-	-	-	-	30,278	-	30,278	26,262
Telephone	-	-	-	-	26,252	-	26,252	26,979
Employee expense	-	-	-	-	22,947	1,375	24,322	25,043
Fees	768	-	-	768	13,003	8,764	22,536	26,184
Publicity and dissemination	-	5,000	1,880	6,880	45	-	6,925	217
	<u>5,216,837</u>	<u>1,958,823</u>	<u>1,351,696</u>	<u>8,527,356</u>	<u>2,924,792</u>	<u>17,174</u>	<u>11,469,323</u>	<u>11,920,995</u>
Less: expenses netted against revenue on statement of activities	-	-	<u>(364,802)</u>	<u>(364,802)</u>	-	-	<u>(364,802)</u>	<u>(408,646)</u>
Total expenses	\$ 5,216,837	\$ 1,958,823	\$ 986,894	\$ 8,162,554	\$ 2,924,792	\$ 17,174	\$ 11,104,521	\$ 11,512,349

See accompanying independent auditors' report and notes to financial statements.

BSCS SCIENCE LEARNING
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Change in net assets	\$ (108,052)	\$ (576,888)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	50,542	49,987
Realized (gain) loss on investments	(299,770)	552
Unrealized loss (gain) on investments	751,594	(337,868)
Changes in operating assets and liabilities:		
Accounts receivable	791,989	(403,935)
Grants receivable	(1,107,649)	-
Other receivable	501	(17,405)
Inventory	(36,108)	(61,957)
Prepaid expenses and deposits	8,709	70,487
Accounts payable	(219,814)	59,633
Accrued expenses	(318,729)	-
Project advances	-	145,619
Net cash used in operating activities	<u>(486,787)</u>	<u>(1,071,775)</u>
Cash flows from investing activities:		
Purchase of investments	(5,000)	(1,123,088)
Reinvestments	(32,342)	(56,598)
Proceeds of sale of investments	679,388	1,171,953
Net cash provided by (used in) investing activities	<u>642,046</u>	<u>(7,733)</u>
Cash flows from financing activities:		
Net change on line of credit	(113)	87,447
Principal payments on capital lease	(8,531)	(15,217)
Change in value of annuity payable	(144)	(148)
Net cash (used in) provided by investing activities	<u>(8,788)</u>	<u>72,082</u>
Change in cash and cash equivalents	146,471	(1,007,426)
Total cash and cash equivalents, beginning of year	<u>147,133</u>	<u>1,154,559</u>
Total cash and cash equivalents, end of year	\$ <u><u>293,604</u></u>	\$ <u><u>147,133</u></u>
<u>Non-cash transactions:</u>		
Cash paid for interest	\$ <u><u>9,062</u></u>	\$ <u><u>6,618</u></u>

See accompanying independent auditors' report and notes to financial statements.

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 1: Nature of Operations

BSCS Science Learning (BSCS) is a Colorado nonprofit Organization. Established in 1958 by a grant from the National Science Foundation to the education committee of the American Institute of Biological Sciences, it has been committed to interpreting the latest in scientific information for a variety of audiences, and to developing innovative curricula that allow students of all ages access to the best science education, providing professional development for educators and conducting research and evaluation in science education. BSCS seeks funds to design, develop, support, and evaluate new approaches to science teaching and learning for all grade levels.

Note 2: Summary of Significant Accounting Policies

This summary of significant accounting policies of BSCS is presented to assist in the understanding of BSCS's financial statements. The financial statements and notes are representations of BSCS's management, who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform with U.S. generally accepted accounting principles (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements have been prepared in accordance with U.S. GAAP, which required BSCS to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BSCS. These net assets may be used at the discretion of BSCS's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BSCS or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of Accounting

BSCS's financial statements are prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. It is reasonably possible that the BSCS's estimates may change in the near term.

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies, continued

Fair Value

The financial statements consist primarily of cash, cash equivalents, receivables, and payables. The amounts reported in the financial statements approximate fair values because of their short maturities.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, BSCS considers all demand deposit accounts and highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are amounts BSCS expects to collect from outstanding balances from contracts. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation and a credit to accounts receivable. Total accounts receivable from contracted services were \$410,005 and \$1,201,994 for years ended December 31, 2022 and 2021, respectively.

Grants Receivable

Grants receivable from grants and contracts include obligations from customers who pay for services rendered. Individual governmental and private grant arrangements that are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange of resources provided. Instead, revenues are recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Total grants receivable were \$1,449,938 and \$342,289 as of December 31, 2022 and 2021, respectively.

Inventory

Inventory is stated at the lower value of cost (first-in, first-out method) or net realizable value.

Land, Property and Equipment

Land, property and equipment are carried at cost if purchased; or at fair market value on the date received, if donated. Depreciation of property and equipment is depreciated on a straight-line basis over the useful life of the assets of 30 years for the building and 3 to 15 years for other property and equipment. Depreciation expense for the years ended December 31, 2022 and 2021 was \$50,542 and \$49,987, respectively.

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies, continued

Investments

Investments are carried at fair value determined by quoted prices on the last business day of the fiscal year. Donated investments are recorded at fair value at the date of receipt. Investment income may be either without donor restrictions or with donor restriction when earned.

Public Support and Contributions

The primary sources of revenue for BSCS are contracts from federal agencies and foundations. These sources of contributed income are reported as increases in net assets without donor restrictions unless use of related assets is limited by donor-imposed restrictions.

Grants and Contracts

Grants and contract revenue result from agreements, typically with government agencies, corporations, educational institutions, or foundations, that fund specific activities at BSCS. The grants and contracts are of two primary types: conditional contributions and contracts with customers. An agreement is a conditional contribution if its primary purpose is to enable BSCS to provide a service to, or conduct research for, science education or the general public rather than to serve the direct needs of the granting or contracting party. In other words, the agreement is a conditional contribution if any benefit to the granting or contracting party is indirect and insubstantial as compared to the public benefit. In contrast, if the grant or contract provides a benefit directly to the granting or contracting party, the agreement is a contract with a customer.

Public support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a restriction is fulfilled, (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), net assets with donor restrictions are reclassified and reported in the statements of activities as net assets without donor restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the support is reported as net assets without donor restrictions.

Revenue Recognition

In accordance with ASC Sub-Topic 958-605, *Revenue Recognition*, BSCS must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of release or a promise to transfer assets exist. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of an agreement. Topic 958 prescribes that BSCS should not consider probability of compliance with the barrier when determining if such contributions are conditional and should be reported as conditional contribution liability until such conditions are met. At December 31, 2022 and 2021, BSCS did not have any conditional contribution liability.

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies, continued

Endowment Fund Income

Income from the endowment fund is to be used for general operations, unless otherwise designated by donor or board restrictions.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of BSCS. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, supplies, repairs and maintenance, professional fees, depreciation and other operating expenses, which are allocated on the basis of estimates of time and effort spent by personnel in the various program and supporting services or use of supplies.

Income Taxes

BSCS is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation. BSCS is, however, subject to income tax on any unrelated business income. As of December 31, 2022 and 2021, no unrelated business income was earned by BSCS.

BSCS has adopted the provisions of *Income Taxes*. In determining the recognition of uncertain tax positions, BSCS applies a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with taxing authorities. BSCS analyzed its positions taken on their Federal tax returns for the open tax years 2019 through 2021. Based on their analysis, BSCS determined that there were no uncertain tax positions and that BSCS should prevail upon examination by the taxing authorities.

New Adopted Accounting Principle

In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. BSCS adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. BSCS did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The most significant effects of adopting FASB ASC 842 was the recognition of operating lease right-of-use (ROU) assets and of current and long-term operating lease liabilities on the balance sheet as of January 1, 2022, if applicable. No cumulative effect adjustment to net assets as of January 1, 2022 was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022. As part of the transition, BSCS implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 2: Summary of Significant Accounting Policies, continued

New Adopted Accounting Principle, continued

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases

Comparative Financial Data

The financial statements include certain prior year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the BSCS's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Note 3: Availability and Liquidity

The following represents BSCS's financial assets at December 31:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 293,604	\$ 147,133
Accounts receivable	410,005	1,201,991
Grants receivable	1,449,938	342,289
Other receivables	982	1,483
Investments	<u>1,587,254</u>	<u>2,681,124</u>
Total financial assets	3,741,783	4,374,020
Less amounts unavailable for general expenditures within one year, due to:		
Investments	<u>1,587,254</u>	<u>2,681,124</u>
Total financial assets available to management to meet needs for general expenditures within one year	\$ <u><u>2,154,529</u></u>	\$ <u><u>1,692,896</u></u>

BSCS has grant and contract funding commitments to meet most expenses. BSCS seeks donations and other contributions to cover other general expenditures. BSCS regularly monitors liquidity necessary to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. BSCS has a line of credit which can be used as necessary for liquidity.

BSCS SCIENCE LEARNING
Notes to Financial Statements
December 31, 2022 and 2021

Note 4: Cash Exposure

BSCS maintains its cash balances at a financial institution which at times may exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation (FDIC), up to \$250,000 per institution per account holder. As of December 31, 2022 and 2021, there were funds deposited that were in excess of what would have been covered by federal insurance in the amount of \$111,801 and \$-0-, respectively. BSCS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Note 5: Property and Equipment

Property and equipment consist of the following at:

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 1,254,520	\$ 1,254,520
Furniture and equipment	<u>237,681</u>	<u>237,681</u>
	1,492,201	1,492,201
Less: accumulated depreciation	<u>(1,415,620)</u>	<u>(1,365,078)</u>
Total property and equipment, net	\$ <u>76,581</u>	\$ <u>127,123</u>

Note 6: Investments and Fair Value Measurements

BSCS adopted the guidance for *Fair Value Measurements*. The guidance defines fair values, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. Under the guidance, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the Association’s own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

There have been no changes in the methodologies used at December 31, 2022 and 2021. The Level 2 investments of BSCS are not publicly traded but are based on quoted prices. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while BSCS believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following tables set forth by level, within the fair value hierarchy.

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Note 6: Investments and Fair Value Measurements, continued

BSCS's assets at fair value as of December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 43,877	\$ -	\$ -	\$ 43,877
Equity funds	1,257,564	-	-	1,257,564
Fixed income	271,301	-	-	271,301
Alternative assets	<u>-</u>	<u>14,512</u>	<u>-</u>	<u>14,512</u>
Total assets at fair value	\$ <u>1,572,742</u>	\$ <u>14,512</u>	\$ <u>-</u>	\$ <u>1,587,254</u>

BSCS's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 56,598	\$ -	\$ -	\$ 56,598
Equity funds	2,175,390	-	-	2,175,390
Fixed income	425,085	-	-	425,085
Alternative assets	<u>-</u>	<u>24,051</u>	<u>-</u>	<u>24,051</u>
Total assets at fair value	\$ <u>2,657,073</u>	\$ <u>24,051</u>	\$ <u>-</u>	\$ <u>2,681,124</u>

Note 7: Board-Designated Endowment

BSCS's endowment includes funds designated by the Board of Directors to function as quasi-endowment. As required by U.S GAAP, net assets with an internal designation are classified as net assets without donor restrictions. These funds are invested in stocks, mutual funds, and cash equivalents, pursuant to BSCS's spending objectives of subjecting the fund to low investment risk and providing support for programs.

BSCS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. BSCS expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, BSCS relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). BSCS targets a diversified asset allocation that places a great emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

	<u>Board designated</u>	<u>Perpetually restricted</u>	<u>Total</u>
Balance, December 31, 2021	\$ 275,600	\$ 1,000,000	\$ 1,275,600
Contributions	-	-	-
Investment loss	(29,483)	(28,011)	(57,494)
Appropriation of assets, per policy	<u>(246,117)</u>	<u>-</u>	<u>(246,117)</u>
Balance, December 31, 2022	\$ <u>-</u>	\$ <u>971,989</u>	\$ <u>971,989</u>

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Note 7: Board-Designated Endowment, continued

	<u>Board designated</u>	<u>Perpetually restricted</u>	<u>Total</u>
Balance, December 31, 2020	\$ 249,006	\$ 1,000,000	\$ 1,249,006
Contributions	29,089	133,694	162,783
Investment gain (loss)	-	-	-
Appropriation of assets, per policy	<u>(2,495)</u>	<u>(133,694)</u>	<u>(136,189)</u>
Balance, December 31, 2021	<u>\$ 275,600</u>	<u>\$ 1,000,000</u>	<u>\$ 1,275,600</u>

Note 8: Line of Credit

BSCS has a revolving line of credit for \$200,000 with a financial institution, which is secured by its corporate office building. The interest rate on the outstanding balance is a variable rate relative to the bank's prime interest rate (7.50% at December 31, 2022 and 3.25% at December 31, 2021). The amount outstanding at December 31, 2022 and 2021 was \$185,579 and \$185,692, respectively.

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Programs for education and educators	\$ 1,018,673	\$ 353,327
SLH memorial fund	<u>12,447</u>	<u>22,512</u>
Total net assets with donor restrictions	<u>\$ 1,031,120</u>	<u>\$ 375,839</u>

Note 10: Charitable Gift Annuity

In November of 1997, BSCS entered into a charitable gift annuity agreement in the amount of \$10,000. As part of this agreement, BSCS has agreed to pay \$700 per year to the donor's daughter. As of December 31, 2022 and 2021, BSCS has recorded \$2,606 and \$2,750, respectively as an annuity payable included in accrued expenses on the statement of financial position.

Note 11: Recognition of Revenue from Contracts

BSCS recognizes revenue in accordance with U.S. GAAP, when all of the following conditions are satisfied:

- There is persuasive evidence that an arrangement exists;
- The product has been delivered or the services performed;
- The amount of fees to be paid by members and customers are fixed or determinable;
- The collection of fees is reasonably assured.

BSCS recognizes revenues based upon the satisfaction of the performance of services as determined in contracts with members and program participants. Determining whether and when

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Note 11: Recognition of Revenue from Contracts, continued

these criteria have been satisfied involves exercising judgment and using estimates and assumptions that can have a significant impact on the timing and amount of revenue that BSCS recognizes.

BSCS derives revenues from workshop and consulting income, sales of experiment kits, contract income for professional development and training in science areas, and royalty income. A single contract could have one or multiple performance obligations. For those contracts that have multiple performance obligations, if any, BSCS allocates the total transaction price to each performance obligation based on the relative standalone selling price, which is determined by BSCS's pricing objectives, taking into consideration market conditions and other factors.

Revenues are recognized when control of goods and services provided to the customer is in an amount that reflects the consideration BSCS expects to be entitled to in an exchange for those goods and services using the following steps: 1) identify the contract, 2) identify the performance obligation, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations in the contract, and 5) recognize revenue as to when BSCS satisfies the performance obligation.

There are no variable considerations in contracts as there are no discounts, financial assistance, or refunds. For the years ended December 31, 2022 and 2021, BSCS received total revenues from contracts of \$1,460,074 and \$1,060,300, respectively. As of December 31, 2022 and 2021, BSCS had no remaining performance obligations under contracts entered during the year. BSCS expects to fully recognize the outstanding performance obligation amounts in the next fiscal year. Actual revenue recognition could differ from these amounts as a result of adjustments or other factors. Receivable balances from contracts with customers for the years ended December 31, 2022 and 2021, were as follows:

Receivables

	<u>2022</u>	<u>2021</u>
Beginning of year	\$1,201,994	\$1,141,831
End of year	\$ 410,005	\$1,201,994

Note 12: Retirement Plans

BSCS has adopted a 401(k) as of January 1, 2022, that covers substantially all employees who complete one year of employment with at least 1,000 hours of service and have reached 21 years old. Employees may elect to contribute a portion of their compensation as defined by the plan. Employees are 100% vested immediately. BSCS may make nonelective contributions to the plan equaling 8% of qualified employees' regular compensation after one year of employment. For the year ended December 31, 2022, BSCS made nonelective contributions in the amount of \$366,328.

Before establishing the 401(k) plan, BSCS participated in the TIAA 403(b) retirement plan. BSCS contributed 8% of qualified employees' regular compensation after one year of employment.

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Note 12: Retirement Plans, continued

For the years ended December 31, 2022 and 2021, BSCS made nonelective contributions in the amount of \$-0- and \$329,777, respectively. The plan is in the process of terminating.

Note 13: Operating Leases

BSCS has operating lease agreements for three copiers. BSCS assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense recognized in operating expense was \$48,576 and \$60,231 for the years ended December 31, 2022 and 2021, respectively.

Note 14: Capital Lease

Equipment under a capital lease consists of HVAC rooftop units with a cost of \$65,603, accumulated depreciation of \$55,763 as of December 31, 2021, with a net value of \$9,840 included in property and equipment as of December 31, 2021. The lease includes a \$1 purchase option at the end of the lease period. The lease ended in 2022 and the rooftop units reverted to BSCS at a value of \$65,603. There is no longer a capital lease in effect for the rooftop units.

Note 15: Concentrations

BSCS has certain concentrations in specific revenue categories; these concentrations represent 10% or more of total revenues. If a significant reduction in the level of these revenue sources occurs, it may have an effect on the BSCS's program and activities. BSCS receives a significant portion of its revenue and support from various grants and contract services. BSCS had the following concentrations for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Grants from National Science Foundation (39% and 38%)	\$ 4,502,521	\$ 4,036,293
Foundation grants (23% and 34%)	2,606,873	3,568,595
Grants from Department of Education (16% and 15%)	1,787,602	1,543,256
Contract services (12% and 11%)	1,381,388	1,186,505

Note 16: Reclassifications

Certain reclassifications have been made to the December 31, 2021 financial statement presentation to correspond to the current year's format. Total change in net assets is unchanged due to these reclassifications.

Note 17: Subsequent Events

BSCS has evaluated subsequent events and transactions for potential recognition or disclosure through the date at which the financial statements were available to be issued, which is the date of the independent auditors' report, and noted no subsequent events that requires disclosure.