



BSCS SCIENCE LEARNING

Independent Auditors' Reports,

Financial Statements,

Supplemental Information,

Schedule of Findings and Questioned Costs

And

Summary Schedule of Prior Audit Findings

For the Year Ended December 31, 2020

BSCS SCIENCE LEARNING

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INDEPENDENT AUDITORS' REPORT

Board of Directors
BSCS Science Learning

We have audited the accompanying financial statements of BSCS Science Learning (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2020, and the change 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.

Prior Period Financial Statements

The financial statements of BSCS Science Learning as of December 31, 2019 were audited by other auditors whose report dated July 24, 2020 expressed an unmodified opinion on those financial statements. In our opinion the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it was derived.

Report on Supplemental 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 are not a required part of the financial statements of BSCS Science Learning. 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 24, 2021 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 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.

Stockman Kast Ryan + Co. LLP

June 24, 2021

BSCS SCIENCE LEARNING

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,155,111	\$ 1,413,042
Accounts receivable	1,141,831	988,200
Inventory	72,595	120,725
Prepaid expenses and deposits	<u>42,880</u>	<u>10,692</u>
Total current assets	2,412,417	2,532,659
INVESTMENTS	2,335,523	2,238,291
PROPERTY AND EQUIPMENT, NET	<u>259,410</u>	<u>310,794</u>
TOTAL ASSETS	<u>\$ 5,007,350</u>	<u>\$ 5,081,744</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 668,726	\$ 692,579
Accrued expenses	465,639	398,904
Project advances	150,000	176,898
Line of credit	98,245	50,613
Current portion of capital lease	<u>15,544</u>	<u>13,231</u>
Total current liabilities	<u>1,398,154</u>	<u>1,332,225</u>
ANNUITY PAYABLE	2,898	3,077
CAPITAL LEASE OBLIGATIONS	<u>8,204</u>	<u>25,532</u>
Total liabilities	<u>1,409,256</u>	<u>1,360,834</u>
NET ASSETS		
Without donor restriction	490,535	806,907
Without donor restriction - Board designated	<u>1,220,586</u>	<u>1,025,855</u>
Total without donor restriction	1,711,121	1,832,762
With donor restriction	<u>1,886,973</u>	<u>1,888,148</u>
Total net assets	<u>3,598,094</u>	<u>3,720,910</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,007,350</u>	<u>\$ 5,081,744</u>

See notes to financial statements.

BSCS SCIENCE LEARNING

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020		Total	2019 Total
	Without Donor Restriction	With Donor Restriction		
SUPPORT AND REVENUE				
Grants from National Science Foundation	\$ 2,511,023		\$ 2,511,023	\$ 3,246,912
Grants and contracts from Foundations	3,238,569	505,216	3,743,785	2,514,087
Other grants and contracts	1,462,097		1,462,097	719,529
Grants from Department of Education	1,382,200		1,382,200	446,715
Other federally funded grants and contracts	265,525		265,525	309,811
Royalties - net	3,811		3,811	45,025
Contributions and other public support	49,931		49,931	19,928
Other income	19,224		19,224	7,059
Sales, net	(98,538)		(98,538)	(15,630)
Net assets released from restrictions –				
Satisfaction of restrictions	506,391	(506,391)		
Total support and revenue	9,340,233	(1,175)	9,339,058	7,293,436
EXPENSES				
Program services:				
Federally funded projects	3,245,881		3,245,881	3,022,292
Foundation funded projects	3,613,770		3,613,770	2,366,345
Other funded projects	1,600,430		1,600,430	462,336
Total program services	8,460,081	—	8,460,081	5,850,973
Supporting services:				
General and administrative	1,990,984		1,990,984	1,920,353
Marketing and development	53,682		53,682	28,186
Total supporting services	2,044,666	—	2,044,666	1,948,539
Total expenses	10,504,747	—	10,504,747	7,799,512
Operating loss	(1,164,514)	(1,175)	(1,165,689)	(506,076)
Investment income - net	341,236		341,236	475,219
Gain on extinguishment of debt	701,637		701,637	
CHANGE IN NET ASSETS	(121,641)	(1,175)	(122,816)	(30,857)
NET ASSETS, Beginning of year	1,832,762	1,888,148	3,720,910	3,751,767
NET ASSETS, End of year	\$ 1,711,121	\$ 1,886,973	\$ 3,598,094	\$ 3,720,910

See notes to financial statements.

BSCS SCIENCE LEARNING

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020							
	Program Services				Support Services			2019 Total
	Federally Funded Projects	Foundation Funded Projects	Other Funded Projects	Total Program Services	General and Administrative	Marketing and Development	Total Expenses	
Salaries, taxes and benefits	\$ 1,995,310	\$ 1,581,393	\$ 1,002,177	\$ 4,578,880	\$ 1,490,886	\$ 31,353	\$ 6,101,119	\$ 4,739,755
Subcontracts	731,197	1,579,841		2,311,038			2,311,038	1,264,090
Contract labor	254,461	703,326	206,176	1,163,963	111,086	20,896	1,295,945	734,113
Materials and supplies	57,995	48,104	306,446	412,545	70,549	889	483,983	551,658
Participant costs	146,624	7,212	13,812	167,648			167,648	165,864
Travel	18,039	30,885	16,711	65,635	28,603		94,238	312,652
Insurance and taxes					62,798		62,798	75,524
Repairs and maintenance		304		304	59,743		60,047	64,945
Postage and shipping	2,598	1,234	46,243	50,075	4,342	2	54,419	64,507
Depreciation expense					51,384		51,384	55,230
Computer services	16,679	4,830	189	21,698	29,062		50,760	81,621
Publication and page	22,849	10,620	8,196	41,665	4,504		46,169	19,065
Bank and merchant account fees	19		480	499	26,362	342	27,203	16,752
Telephone expense					25,979		25,979	27,251
Utilities					18,015		18,015	21,040
Accounting and legal		508		508	13,948		14,456	19,680
Recruitment costs					6,464		6,464	16,768
Interest expense					5,079		5,079	5,353
Computer leasing and software					4,172		4,172	28,058
Change in value of annuity					521		521	542
Miscellaneous	110			110	2,178	200	2,488	4,549
Total expenses	3,245,881	3,968,257	1,600,430	8,814,568	2,015,675	53,682	10,883,925	8,269,017
Less: expenses netted against revenue on statement of activities			(354,487)	(354,487)	(24,691)		(379,178)	(469,505)
Total expenses	<u>\$ 3,245,881</u>	<u>\$ 3,968,257</u>	<u>\$ 1,245,943</u>	<u>\$ 8,460,081</u>	<u>\$ 1,990,984</u>	<u>\$ 53,682</u>	<u>\$ 10,504,747</u>	<u>\$ 7,799,512</u>
Percent of total — 2020	31%	34%	15%	80%	19%	1%	100%	
Comparative totals — 2019	<u>\$ 3,022,292</u>	<u>\$ 2,366,345</u>	<u>\$ 462,336</u>	<u>\$ 5,850,973</u>	<u>\$ 1,920,353</u>	<u>\$ 28,186</u>		<u>\$ 7,799,512</u>
Percent of total — 2019	39%	30%	6%	75%	25%	0%		100%

See notes to financial statements.

BSCS SCIENCE LEARNING

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020 (with comparative totals for 2019)

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	\$ (122,816)	\$ (30,857)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Gain on extinguishment of debt	(701,637)	
Depreciation	51,384	55,230
Contributions and earnings perpetually restricted	(220,057)	(265,677)
Net realized and unrealized gains on long-term investments	(323,380)	(438,857)
Change in operating assets and liabilities:		
Accounts receivable	(153,631)	(531,699)
Inventory	48,130	(120,725)
Prepaid expenses and deposits	(32,188)	6,382
Accounts payable	(23,853)	238,671
Accrued expenses	66,735	398,904
Project advances	(26,898)	162,288
Net cash used in operating activities	<u>(1,438,211)</u>	<u>(526,340)</u>
INVESTING ACTIVITIES		
Purchase of long-term investments	(930,342)	(190,986)
Proceeds from sale of long-term investments	<u>1,156,490</u>	<u>406,758</u>
Net cash provided by investing activities	<u>226,148</u>	<u>215,772</u>
FINANCING ACTIVITIES		
Proceeds from issuance of debt	701,637	
Net change in line of credit	47,632	50,613
Principal payments on capital lease	(15,015)	(12,317)
Contributions and earnings perpetually restricted	220,057	265,677
Change in value of annuity payable	(179)	(158)
Net cash provided by financing activities	<u>954,132</u>	<u>303,815</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(257,931)	(6,753)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,413,042</u>	<u>1,419,795</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,155,111</u>	<u>\$ 1,413,042</u>
NON-CASH TRANSACTIONS		
Cash paid for interest	<u>\$ 5,079</u>	<u>\$ 5,353</u>

See notes to financial statements.

BSCS SCIENCE LEARNING

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BSCS Science Learning (the Organization) 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. The Organization seeks funds to design, develop, support, and evaluate new approaches to science teaching and learning for all grade levels.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management’s discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time.

Cash and Cash Equivalents — Cash and cash equivalents consist of the Organization's checking and money market accounts.

The Organization 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 Organization could suffer a loss to the extent its deposits exceeded the representative bank or brokerage firm's insurance limits.

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 \$132,659 and \$685,349 as of December 31, 2020 and 2019, respectively.

Accounts receivable also includes unconditional grants receivable of \$974,636 and \$302,082 as of December 31, 2020 and 2019, respectively. Unrecorded conditional grants receivable were \$18,290,362 and \$10,795,960 as of December 31, 2020 and 2019, respectively. The Organization 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.

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

Projects in Progress — The Organization 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 \$150,000 and \$176,989 as of December 31, 2020 and 2019, respectively.

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.

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 Organization is only entitled to the gift if it has overcome a barrier (conditional contributions), 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. 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.

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

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 Organization. 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 Organization 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.

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

	2020	2019
Contributions:		
Cost-reimbursement grants for science education	\$ 4,160,047	\$ 3,976,461
Project grants for science education and development	<u>505,216</u>	<u>659,100</u>
Total contributions	\$ <u>4,665,263</u>	\$ <u>4,635,561</u>
Contracts with customers:		
Grants and contracts for science education, training and professional development	<u>4,699,367</u>	<u>2,601,493</u>
Total conditional contributions	\$ <u>9,364,630</u>	\$ <u>7,237,054</u>

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

Grants from National Science Foundation	\$ 2,511,023	\$ 3,246,912
Grants and contracts from Foundations	3,743,785	2,514,087
Other grants and contracts	1,462,097	719,529
Grants from Department of Education	1,382,200	446,715
Other federally funded grants and contracts	<u>265,525</u>	<u>309,811</u>
Total grants and contracts revenue	\$ <u>9,364,630</u>	\$ <u>7,237,054</u>

Gain on Extinguishment of Debt – During 2020 the Company received a loan from a financial institution in the amount of \$701,637 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Prior to year-end, the Company was notified by the Small Business Administration that the full amount of the loan has been forgiven.

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.

Income Taxes — The Organization is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes under Section 501(a). In addition, the Organization qualified for the charitable contribution deduction.

The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

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

Reclassifications — Certain prior year balances and amounts have been reclassified to conform with current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

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

The Organization 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 Organization has two lines of credit which can be used as necessary for liquidity. See Note 6 for information on the lines of credit with a financial institution and a brokerage firm.

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

	2020	2019
Cash and cash equivalents	\$ 1,155,111	\$ 1,413,042
Accounts receivable	1,141,831	988,200
Investments	<u>2,335,523</u>	<u>2,238,291</u>
Total financial assets	\$ <u>4,632,465</u>	\$ <u>4,639,533</u>
Less amounts unavailable for general expenditures within one year, due to:		
Board designated for future operations and programs and quasi-endowment	1,220,586	1,025,855
Restricted by donors with purpose restrictions	<u>1,886,973</u>	<u>1,888,148</u>
Total amounts unavailable for general expenditures within one year	\$ <u>3,107,559</u>	\$ <u>2,914,003</u>
Total financial assets available to management to meet cash needs for general expenditures within one year	\$ <u>1,524,906</u>	\$ <u>1,725,530</u>

3. METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. 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.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020:				
Equity securities:				
Corporate stocks	\$ 1,798,182	\$ 1,798,182		
Mutual funds	382,630	382,630		
Exchange traded funds	<u>154,711</u>	<u>154,711</u>		
Total investments	<u>\$ 2,335,523</u>	<u>\$ 2,335,523</u>	<u>\$ —</u>	<u>\$ —</u>

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2019:				
Equity securities:				
Corporate stocks	\$ 1,551,286	\$ 1,551,286		
Mutual funds	351,495	351,495		
Exchange traded funds	<u>335,510</u>	<u>335,510</u>		
Total investments	<u>\$ 2,238,291</u>	<u>\$ 2,238,291</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income consists of the following for the years ended December 31:

	2020	2019
Interest and dividend income	\$ 42,547	\$ 49,283
Net realized and unrealized gains on investments	323,380	438,857
Investment management and custodial fees	<u>(24,691)</u>	<u>(12,921)</u>
Total	<u>\$ 341,236</u>	<u>\$ 475,219</u>

5. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of December 31:

	2020	2019
Land	\$ 82,300	\$ 82,300
Buildings and improvements	1,254,520	1,254,520
Furniture and equipment	<u>237,681</u>	<u>237,681</u>
	1,574,501	1,574,501
Less accumulated depreciation	<u>1,315,091</u>	<u>1,263,707</u>
Total	<u>\$ 259,410</u>	<u>\$ 310,794</u>

6. LINE OF CREDIT

The Organization 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, 2020 and 2019 was \$98,245 and \$50,613, respectively.

7. ENDOWMENT

The Organization's endowment includes both donor-related endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies based on the Colorado Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result of the Organization'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 Organization's spending objectives of subjecting the fund to low investment risk and providing support for programs.

	Board Designated	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
Appropriation of endowment assets pursuant to spending-rate policy	<u> </u>	<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>
Endowment net assets, January 1, 2020	\$ 198,229	\$ 1,055,292	\$ 1,253,521
Contributions		58,053	58,053
Investment gain	52,866		52,866
Appropriation of endowment assets pursuant to spending-rate policy	<u>(2,089)</u>	<u>(113,345)</u>	<u>(115,434)</u>
Endowment net assets, December 31, 2020	<u>\$ 249,006</u>	<u>\$ 1,000,000</u>	<u>\$ 1,249,006</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No deficiency existed as of December 31, 2020 or 2019.

The Organization 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. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds.

Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Organization 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, the Organization 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). The Organization 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.

8. 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.

	2020	2019
Future operations and programs	\$ 971,580	\$ 827,626
Quasi-endowment	<u>249,006</u>	<u>198,229</u>
Total	<u>\$ 1,220,586</u>	<u>\$ 1,025,855</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Permanently restricted endorsement funds	\$ 1,000,000	\$ 1,055,292
Programs for education and educators	861,541	791,787
SLH memorial fund	25,432	31,737
Equity strategic initiative	<u>9,332</u>	<u>9,332</u>
Total	<u>\$ 1,886,973</u>	<u>\$ 1,888,148</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:

	2020	2019
Programs for education and educators	\$ 435,462	\$ 777,992
Endowment earnings	55,292	
Equity strategic initiative	9,332	18,794
SLH memorial fund	<u>6,305</u>	<u>5,306</u>
Total	<u>\$ 506,391</u>	<u>\$ 802,092</u>

10. CHARITABLE GIFT ANNUITY

In November of 1997, the Organization entered into a charitable gift annuity agreement in the amount of \$10,000. As part of this agreement, the Organization has agreed to pay \$700 per year to the donor's daughter.

As of December 31, 2020 and 2019, the Organization has recorded \$2,898 and \$3,077, respectively as an annuity payable on the statement of financial position.

11. RETIREMENT PLANS

The Organization 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 Organization contributes 8% of regular compensation after one year of employment. For the year ended December 31, 2020 and 2019, contributions to the TIAA-CREF plan were \$262,288 and \$228,687, respectively.

During the year ended December 31, 2003, the Organization 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 Organization does not make any matching contributions to this plan.

12. OPERATING LEASES

The Organization 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 these lease agreements are as follows:

2021	\$	14,207
2022		14,207
2023		<u>1,905</u>
Total	\$	<u>30,319</u>

Rent expense totaled \$17,493 and \$14,297 for the years ended December 31, 2020 and 2019, respectively.

13. CAPITAL LEASE

Equipment under a capital lease consists of HVAC rooftop units with a cost of \$65,603, accumulated depreciation of \$18,224 as of December 31, 2020, with a net value of \$47,379 included in property and equipment as of December 31, 2020. 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:

2021	\$ 15,544
2022	<u>11,658</u>
Total minimum lease payments	27,202
Less amount representing interest	<u>(3,454)</u>
Present value of minimum lease payments	<u>\$ 23,748</u>

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

14. COMMITMENTS AND CONTINGENCIES

Grant Requirements — Both federal and nonfederal grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

The Organization has several accounts at financial institutions with balances that frequently exceed the FDIC insurance limits. The Organization has not experienced any losses in such accounts.

15. CONCENTRATIONS

As of December 31, 2020, the organization received grant revenue from 3 funders that consisted of 27%, 24%, and 11%.

As of December 31, 2020, 58% of the Organization's accounts receivable was due from one organization.

BSCS SCIENCE LEARNING

SUPPLEMENTAL INFORMATION

BSCS SCIENCE LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Agency/Pass-Through Entity and Cluster or Program	CFDA Number	Grant Number	Pass-through Entity ID Number	Amounts Passed to Subrecipients	Amount Expended
RESEARCH AND DEVELOPMENT CLUSTER					
National Institute of Health					
Developing Skills in Health Literacy	93.351	1R25OD020208-01A1		\$ 11,233	\$ 150,393
National Science Foundation					
3-Dimensional Teaching and Learning	47.076	DRL-1502571		\$ 160,051	\$ 268,418
Scientific Data in Schools: Measuring the efficacy of an innovation approach to intergrating quantitative reasoning in secondary science	47.076	DRL-1503005			96,622
Science Teachers Learning from Lesson Analysis (STeLLA); High School Biology	47.076	DRL-1503280			239,839
Collaborative Research: ARguLex-Applying Automated Analysis to a Learning Progression for Argumentation	47.076	DUE-1561150			30,215
Towards a More Human€ Genetics Education: Exploring how Knowledge of Genetic Variation and Causation Affects Racial Bias among Adolescents	47.076	DRL-1660985			113,719
Communities Supporting Teacher Learning: Using Videocase Analysis of Teaching and Learning to Support UndergraduatePreservice Secondary Science Teachers	47.076	DUE-1725389		31,411	382,946
Translating a Video-based Model of Teacher Professional Development to an Online Enviroment	47.076	DRL-1813127		52,281	553,790
Collaborative Research: Extending and Investigating the Impact of the High School Model-Based Educational Resource	47.076	DRL-1813538			207,135
Teaching Students to Reason about Variation and Covariation in Data	47.076	DRL-1920119			96,303
Collaborative Research: Exploring How Undergraduate Learning of Multifactorial Genetics Affects Belief in Genetic Determininism	47.076	DUE-1914843			99,246
Collaborative Research: Improving the Teaching of Geneics in high School to avoid instilling misconceptions about Gender Differences	47.076	DRL-1956152			104,190
Empowering Informal Educators to Prepare Future Generations in Wireless Radio Communications with Mobile Resources	47.076	DRL-2053160			38,125
				243,743	2,230,548
Pass-Through Programs:					
Botanical Society of America:					
Planting Science: Digging Deeper	47.076	DRL-1502892			63,099
Comparing the Efficacy of Collaborative Professional Development Formats for Improving Student Outcomes of a Student-Teacher-Scientist Partnership Program	47.076	DRL-2010556			35,996
				—	99,095

(Continued)

BSCS SCIENCE LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Agency/Pass-Through Entity and Cluster or Program	CFDA Number	Grant Number	Pass-through Entity ID Number	Amounts Passed to Subrecipients	Amount Expended
Cal Poly Pomona Foundation: Math Science Partnership with Cal Poly : RESPeCt Project	47.076	DRL-1321242		\$	16,621
Regents for the University of Colorado- Boulder: Examining an Innovative Approach to Supporting science teachers practice towards 3-Dimensional Learning Goals through adaping classroom assesment tasks	47.076	PTE-1555599	1555599		6,187
Hartnell Community College: ESTEEM Stepping Stones. NSF title Building Capacity: Engaging Stem Transformative Experiences for Early momentum	47.076	DUE-1832446			51,979
Georgia Institute of Technology: AGEP Engineering Alliances: A Model to Advance HI	47.076	PTE-1821298	D8754-S1		27,161
Supporting Participation of Underrepresented Youth in Computing Using Tangible Computational Craft Kits	47.076	DRL-2030880	AWD-001828-G1		945
					<u>28,106</u>
University of Colorado Boulder: Preparing Teachers to Design Tasks to Support, Engage, and Assess Science Learning in Rural Schools	47.076	DRL-2010086	1559232		46,681
Main Mathematics and Science Alliance Locally Adaptable Insructional Materials and Professional Learning Design for Place based Elementary Science	47.076	DRL-2009613			31,806
					<u>280,475</u>
United States Department of Education: Assessing Students Progress on Energy Concept Using Three Dimensional Items	84.305A	GAN R305A180512		\$ 147,841	282,312
Scaling and Sustaining the STeLLA Professional Development Program	84.411B	U411B190029-EIR		306,755	1,099,888
				<u>454,596</u>	<u>1,382,200</u>
National Oceanic and Atmospheric Administration: Connecting Our Youth to Aina Through Investigations of Place	11.473	NA19NOS4730167			42,218
Department of Agriculture National Institute of Food and Agriculture Teacher Learning and Leadership through Agriculture Engineering (TiLLAGE)	10.310	2020-67037-31047		21,625	74,213
TOTAL				<u>\$ 731,197</u>	<u>\$ 4,160,047</u>

BSCS SCIENCE LEARNING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

Notes to Schedule:

1. This schedule includes the federal awards activity of BSCS Science Learning and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. BSCS Science Learning provides some federal awards to subrecipients. Identifying number are presented when applicable.
3. BSCS Science Learning has elected to not use the 10 percent *de minimus* indirect cost rate to charge costs to their federal awards.

(Concluded)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
BSCS Science Learning
Colorado Springs, Colorado

We have audited, in accordance with the 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, the financial statements of BSCS Science Learning (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BSCS Science Learning's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BSCS Science Learning's internal control. Accordingly, we do not express an opinion on the effectiveness of BSCS Science Learning's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether BSCS Science Learning's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stockman Kast Ryan + Co. LLP

June 24, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Directors
BSCS Science Learning
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited BSCS Science Learning's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BSCS Science Learning's major federal programs for the year ended December 31, 2020. BSCS Science Learning's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of BSCS Science Learning's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BSCS Science Learning's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of BSCS Science Learning's compliance.

Opinion on Each Major Federal Program

In our opinion, BSCS Science Learning complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of BSCS Science Learning is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered BSCS Science Learning's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the BSCS Science Learning's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stockman Kast Ryan + Co. LLP

June 24, 2021

BSCS SCIENCE LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS:

FINANCIAL STATEMENTS

1. Type of auditors' report issued:

Unmodified Modified Adverse Disclaimed

2. Internal control over financial reporting:

(A) Material weakness(es) identified? Yes No
 (B) Significant deficiencies identified? Yes None Reported

3. Noncompliance material to the financial statements noted? Yes No

FEDERAL AWARDS

1. Internal control over major programs:

(A) Material weakness(es) identified? Yes No
 (B) Significant deficiencies identified? Yes None Reported

2. Type of auditors' report issued on compliance for major programs:

Unmodified Modified Adverse Disclaimed

3. Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

4. The Organization's major programs were:

CFDA Number	Cluster/Program
47.076	Research & Development Cluster
93.351	Research & Development Cluster
84.411B	Investing in Innovation (i3) Fund

5. Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

6. Auditee qualified as a low-risk auditee under Section 520 of the Uniform Guidance? Yes No

(Continued)

BSCS SCIENCE LEARNING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS:

No matters are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters are reported.

(Concluded)

BSCS SCIENCE LEARNING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters are reported.