



**BSCS SCIENCE LEARNING**

**Financial Statements  
& Supplemental Schedules**

**For the Year Ended December 31, 2019**

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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, 2019, 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, 2019, 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.

## **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 July 24, 2020, 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 2019, BSCS Science Learning adopted Accounting Standards Update (ASU) 2014-09, *(Topic 606): Revenue from Contracts with Customers*, ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. Our opinion is not modified with respect to these matters.

*Waugh & Goodwin, LLP*

Colorado Springs, Colorado  
July 24, 2020

BSCS SCIENCE LEARNING  
Statement of Financial Position  
December 31, 2019

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,413,042
Accounts receivable	988,200
Inventory	120,725
Prepaid expenses and deposits	<u>10,692</u>
Total current assets	2,532,659
LONG-TERM INVESTMENTS	2,238,291
PROPERTY AND EQUIPMENT, at cost:	
Building, land and improvements	1,336,820
Furniture and equipment	237,681
Less accumulated depreciation	<u>(1,263,707)</u>
Property and equipment - net	<u>310,794</u>
TOTAL ASSETS	<u>\$ 5,081,744</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 692,579
Accrued expenses	398,904
Project advances	176,898
Line of credit	50,613
Current portion of capital lease	<u>13,231</u>
Total current liabilities	1,332,225
ANNUITY PAYABLE	3,077
LONG-TERM CAPITAL LEASE OBLIGATIONS	<u>25,532</u>
Total liabilities	1,360,834
NET ASSETS:	
Without donor restrictions	806,907
Without donor restrictions - board designated	1,025,855
With donor restrictions	<u>1,888,148</u>
Total net assets	<u>3,720,910</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,081,744</u>

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>SUPPORT AND REVENUE:</b>			
Grants from National Science Foundation	\$ 3,246,912	\$	\$ 3,246,912
Grants and contracts from Foundations	1,854,987	659,100	2,514,087
Other grants and contracts	719,529		719,529
Grants from Department of Education	446,715		446,715
Other federally funded grants and contracts	309,811		309,811
Royalties - net	45,025		45,025
Contributions and other public support	7,000	12,928	19,928
Other income	7,059		7,059
Sales - net	(15,630)		(15,630)
Satisfied program restrictions	<u>802,092</u>	<u>(802,092)</u>	
Total revenue	7,423,500	(130,064)	7,293,436
<b>EXPENSES:</b>			
Program services:			
Federally funded projects	4,003,384		4,003,384
Foundation funded projects	2,624,059		2,624,059
Other funded projects	<u>653,362</u>		<u>653,362</u>
Total program services	7,280,805		7,280,805
Supporting services:			
General and administrative	479,881		479,881
Marketing and development	<u>38,826</u>		<u>38,826</u>
Total supporting services	<u>518,707</u>		<u>518,707</u>
Total expenses	<u>7,799,512</u>		<u>7,799,512</u>
OPERATING LOSS	(376,012)	(130,064)	(506,076)
INVESTMENT INCOME - NET	<u>215,075</u>	<u>260,144</u>	<u>475,219</u>
CHANGE IN NET ASSETS	(160,937)	130,080	(30,857)
NET ASSETS, beginning of year, as restated	<u>1,993,699</u>	<u>1,758,068</u>	<u>3,751,767</u>
NET ASSETS, end of year	<u>\$ 1,832,762</u>	<u>\$ 1,888,148</u>	<u>\$ 3,720,910</u>

See Notes to Financial Statements

BSCS SCIENCE LEARNING  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Federally Funded Projects	Foundation Funded Projects	Other Funded Projects	Total Program Services	General & Administrative	Marketing & Development	Total Expenses
Direct expenses:							
Salaries and wages	\$ 1,275,240	\$ 791,384	\$ 218,638	\$ 2,285,262	\$ 1,169,474	\$ 7,477	\$ 3,462,213
Subcontracts	598,576	665,514		1,264,090			1,264,090
Employee benefits	523,777	289,131	70,233	883,141	139,747	3,284	1,026,172
Contract labor	174,676	367,354	74,655	616,685	82,117	6,288	705,090
Materials and supplies	1,251	22,131	392,585	415,967	10,272	959	427,198
Payroll taxes	95,585	57,302	14,937	167,824	82,980	566	251,370
Travel expenses - staff	95,387	48,033	42,718	186,138	12,122	665	198,925
Participant costs	161,168	352	4,344	165,864			165,864
Travel expenses - nonstaff	19,633	55,189	21,188	96,010	17,678	39	113,727
Computer services	12,129	30,008		42,137	39,484		81,621
Insurance and taxes					75,524		75,524
Postage and shipping	1,119	2,639	57,906	61,664	2,798	45	64,507
Depreciation expense					55,230		55,230
Small equipment expense	13,526	4,012	6,551	24,089	18,659		42,748
Repairs and maintenance - building			520	520	40,305		40,825
Books, dues, subscriptions	14,056	4,617		18,673	17,213	3,600	39,486
Conferences and meetings	3,354	3,625	2,414	9,393	17,333	4,887	31,613
Consultants honorarium	12,148	11,875	5,000	29,023			29,023
Computer leasing and software	5,462	4,773	319	10,554	17,504		28,058
Telephone expense					27,251		27,251
Repairs and maintenance - equipment	442			442	23,678		24,120
Utilities					21,040		21,040
Accounting and legal		570	462	1,032	18,648		19,680
Photocopy and printing	6,469	3,577	2,308	12,354	6,711		19,065
Recruitment costs					16,768		16,768
Bank and merchant account fees			11,674	11,674	4,702	376	16,752
Art/production costs	8,294	1,389	36	9,719	894		10,613
Interest expense			5,353	5,353			5,353
Publicity/dissemination		2,870		2,870	1,077		3,947
Training costs					602		602
Change in value of annuity					542		542
Indirect cost allocation	981,092	257,714	191,026	1,429,832	(1,440,472)	10,640	
Total expenses	4,003,384	2,624,059	1,122,867	7,750,310	479,881	38,826	8,269,017
Less expenses netted against revenue on statement of activities			(469,505)	(469,505)			(469,505)
	<u>\$ 4,003,384</u>	<u>\$ 2,624,059</u>	<u>\$ 653,362</u>	<u>\$ 7,280,805</u>	<u>\$ 479,881</u>	<u>\$ 38,826</u>	<u>\$ 7,799,512</u>

See Notes to Financial Statements



BSCS SCIENCE LEARNING  
Statement of Cash Flows  
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (30,857)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	55,230
Contributions and earnings perpetually restricted	(265,677)
Net realized and unrealized gains on long-term investments	(438,857)
(Increase) decrease in assets:	
Accounts receivable	(531,699)
Inventory	(120,725)
Prepaid expenses and deposits	6,382
Increase (decrease) in liabilities:	
Accounts payable	238,671
Accrued expenses	398,904
Project advances	<u>162,288</u>
Total adjustments	<u>(495,483)</u>
Net cash used by operating activities	(526,340)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of long-term investments	(190,986)
Proceeds from sale of long-term investments	<u>406,758</u>
Net cash provided by investing activities	215,772
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net change in line of credit	50,613
Principal payments on capital lease	(12,317)
Contributions and earnings perpetually restricted	265,677
Change in value of annuity payable	<u>(158)</u>
Net cash provided by financing activities	<u>303,815</u>
NET DECREASE IN CASH	(6,753)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,419,795</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,413,042</u>
See Notes to Financial Statements	

BSCS SCIENCE LEARNING  
Notes to Financial Statements  
For the Year Ended December 31, 2019

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 January 1, 2019, the Corporation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU 2014-09), *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) and FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). These two ASUs were adopted together as of January 1, 2019, because they both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. Adopting one ASU without the other would leave the accounting for some ongoing grants and contracts unresolved. ASU 2014-09 was adopted retrospectively only for agreements that were not completed at January 1, 2019. ASU 2018-08 was applied on a modified prospective basis to agreements that were not completed at January 1, 2019, or that were entered into after that date.

As a result, the Corporation recorded a cumulative adjustment to net assets as of January 1, 2019, to reflect the effect of the new revenue recognition guidance. Adoption resulted in changes to the Corporation's accounting policies for revenue recognition, trade and other receivables, and deferred revenue. The impact of adopting the new guidance was a decrease in 2019 revenues of \$118,548 and an increase in total net assets of \$791,787. Following are the line items from the statement of

Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounting Standards Update - continued

financial position as of December 31, 2019 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the balances reported under the new guidance.

<u>Statement of Financial Position</u>	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying the New Guidance</u>	<u>As Reported</u>
Liabilities: Project advances	\$ 968,685	\$ (791,787)	\$ 176,898
Net assets with donor restrictions	1,096,361	791,787	1,888,148
Total net assets	2,929,123	791,787	3,720,910

The following are the line items from the statement of activities and statement of cash flows for the year ended December 31, 2019 that were affected, the amounts that would have been reported under the former guidance, the effects of applying the new guidance, and the amounts reported under the new guidance.

<u>Statement of Activities</u>	<u>Amounts That Would Have Been Reported</u>	<u>Effects of Applying the New Guidance</u>	<u>As Reported</u>
Revenue: Grants and contracts from Foundations	\$ 2,632,635	\$ (118,548)	\$ 2,514,087
Change in net assets with donor restrictions	(11,516)	(118,548)	(130,064)
Net assets, beginning of year	2,841,432	910,335	3,751,767
 <u>Statement of Cash Flows</u>			
Increase in project advances	43,740	118,548	162,288
Net cash used by operating activities	(526,340)		(526,340)

## Notes to Financial Statements

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

#### Accounting Standards Update - continued

On January 1, 2019, the Corporation also adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments - Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities)*, and subsequently issued related ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments-Overall (Subtopic 825-10)*, and elected early adoption for ASU 2019-04, *Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*. These standards amend certain aspects of accounting and disclosure requirements for financial instruments, including the requirement that equity investments with readily determinable fair values are to be measured at fair value with any changes in fair value recognized in the statement of activities and changes in net assets. The standards were adopted using the modified retrospective method and there is no effect on net assets with the implementation of the three ASUs.

#### 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.

#### 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

## Notes to Financial Statements

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

#### Cash and Cash Equivalents - continued

brokerage firm. In the event of a bank or fund failure, the Corporation could suffer a loss to the extent its deposits exceeded the representative bank or brokerage firm's insurance limits.

#### Supplemental Cash Flow Disclosures

The Corporation paid interest of \$5,353 for the year ended December 31, 2019. The Corporation paid no income taxes during the year.

#### Accounts and Grants Receivable

Accounts and grants 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. The receivables from contracts with customers were \$163,245 and \$685,349 at the beginning and end of the year, respectively.

Accounts receivable also includes unconditional grants receivable of \$302,082 as of December 31, 2019. Unrecorded conditional grants receivable were \$10,795,960 as of December 31, 2019. The Corporation has federally funded cost-reimbursement grants, either directly or indirectly as a subrecipient, for a variety of science education or educator related projects. The conditional grants receivable does not include amounts that are identified in the grant but have not yet been funded.

#### Projects in Progress

The Corporation recognizes revenues on grants and contracts to the extent of related expenditures for those grants and contracts that qualify as contracts with customers. Amounts received on grants and contracts in excess of expenditures on each respective project are recorded as project advances which represents the contract liability. Expenditures on projects in excess of amounts received on related grants and contracts are recorded as accounts receivable. Project advances were \$14,610 and \$176,989 at the beginning and end of the year, respectively.

## Notes to Financial Statements

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

#### Inventory

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

#### 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.

Depreciation expense for the year ended December 31, 2019 was \$55,230.

#### 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. However, if the Corporation is only entitled to the gift if it has overcome a barrier (such as raising matching funds or achieving a particular outcome), contribution revenue is recognized when that barrier is overcome as an increase in net assets without restrictions, because the restriction on the gift is satisfied as the barrier is overcome; thus, there essentially is no separate restriction that needs to be tracked for those gifts. Contributions and grants with donor restrictions are reported as support and revenue without donor restrictions if the restriction is met in the same year that the gift is received.

#### Grants and Contracts

Grants and contract revenue result from agreements, typically with government agencies, corporations, educational institutions, or foundations, that fund specific activities at the Corporation. 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 the Corporation 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

## Notes to Financial Statements

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

#### Grants and Contracts - continued

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. Grants and contract revenue for the year ended December 31, 2019, is summarized as follows:

Conditional contributions:	
Cost-reimbursement grants for science education	\$ 3,976,461
Project grants for science education and development	<u>659,100</u>
Total conditional contributions	4,635,561
Contracts with customers:	
Grants and contracts for science education, training, and professional development	<u>2,601,493</u>
Total grants and contracts revenue	<u>\$ 7,237,054</u>

Grants and contracts revenue is presented as follows in the financial statements:

Grants from National Science Foundation	\$ 3,246,912
Grants and contracts from Foundations	2,514,087
Other grants and contracts	719,529
Grants from Department of Education	446,715
Other federally funded grants and contracts	<u>309,811</u>
Total grants and contracts revenue	<u>\$ 7,237,054</u>

#### Sales

Sales of materials and supplies, including shipping fees, are recorded when materials are shipped or provided to the customer. The majority of sales are kits for school classrooms that are participating in the field test phase of new OpenSciEd curriculum units.

#### Royalties

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

## Notes to Financial Statements

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

#### 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.

#### Date of Management's Review

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through July 24, 2020, 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 two lines of credit which can be used as necessary for liquidity. See Note F for information on the lines of credit with a financial institution and a brokerage firm.



## Notes to Financial Statements

### B. AVAILABLE RESOURCES AND LIQUIDITY - Continued

The table below presents financial assets available for general expenditures within one year at December 31, 2019:

Financial assets at year-end:

Cash and cash equivalents	\$ 1,413,042
Accounts receivable	988,200
Long-term investments	<u>2,238,291</u>
Total financial assets	4,639,533
Less amounts not available to be used within one year:	
Board designated for future operations and programs and quasi-endowment	1,025,855
Donor restricted	<u>1,888,148</u>
Financial assets not available to be used within one year	<u>2,914,003</u>
Financial assets available within one year	<u><u>\$ 1,725,530</u></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 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.

## Notes to Financial Statements

### C. FAIR VALUE MEASUREMENTS - Continued

- 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 table presents assets that are measured at fair value on a recurring basis at December 31, 2019:

<u>Assets at Fair Value as of December 31, 2019</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$ 54,448	\$	\$	\$ 54,448
Equity securities:				
Corporate stocks	1,551,286			1,551,286
Mutual funds	351,495			351,495
Exchange traded funds	<u>337,668</u>			<u>337,668</u>
	<u>\$ 2,294,897</u>	<u>\$</u>	<u>\$</u>	<u>\$2,294,897</u>

A portion of the amounts above are included in cash and cash equivalents at December 31, 2019.

### D. INVESTMENT INCOME

Investment income consists of the following for the year ended December 31, 2019:

Interest and dividends	\$ 49,283
Net realized and unrealized gains on investments	438,857
Investment management and custodial fees	<u>(12,921)</u>
Total investment income	<u>\$ 475,219</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.

## Notes to Financial Statements

### E. RETIREMENT PLANS - Continued

For the year ended December 31, 2019, contributions to the TIAA-CREF plan were \$228,687.

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.

### F. LINES 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. The amount outstanding at December 31, 2019 was \$50,613.

The Corporation also has a line of credit available with a brokerage firm, which is secured by the portfolio balance. The interest rate on the outstanding balance is a variable rate, relative to the brokerage firm's prime interest rate. At December 31, 2019, the Corporation had no amount outstanding on this line of credit. Subsequent to December 31, 2019, this line of credit arrangement was terminated.

### 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.

Notes to Financial Statements

G. ENDOWMENT AND QUASI-ENDOWMENT - Continued

	Board Designated Quasi- Endowment	Perpetually Restricted	Total
Endowment net assets, January 1, 2019	\$ 179,271	\$ 789,959	\$ 969,230
Contributions		9,632	9,632
Investment gain	18,958	267,533	286,491
Expenditures		<u>(11,832)</u>	<u>(11,832)</u>
Endowment net assets, December 31, 2019	<u>\$ 198,229</u>	<u>\$ 1,055,292</u>	<u>\$ 1,253,521</u>

H. 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.

Future operations and programs	\$ 827,626
Quasi-endowment	<u>198,229</u>
	<u>\$ 1,025,855</u>

I. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE

Net assets with donor restrictions are available for the following purposes at December 31, 2019:

Programs for education and educators	\$ 791,787
SLH memorial fund	31,737
Equity strategic initiative	<u>9,332</u>
	<u>\$ 832,856</u>

Notes to Financial Statements

I. NET ASSETS WITH DONOR RESTRICTIONS - TEMPORARY IN NATURE -  
Continued

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, 2019:

Programs for education and educators	\$ 777,992
Equity strategic initiative	18,794
SLH memorial fund	<u>5,306</u>
	<u>\$ 802,092</u>

J. 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 donations. 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 year ended December 31, 2019, no amounts were taken out of the endowment funds to support operations.

At December 31, 2019, the balance consisted of the following:

Principal	\$ 529,345
Earnings from investments, net	<u>525,947</u>
	<u>\$ 1,055,292</u>

K. 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, 2019, the Corporation has recorded \$3,077 as an annuity payable on the statement of financial position.

## Notes to Financial Statements

### L. RELATED PARTY TRANSACTIONS

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

### M. OPERATING LEASE

The Corporation has operating lease agreements for three copiers. The leases commenced in November 2017, January 2018 and March 2018 and have lease terms of 39 months, 60 months, and 60 months, respectively. The lease terms will end February 2021, December 2022 and February 2022, respectively. The monthly lease payments are \$60, \$231, and \$953, respectively.

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

2020	\$ 14,927
2021	14,387
2022	14,207
2023	1,905

Rental expense for the year ended December 31, 2019 for these leases was \$14,927.

### O. CAPITAL LEASE

Equipment under a capital lease consists of HVAC rooftop units with a cost of \$65,603, accumulated depreciation of \$9,112 as of December 31, 2019, with a net value of \$56,491 included in property and equipment as of December 31, 2019. 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:

2020	\$ 15,544
2021	15,544
2022	<u>11,658</u>
Total minimum lease payments	42,746
Less amount representing interest	<u>(3,983)</u>
Present value of minimum lease payments	<u>\$ 38,763</u>

Amortization of assets held under capital leases is included with depreciation expense.

## Notes to Financial Statements

### P. SUBSEQUENT EVENTS

Subsequent to year end, the outbreak of COVID-19 (coronavirus) has been recognized as a pandemic by the World Health Organization, and the outbreak has become increasingly widespread in the United States. The COVID-19 (coronavirus) outbreak has had a notable impact on general economic conditions, including but not limited to the decline in global financial markets, temporary closures of many businesses, suspension or cancelation of events, "shelter in place" and other governmental regulations and job losses. The extent to which the COVID-19 (coronavirus) outbreak will affect the operations, collections or financial results of the Corporation is uncertain.

In April 2020, the Corporation received a \$701,637 loan from JPMorgan Chase Bank through the Small Business Administration's Paycheck Protection Program. A portion or all of loan may be forgiven by the Small Business Administration if certain payroll criteria are met and funds are used for payroll, rent, mortgage interest, or utilities. Any portion of the loan that is not forgiven has a maturity of two years and an interest rate of .98%. Loan payments are deferred for ten months.

BSCS SCIENCE LEARNING  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2019

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		\$ 247,944	\$ 23,798
<u>National Science Foundation</u>					
Direct programs:					
Project VATL: Using Videocase Analysis of Teaching and Learning	47.076	DUE-1725389		456,378	44,417
Project COVAR: Teaching Students to Reason About Variation and Covariation in Data	47.076	DRL-1920119		6,118	
Project ARGLX: Collaborative Research: Applying Automated Analysis to a Learning Progression for Argumentation	47.076	DUE-1561150		170,735	
Project PCKLX: Applying Computerized Lexical Analysis	47.076	DGE-1437173		60,364	
Project HUMAN: Exploring How Knowledge of Genetic Variation and Causation Affects Racial Bias among Adolescents	47.076	DRL-1660985		304,281	
Project STLHS: Science Teachers Learning from Lesson Analysis: High School Biology	47.076	DRL-1503280		550,144	
Project TLSYN: Teacher Leadership Synthesis Project	47.076	DGE-1534698			
Project 3DMSS: 3-Dimensional Teaching and Learning	47.076	DRL-1502571		426,609	201,010



Project DATAN: Scientific Data in Schools: Measuring the Efficacy of an Innovative Approach to Integrating Quantitative Reasoning in Secondary Science	47.076	DRL-1503005	131,161	
Project MBER: Collaborative Research: Extending and Investigating the Impact of the High School Model-Based Educational Resource	47.076	DRL-1813538	267,875	
Project STLON: Translating a Video-based Model of Teacher Professional Development to an Online Environment	47.076	DRL-1813127	<u>510,614</u>	<u>107,849</u>
Subtotal direct programs			2,884,279	353,276
Pass-through programs from:				
Cal Poly Pomona Foundation: Math Science Partnership with Cal Poly: Respect Project	47.076	DRL-1321242	54,112	
Botanical Society of America: Planting Science: Digging Deeper	47.076	DRL-1502892	136,649	
Georgia Institute of Technology: ACEP Engineering Alliances: A Model to Advance HI	47.076	PTE-1821298	D8754-S1	34,301
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	43,655	
Hartnell Community College: ESTEEM Stepping Stones. NSF title Building Capacity: Engaging Stem Transformative Experiences for Early momentum	47.076	DUE-1832446	<u>76,532</u>	<u>          </u>
Subtotal pass-through programs			<u>345,249</u>	<u>          </u>
Total National Science Foundation			<u>3,229,528</u>	<u>353,276</u>
Total Research and Development Cluster			3,477,472	377,074

Other Programs

Department of Education

Direct programs:

Project: ASPCT: Assessing Students Progress  
on Energy Concept Using Three Dimensional  
Items

84.411      GAN R305A180512      348,173      221,502

Project: SSUP: Scaling and Sustaining the  
STeLLA Professional Development Program

84.411B      U411B190029-EIR      98,542

Total Department of Education

446,715      221,502

National Aeronautical and Space Administration

Pass-through programs from:

University Corporation for Atmospheric Research:  
GLOBE Instructional Materials

43.001      X17AD75A      Z17-26755      29,428

National Oceanic and Atmospheric Administration

Direct programs:

Project: BWTHI: Connecting out Youth to AINA  
Through Investigations of Place

11.473      NA19NOS4730167      22,847

Total other programs

498,990      221,502

Total expenditures of federal awards

\$ 3,976,462      \$ 598,576

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, 2019. 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 are limited as to reimbursement.

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

Pass-through entity identifying numbers are presented where available.