



**BSCS SCIENCE LEARNING**

**Financial Statements  
& Supplemental Schedules**

**For the Year Ended December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
BSCS Science Learning  
Colorado Springs, Colorado

**Report on the Financial Statements**

We have audited the accompanying financial statements of BSCS Science Learning (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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.

**Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 auditor considers 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.

## **Opinion**

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, 2018, 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.

## **Report on Summarized Comparative Information**

We have previously audited BSCS Science Learning's 2017 financial statements, and our report dated June 18, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019, on our consideration of BSCS Science Learning's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BSCS Science Learning's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BSCS Science Learning's internal control over financial reporting and compliance.

### **Emphasis of Matter**

As described in Note A to the financial statements, in 2018, BSCS Science Learning adopted Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

***Waugh & Goodwin, LLP***  
Colorado Springs, Colorado  
June 6, 2019

BSCS SCIENCE LEARNING  
Statement of Financial Position  
December 31, 2018  
(With Comparative Amounts for 2017)

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,419,795	\$ 2,366,733
Accounts receivable	456,501	475,543
Prepaid expenses and deposits	<u>17,074</u>	<u>5,678</u>
Total current assets	1,893,370	2,847,954
LONG-TERM INVESTMENTS	2,015,206	1,669,720
<b>PROPERTY AND EQUIPMENT, at cost:</b>		
Building, land and improvements	1,336,820	1,336,820
Furniture and equipment	237,681	231,350
Less accumulated depreciation	<u>(1,208,477)</u>	<u>(1,152,923)</u>
Property and equipment - net	<u>366,024</u>	<u>415,247</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 4,274,600</u></b>	<b><u>\$ 4,932,921</u></b>
 <u>LIABILITIES AND NET ASSETS</u> 		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 453,908	\$ 424,028
Project advances	924,945	1,258,868
Line of credit		145,000
Current portion of capital lease	<u>12,331</u>	<u>11,493</u>
Total current liabilities	1,391,184	1,839,389
ANNUITY PAYABLE	3,235	3,556
LONG-TERM CAPITAL LEASE OBLIGATIONS	<u>38,749</u>	<u>49,654</u>
Total liabilities	1,433,168	1,892,599
<b>NET ASSETS:</b>		
Without donor restrictions	1,171,291	1,109,052
Without donor restrictions - board designated	822,408	1,019,808
With donor restrictions	<u>847,733</u>	<u>911,462</u>
Total net assets	<u>2,841,432</u>	<u>3,040,322</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 4,274,600</u></b>	<b><u>\$ 4,932,921</u></b>

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Totals</u>	<u>2017 Totals</u>
<b>SUPPORT AND REVENUE:</b>				
Grants from National Science Foundation	\$ 3,862,895	\$	\$ 3,862,895	\$ 4,564,659
Foundation revenue	1,901,972		1,901,972	772,598
Contract and other program revenue	384,992		384,992	230,159
Grants from Department of Health and Human Services	253,607		253,607	282,460
Contributions and other public support	6,900	62,797	69,697	770,381
Grants from Department of Education	41,570		41,570	55,364
Other income	35,663		35,663	25,305
Royalties - net	26,740		26,740	23,864
Sales - net	5,042		5,042	1,498
Investment income (loss) - net	(19,534)	(51,276)	(70,810)	300,679
Satisfied program restrictions	<u>75,250</u>	<u>(75,250)</u>		
Total revenue	6,575,097	(63,729)	6,511,368	7,026,967
<b>EXPENSES:</b>				
Program services:				
Federally funded projects	4,169,895		4,169,895	4,917,723
Foundation funded projects	1,913,036		1,913,036	779,839
Other funded projects	198,012		198,012	128,642
School funded projects	<u>146,493</u>		<u>146,493</u>	<u>94,766</u>
Total program services	6,427,436		6,427,436	5,920,970
Supporting services:				
General and administrative	258,660		258,660	68,856
Marketing and development	<u>24,162</u>		<u>24,162</u>	<u>20,728</u>
Total supporting services	<u>282,822</u>		<u>282,822</u>	<u>89,584</u>
Total expenses	<u>6,710,258</u>		<u>6,710,258</u>	<u>6,010,554</u>
CHANGE IN NET ASSETS	(135,161)	(63,729)	(198,890)	1,016,413
NET ASSETS, beginning of year	<u>2,128,860</u>	<u>911,462</u>	<u>3,040,322</u>	<u>2,023,909</u>
NET ASSETS, end of year	<u>\$ 1,993,699</u>	<u>\$ 847,733</u>	<u>\$ 2,841,432</u>	<u>\$ 3,040,322</u>

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Statement of Functional Expenses  
For the Year Ended December 31, 2018  
(With Comparative Totals for 2017)

	Federally Funded Projects	Foundation Funded Projects	Other Funded Projects	School Funded Projects	Total Program Services	General & Administrative	Marketing & Development	Total Expenses 2018	Total Expenses 2017
Direct expenses:									
Salaries and wages	\$ 1,398,946	\$ 613,219	\$ 56,549	\$ 58,065	\$ 2,126,779	\$ 1,067,846	\$ 4,249	\$ 3,198,874	\$ 2,777,283
Payroll taxes	104,896	42,545	4,213	4,533	156,187	76,856	301	233,344	210,671
Employee benefits	541,050	218,954	19,924	22,028	801,956	164,949	2,010	968,915	839,008
Contract labor	208,275	209,919	5,810	6,250	430,254	23,345	1,744	455,343	469,185
Consultants honorarium	33,275	13,975			47,250	8,500		55,750	49,900
Subcontracts	307,629	262,353			569,982			569,982	504,672
Accounting and legal		285			285	23,929		24,214	13,425
Bank fees						11,208		11,208	10,497
Merchant account fees			1,644		1,644	1,231	1,016	3,891	2,964
Travel expenses - staff	81,098	56,639	24,292	4,870	166,899	14,787	257	181,943	293,970
Travel expenses - nonstaff	20,542	45,911	2,844		69,297	17,080		86,377	73,652
Participant costs	233,947	107,580	10,928	111	352,566			352,566	245,611
Publicity/dissemination		163			163	45	200	408	7,544
Books, dues, subscriptions	6,743	2,133	376		9,252	16,020	3,600	28,872	32,084
Computer services	31,411	27,663		70	59,144	37,158	84	96,386	78,285
Art/production costs	8,026	74			8,100	538		8,638	7,474
Photocopy and printing	8,727	9,719	4,673	32	23,151	11,291		34,442	39,121
Training costs						195		195	159
Postage and shipping	4,655	4,040	24,555	165	33,415	3,597	216	37,228	8,887
Conferences and meetings	5,178	6,683	2,414		14,275	20,893	3,156	38,324	33,013
Materials and supplies	998	20,230	125,773		147,001	(2,969)	57	144,089	11,074
Telephone expense	186	1	91		278	20,930		21,208	23,816
Recruitment costs						8,535		8,535	8,240
Insurance and taxes						64,192		64,192	59,826
Small equipment expense	10,673	2,900			13,573	52,782		66,355	58,536
Computer leasing and software	3,563	378		48	3,989	10,915	48	14,952	23,808
Repairs and maintenance - equipment						21,686		21,686	10,893
Repairs and maintenance - building						44,800		44,800	40,786
Utilities						20,315		20,315	19,652
Depreciation expense						55,554		55,554	54,436
Interest expense						12,538		12,538	1,382
Change in value of annuity						204		204	700
Indirect cost allocation	1,160,077	267,672	64,996	50,321	1,543,066	(1,550,290)	7,224		
Total expenses	4,169,895	1,913,036	349,082	146,493	6,578,506	258,660	24,162	6,861,328	6,010,554
Less expenses netted against revenue on statement of activities			(151,070)		(151,070)			(151,070)	
	\$ 4,169,895	\$ 1,913,036	\$ 198,012	\$ 146,493	\$ 6,427,436	\$ 258,660	\$ 24,162	\$ 6,710,258	\$ 6,010,554

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Statement of Cash Flows  
For the Year Ended December 31, 2018  
(With Comparative Amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (198,890)	\$ 1,016,413
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	55,554	54,436
Contributions and (earnings) losses perpetually restricted	38,214	(152,727)
Net realized and unrealized (gains) losses on long-term investments	105,020	(265,071)
(Increase) decrease in assets:		
Accounts receivable	19,042	12,119
Prepaid expenses and deposits	(11,396)	(2,325)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	29,880	38,927
Project advances	<u>(333,923)</u>	<u>964,926</u>
Total adjustments	<u>(97,609)</u>	<u>650,285</u>
Net cash provided (used) by operating activities	(296,499)	1,666,698
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(6,331)	
Purchase of long-term investments	(922,087)	(181,207)
Proceeds from sale of long-term investments	<u>471,581</u>	<u>127,685</u>
Net cash used by investing activities	(456,837)	(53,522)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit	(145,000)	
Principal payments on capital lease	(10,067)	(4,456)
Contributions and earnings (losses) perpetually restricted	(38,214)	152,727
Change in value of annuity payable	<u>(321)</u>	<u>          </u>
Net cash provided (used) by financing activities	<u>(193,602)</u>	<u>148,271</u>
NET INCREASE (DECREASE) IN CASH	(946,938)	1,761,447
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,366,733</u>	<u>605,286</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,419,795</u>	<u>\$ 2,366,733</u>

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Notes to Financial Statements  
For the Year Ended December 31, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

BSCS Science Learning (the Corporation) is a Colorado nonprofit corporation. 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. The Corporation seeks funds to design, develop, support and evaluate new approaches to science teaching and learning for all grade levels.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of the Corporation's financial statements:

- The temporarily restricted and permanently restricted net asset classes, if any existed, have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements now include a presentation of expenses that describes both the functional nature of the expenses and their natural classification according to the actual usage of resources.
- The financial statements include a new disclosure about liquidity and availability of resources (Note B).

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Accounting Standards Update - continued

The changes have the following effect on net assets at December 31, 2017:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 1,109,052	\$
Unrestricted net assets - Board designated	1,019,808	
Temporarily restricted net assets	38,718	
Permanently restricted net assets	872,744	
Net assets without donor restrictions		1,109,052
Net assets without donor restrictions - board designated		1,019,808
Net assets with donor restrictions		<u>911,462</u>
Total net assets	<u>\$ 3,040,322</u>	<u>\$ 3,040,322</u>

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### Income Tax

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986. The Corporation qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Corporation does not engage in any activities not directly related to its tax-exempt purpose that would be subject to income tax.

The Corporation's form 990, Return of Organization Exempt from Income Tax, is subject to examination by various taxing authorities, generally for three years after the date filed. Management of the Corporation believes that it does not have any uncertain tax positions that are material to the financial statements.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Cash and Cash Equivalents

Cash and cash equivalents consist of the Corporation's checking and money market accounts.

The Corporation maintains its cash and cash equivalents in a commercial bank and in money market funds managed by a brokerage firm. In the event of a bank or fund failure, the Corporation could suffer a loss to the extent its deposits exceeded the respective bank or brokerage firm's insurance limits.

#### Supplemental Cash Flow Disclosures

The Corporation paid interest of \$12,538 and \$1,382 for the years ended December 31, 2018 and 2017, respectively. The Corporation paid no income taxes either year.

During the year ended December 31, 2017, the Corporation acquired equipment in the amount of \$65,603 in a noncash transaction. The equipment was acquired through a capital lease.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Therefore, no allowance for uncollectible accounts is considered necessary.

#### Projects in Progress

The Corporation recognizes revenues on grants and contracts to the extent of related expenditures. Amounts received on grants and contracts in excess of expenditures on each respective project are recorded as project advances. Expenditures on projects in excess of amounts received on related grants and contracts are recorded as accounts receivable.

#### Property and Equipment

Building, land, furniture and equipment are recorded at cost. Depreciation is recorded using the straight-line method over an estimated useful life of thirty years for the building and three to fifteen years for other property and equipment.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Property and Equipment - continued

Depreciation expense for the years ended December 31, 2018 and 2017, was \$55,554 and \$54,436, respectively.

#### Contributions

Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfied program restrictions.

#### Royalties

The Corporation recognizes revenue from royalties as amounts are received from various publishers. Revenue is recorded net of amounts payable to other parties.

#### Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### 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. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### Economic Dependency

The Corporation is economically dependent on grants and contracts from the federal government and foundations in order to sustain its operations at current levels.

## Notes to Financial Statements

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Prior-Year Comparisons

The financial statements 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 the Corporation's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through June 6, 2019, the date that the financial statements were available to be issued.

### B. AVAILABLE RESOURCES AND LIQUIDITY

The Corporation has grant and contract funding commitments to meet most expenses. The Corporation seeks donations and other contributions to cover other general expenditures.

The Corporation regularly monitors liquidity necessary to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Corporation has cash and cash equivalents as a current source of liquidity at its disposal.

The table below presents financial assets available for general expenditures within one year at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,419,795	\$ 2,366,733
Accounts receivable	<u>456,501</u>	<u>475,543</u>
Total financial assets available within one year	<u>\$ 1,876,296</u>	<u>\$ 2,842,276</u>

### C. FAIR VALUE MEASUREMENTS

The Corporation applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a

## Notes to Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels are reported at the end of the period.

The following tables present assets that are measured at fair value on a recurring basis at December 31, 2018 and 2017:

#### Assets at Fair Value as of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 35,865	\$	\$	\$ 35,865
Certificates of deposit	183,793			183,793
Corporate stocks	1,219,969			1,219,969
Mutual funds	341,781			341,781
Exchange traded funds	<u>274,801</u>	<u></u>	<u></u>	<u>274,801</u>
	<u>\$ 2,056,209</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,056,209</u>

Notes to Financial Statements

C. FAIR VALUE MEASUREMENTS - Continued

Assets at Fair Value as of December 31, 2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 84,331	\$	\$	\$ 84,331
Corporate stocks	1,428,167			1,428,167
Mutual funds	143,019			143,019
Exchange traded funds	<u>98,534</u>			<u>98,534</u>
	<u>\$ 1,754,051</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,754,051</u>

A portion of the amounts above are included in cash and cash equivalents at December 31, 2018 and 2017.

D. INVESTMENT INCOME (LOSS)

Investment income (loss) consists of the following for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 46,792	\$ 44,275
Net realized and unrealized gains (losses) on investments	(105,020)	265,071
Investment management and custodial fees	<u>(12,582)</u>	<u>(8,667)</u>
	<u>\$ (70,810)</u>	<u>\$ 300,679</u>

E. RETIREMENT PLANS

The Corporation participates in the Teachers Insurance and Annuity Association and/or College Retirement Equities Fund (TIAA-CREF) retirement plan for all staff members on salaried appointments.

The Corporation contributes 8% of regular compensation after one year of employment.

For the years ended December 31, 2018 and 2017, contributions to the TIAA-CREF plan were \$212,698 and \$190,704, respectively.

During the year ended December 31, 2003, the Corporation adopted a 457(b) deferred compensation plan that covers certain key employees. Eligible employees are allowed to make elective deferrals up to the maximum amount permitted by law. The Corporation does not make any matching contributions to this plan.

## Notes to Financial Statements

### F. LINE OF CREDIT

The Corporation has a \$200,000 line of credit available 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. No amounts were outstanding at December 31, 2018 and 2017.

The Corporation also has a line of credit available with an investment company, which is secured by the portfolio balance. The interest rate on the outstanding balance is a variable rate, relative to the investment company's prime interest rate. At December 31, 2018 and 2017, the Corporation had \$0 and \$145,000, respectively, outstanding on the line of credit.

### G. ENDOWMENT AND QUASI-ENDOWMENT

The Corporation has adopted investment and spending policies based on the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of the Corporation's interpretation of UPMIFA, and in accordance with donor restrictions, contributions to this fund are classified as net assets with donor restrictions - perpetual in nature. The historic dollar value of those contributions must be maintained intact. The earnings of the fund are treated as additions to the net assets with donor restrictions - perpetual in nature until the value of this fund reaches \$1,000,000.

These funds are invested in stocks, mutual funds and cash equivalents, pursuant to the Corporation's spending objectives of subjecting the fund to low investment risk and providing support for programs.

	Board Designated Quasi- Endowment	Perpetually Restricted	Total
Endowment net assets, January 1, 2017	\$	\$ 729,116	\$ 729,116
Contributions	200,000	10,500	210,500
Investment gain		142,228	142,228
Expenditures		(9,100)	(9,100)
Endowment net assets, December 31, 2017	200,000	872,744	1,072,744
Contributions		10,889	10,889
Investment loss	(20,729)	(49,103)	(69,832)
Expenditures		(44,571)	(44,571)
Endowment net assets, December 31, 2018	<u>\$ 179,271</u>	<u>\$ 789,959</u>	<u>\$ 969,230</u>

Notes to Financial Statements

H. NET ASSETS WITHOUT DONOR RESTRICTIONS

The Corporation received a significant unrestricted contribution during the year ended December 31, 2017. A portion of the contribution was designated by the Board of Directors as a quasi-endowment. The remaining portion of the contribution will be used in future years to develop programs.

I. NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED

The Board of Directors has designated a portion of the net assets without donor restrictions for the purposes listed below. The spending rule for future operations and programs imposed by the Board of Directors allows corporate officers to authorize withdrawals of up to 5% of the prior 24 months rolling mean. Additional withdrawals from this fund require approval by the Board of Directors.

	<u>2018</u>	<u>2017</u>
Future operations and programs	\$ 643,137	\$ 819,808
Quasi-endowment	<u>179,271</u>	<u>200,000</u>
	<u>\$ 822,408</u>	<u>\$ 1,019,808</u>

J. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

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

	<u>2018</u>	<u>2017</u>
SLH memorial fund	\$ 31,453	\$ 38,718
Equity strategic initiative	<u>26,321</u>	<u>          </u>
	<u>\$ 57,774</u>	<u>\$ 38,718</u>

Net assets are released from donor restrictions by incurring expenses that satisfy the restricted purpose. Net assets were released from temporary restrictions by satisfying the following restricted purposes at December 31:

	<u>2018</u>	<u>2017</u>
SLH memorial fund	\$ 7,000	\$ 5,215
Equity strategic initiative	23,679	<u>          </u>
Programs	<u>44,571</u>	<u>          </u>
	<u>\$ 75,250</u>	<u>\$ 5,215</u>

## Notes to Financial Statements

### K. NET ASSETS WITH DONOR RESTRICTIONS - PERPETUAL IN NATURE

Net assets with donor restrictions - perpetual in nature consist of an endowment fund made up of gifts that must be used in compliance with the terms and conditions of the donation. As discussed in Note G, the net earnings of the fund were treated as additions to the perpetually restricted net assets until the value of this fund reached \$1,000,000.

For the years ended December 31, 2018 and 2017, \$44,571 and \$0, respectively, were taken out of the endowment funds to support operations.

At December 31, 2018 and 2017, the balance consisted of the following:

	<u>2018</u>	<u>2017</u>
Principal	\$ 519,713	\$ 508,824
Earnings from investments, net	<u>270,246</u>	<u>363,920</u>
	<u>\$ 789,959</u>	<u>\$ 872,744</u>

### L. CHARITABLE GIFT ANNUITY

In November of 1997, the Corporation entered into a charitable gift annuity agreement in the amount of \$10,000. As part of this agreement, the Corporation has agreed to pay \$700 per year to the donor's daughter. The assets received were invested with the Corporation's endowment funds at a brokerage firm. A liability in the amount of \$7,743 was recorded as the present value of the amount that the Corporation is expecting to pay to the beneficiary over her life expectancy of 22 years. An interest rate of 7% has been used in calculating the present value. A donation of \$2,257 was recorded in net assets with donor restriction - perpetual in nature.

As of December 31, 2018 and 2017, the Corporation has recorded \$3,235 and \$3,556, respectively, as an annuity payable on the statement of financial position.

### M. RELATED PARTY TRANSACTIONS

At times, companies affiliated with Board Members may make grants to the Corporation to support various programs.

### N. OPERATING LEASE

The Corporation has an operating lease agreement for a copier which commenced in July 2014 and expires in June 2019. Monthly lease payments are \$231.

Notes to Financial Statements

N. OPERATING LEASE - Continued

Future minimum lease payments for the years ended December 31 under this lease agreement are as follows:

2019	\$ 1,386
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Rental expense for the years ended December 31, 2018 and 2017 for this lease was \$2,772.

O. CAPITAL LEASE

Equipment under a capital lease consists of HVAC rooftop units with a cost of \$65,603. The units will be placed in service in 2018, no depreciation expense or accumulated depreciation has been recorded as of December 31, 2018. The lease includes a \$1 purchase option at the end of the lease period.

Future minimum lease payments for the years ended December 31 under this lease agreement are as follows:

2019	\$ 15,544
2020	15,544
2021	15,544
2022	<u>11,658</u>
Total minimum lease payments	58,290
Less amount representing interest	<u>(7,210)</u>
Present value of minimum lease payments	<u>\$ 51,080</u>

BSCS SCIENCE LEARNING  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2018

Federal Grantor/ Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Contract/ Grant Number	Pass-through Entity Identifying Number	Federal Expenditures	Passed-through to Subrecipients
<u>Research and Development Cluster</u>					
<u>National Institutes of Health</u>					
Direct programs:					
Developing Skills in Health Literacy	93.351	1R250OD020208-01A1		\$ 253,607	\$ 11,728
<u>National Science Foundation</u>					
Direct programs:					
Project VATL: Using Videocase Analysis of Teaching and Learning	47.076	DUE-1725389		577,215	35,440
Project NACL3: Testing a Professional Development Model for High School Science Reform and the Relationship of Key Variables to Student Achievement	47.076	DRL-1316202		13,800	
Project VISTA2: ViSTA Plus: Communities Supporting Teacher Learning	47.076	DRL-1220635		25,605	
Project ARGLX: Collaborative Research: Applying Automated Analysis to a Learning Progression for Argumentation	47.076	DUE-1561150		176,774	
Project PCKLX: Applying Computerized Lexical Analysis	47.076	DGE-1437173		38,418	
Project HUMAN: Exploring How Knowledge of Genetic Variation and Causation Affects Racial Bias among Adolescents	47.076	DRL-1660985		392,087	

Project STLHS: Science Teachers Learning from Lesson Analysis: High School Biology	47.076	DRL-1503280	644,007	
Project TLSYN: Teacher Leadership Synthesis Project	47.076	DGE-1534698	6,423	
Project 3DMSS: 3-Dimensional Teaching and Learning	47.076	DRL-1502571	824,444	252,298
Project DATAN: Scientific Data in Schools: Measuring the Efficacy of an Innovation Approach to Integrating Qualitative Reasoning in Secondary Science	47.076	DRL-1503005	281,514	
Project MBER: Collaborative Research: Extending and Investigating the Impact of the High School Model-Based Educational Resource	47.076	DRL-1813538	87,956	
Project STLON: Translating a Video-based Model of Teacher Professional Development to an Online Environment	47.076	DRL-1813127	<u>49,913</u>	
Subtotal direct programs			3,118,156	287,738
Pass-through programs from:				
Cal Poly Pomona Foundation: Math Science Partnership with Cal Poly: Respect Project	47.076	DRL-1321242	13,827	
Botanical Society of America: Planting Science: Digging Deeper	47.076	DRL-1502892	154,689	
The University of Northern Texas: Collaborative Research: American Innovations in the age of Discovery	47.076	PTE-1510289	17,746	GF1727-1
Regents of the University of Colorado - Boulder: Examining an Innovative Approach to Supporting Science Teachers Practice Toward 3-Dimensional Learning Goals	47.076	PTE-1555599	39,572	
Hartnell Community College: ESTEEM Stepping Stones. NSF title Building Capacity: Engaging Stem Transformative Experiences for Early momentum	47.076	DUE-1832446	7,228	

Western Michigan University: Power for Teachers	47.076	DGE-1544236	8926-BSCS	<u>84,714</u>	<u>          </u>
Subtotal pass-through programs				<u>317,776</u>	<u>          </u>
Total National Science Foundation				<u>3,435,932</u>	<u>287,738</u>
Total Research and Development Cluster				3,689,539	299,466
<u>Other Programs</u>					
<u>National Science Foundation</u>					
Pass-through programs from:					
Regents of the University of Minnesota: Minnesota STEM Teachers learning through Lesson Analysis Project	84.366	PTE-S366B140024	A005456301	213,871	
<u>Department of Education</u>					
Direct programs from:					
Project: ASPCT: Assessing Students Progress on Energy Concept Using Three Dimensional Items	84.411	GAN R305A180512		20,998	8,163
Pass-through programs from:					
University of Missouri: Hydro Sci: A Virtual Environment for Next Generation Science Learning	84.305	R305A150364	C00047775-2	<u>20,572</u>	<u>          </u>
Total Department of Education				<u>41,570</u>	<u>8,163</u>
<u>National Aeronautical and Space Administration</u>					
Pass-through programs from:					
University Corporation for Atmospheric Research: GLOBE Instructional Materials	43.001	X17AD75A	Z17-26755	<u>148,944</u>	<u>          </u>
Total other programs				<u>404,385</u>	<u>8,163</u>
Total expenditures of federal awards				<u>\$ 4,093,924</u>	<u>\$ 307,629</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BSCS Science Learning under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of BSCS Science Learning, it is not intended to and does not present the financial position, changes in net assets, or cash flows of BSCS Science Learning.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or

BSCS Science Learning has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform

Pass-through entity identifying numbers are presented where available.