

**FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
Round Rock, Texas

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Foundation for Inspiration and Recognition of Science & Technology in Texas
Round Rock, Texas

We have audited the accompanying financial statements of Foundation for Inspiration and Recognition of Science & Technology in Texas (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal 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 of 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 Foundation for Inspiration and Recognition of Science & Technology in Texas as of June 30, 2020, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2022, on our consideration of Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 solely 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 Foundation for Inspiration and Recognition of Science & Technology in Texas 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 Foundation for Inspiration and Recognition of Science & Technology in Texas' internal control over financial reporting and compliance.


Crowe LLP

The Woodlands, Texas
June 23, 2022

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
STATEMENT OF FINANCIAL POSITION
June 30, 2020

ASSETS

Cash and cash equivalents	\$ 1,203,275
Accounts receivable	135,124
Grants receivable	68,024
Prepaid expenses and other assets	4,495
Property and equipment, net	<u>47,341</u>

Total assets \$ 1,458,259

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 95,153
Paycheck Protection Program (PPP) loan	<u>148,907</u>
Total liabilities	244,060

Net assets

Without donor restrictions	1,214,199
With donor restrictions	<u>-</u>
Total net assets	<u>1,214,199</u>

Total liabilities and net assets \$ 1,458,259

See accompanying notes to financial statements.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
STATEMENT OF ACTIVITIES
For the fiscal year ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Support and revenue			
Federal grants	\$ 908,102	\$ -	\$ 908,102
Contributions and corporate grants	118,664	400,954	519,618
Corporate sponsorships	667,634	-	667,634
Other income	12,989	-	12,989
Registration fee revenue	328,486	-	328,486
Net assets released from restrictions	<u>492,024</u>	<u>(492,024)</u>	<u>-</u>
Total support and revenue	2,527,899	(91,070)	2,436,829
 Expenses			
Program services	1,679,956	-	1,679,956
Management and general	196,604	-	196,604
Fundraising	<u>107,408</u>	<u>-</u>	<u>107,408</u>
Total expenses	<u>1,983,968</u>	<u>-</u>	<u>1,983,968</u>
 Change in net assets	543,931	(91,070)	452,861
 Net assets, beginning of fiscal year	<u>670,268</u>	<u>91,070</u>	<u>761,338</u>
 Net assets, end of fiscal year	<u>\$ 1,214,199</u>	<u>\$ -</u>	<u>\$ 1,214,199</u>

See accompanying notes to financial statements.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
For the fiscal year ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Payroll and payroll taxes	\$ 576,330	\$ 134,214	\$ 78,949	\$ 789,493
Consultants and contractors	183,139	25,000	25,000	233,139
Depreciation	9,669	-	-	9,669
Education and outreach	59,834	-	-	59,834
Event expenses	290,252	-	-	290,252
Federal team support	426,538	-	-	426,538
General operating	53,817	7,312	892	62,021
Marketing/communications	14,373	9,693	-	24,066
Printing and supplies	26,839	4,410	-	31,249
Professional fees	-	11,611	-	11,611
Rent	2,184	-	-	2,184
Team grants – corporate	18,242	-	-	18,242
Travel and training	<u>18,739</u>	<u>4,364</u>	<u>2,567</u>	<u>25,670</u>
Totals	<u>\$ 1,679,956</u>	<u>\$ 196,604</u>	<u>\$ 107,408</u>	<u>\$ 1,983,968</u>

See accompanying notes to financial statements.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2020

Cash flows from operating activities	
Changes in net assets	\$ 452,861
Adjustments to reconcile changes in net assets to net cash from activities:	
Depreciation	9,669
Change in operating assets and liabilities:	
Accounts receivable	(31,304)
Grants receivable	40,953
Prepaid expenses and other assets	5,146
Accounts payable and accrued expenses	<u>(90,856)</u>
Net cash from operating activities	386,469
Cash flows from investing activities	
Purchases of property and equipment	<u>(28,422)</u>
Net cash from investing activities	(28,422)
Cash flows from financing activities	
Proceeds from PPP loan, net	<u>148,907</u>
Net cash from financing activities	<u>148,907</u>
Net change in cash and cash equivalents	506,954
Cash and cash equivalents, beginning of fiscal year	<u>696,321</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 1,203,275</u></u>

See accompanying notes to financial statements.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Foundation for Inspiration and Recognition of Science & Technology in Texas (the “Foundation”), a Texas nonprofit corporation, was incorporated May 3, 2010, to build awareness, facilitate events and programs, and coordinate funding, professional development, education, and organization for Texas public and private schools involved with robotics programs offered by United States Foundation for Inspiration and Recognition of Science and Technology (US FIRST®). To differentiate itself more clearly from US FIRST®, the Foundation often refers to itself as FIRST® in Texas.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Basis of Presentation: Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general purposes.

Cash and Cash Equivalents: Cash and cash equivalents include all monies in banks and highly liquid investments with original maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and Equipment: Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. The Foundation’s policy is to capitalize assets acquired for greater than \$2,500 and expense normal repairs and maintenance as incurred. Depreciation is computed over the estimated useful lives using the straight-line method, with half-year convention. The estimated useful lives for these assets are as follows:

<u>Assets</u>	Estimated Useful <u>Lives</u>
Field equipment	5 years
Trailers	5 years

Net Assets Released From Restrictions: When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

(Continued)

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue Recognition: Grant revenues are recognized using the legal and contractual requirements of the Foundation's programs as guidance. Grant revenues that are conditioned upon the Foundation incurring certain qualifying costs are considered to be exchange transactions and, therefore, are recognized as those costs are incurred.

In-kind Contributions: Donated materials, facilities, and services are recorded at their estimated fair values and recorded as revenue in the accounting period in which they are received.

Income Taxes: The Foundation is a nonprofit corporation, is not considered to be a private foundation, under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Consequently, no federal income taxes have been provided for in these financial statements.

The Foundation has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more-likely-than-not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of June 30, 2020, the Foundation has not recognized liabilities for uncertain tax positions or associated interest and penalties.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 those estimates.

Concentration of Credit Risk: Cash and cash equivalents are financial instruments which potentially subject the Foundation to a concentration of credit risk. All funds in a single institution are insured in full by the Federal Deposit Insurance Corporation up to \$250,000. At times, the Foundation maintains deposits in federally insured financial institutions in excess of federally insured limits. Management monitors the credit ratings and concentration of risk with these financial institutions on a continuing basis to safeguard cash deposits.

Functional Allocation of Expense: The costs of providing the program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated based on estimates made by management. Those expenses that are not directly related to program or support services are allocated based on time and effort.

Risks and Uncertainties: During fiscal year 2020, many countries around the world, including the United States of America, were impacted by the coronavirus (the "virus" or COVID-19) outbreak. While the virus is continuing to evolve, its implications could involve interruptions to supply chains, unavailability of personnel, and reductions in program service fees, contributions and sponsorships, and grant assistance, affecting results of operations and cash flows. In addition, the Foundation may be impacted by the broader effects of COVID-19 as a result of the negative impact the virus has had on the global economy and major financial markets. At this time, the Foundation is not aware of any material risk to the financial statements and cannot quantify the extent the virus may have on the Foundation's financial information.

(Continued)

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Recently Issued Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration an organization expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. In June 2020, the FASB issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to defer these two standards. Under the deferral for revenue recognition rules private not-for-profits organizations can apply the standard to fiscal years beginning after December 15, 2019. The Foundation is currently evaluation the potential impact of this standard on its financial statements and related disclosures.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The ASU is effective for a not-for-profit entity for annual periods beginning after June 15, 2021, with early adoption permitted. The Foundation is currently evaluating the potential impact of this standard on its financial statements and related disclosures.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Foundation's financial assets at June 30, 2020:

Financial assets at fiscal year-end	
Cash and cash equivalents	\$ 1,203,275
Accounts receivable	135,124
Grants receivable	<u>68,024</u>
Total financial assets at fiscal year-end	<u>1,406,423</u>
Financial assets available for general expenditures within one year	<u>\$ 1,406,423</u>

The Foundation's goal is to maintain financial assets to meet two months of operating expenses. The Foundation deems restricted funds, if any, for use in subsequent years to be available for general operations.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable include the following at June 30, 2020:

Texas Workforce Commission	<u>\$ 68,024</u>
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FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of following at June 30, 2020:

Field equipment	\$ 52,952
Trailers	<u>7,234</u>
	60,186
Less: accumulated depreciation	<u>(12,845)</u>
Property and equipment, net	<u>\$ 47,341</u>

Depreciation expense for property and equipment was \$9,669 for the fiscal year ended June 30, 2020.

NOTE 5 – PPP LOAN

On April 28, 2020, the Foundation received proceeds from the PPP loan in the amount of \$297,814 from a financial institution (Lender) pursuant to the PPP, a program implemented by the U.S. Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Foundation repaid \$148,907 on the same day. The PPP loan has an interest rate of 0.98% and matures in April 2022.

Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the PPP. The PPP and loan forgiveness are intended to provide economic relief to small businesses and not-for-profits, such as the Foundation, that are adversely impacted under the COVID-19 Emergency Declaration issued on March 13, 2020.

Subsequent to the effective date of the Foundation's PPP loan, the U.S. Treasury and SBA refined its payment deferral guidance whereas payments for PPP loans are to be deferred for at least ten months after the end of the covered period. Additionally, if the loan forgiveness application is submitted within 10 months after the end of the covered period, payments will be further deferred until such loan forgiveness application is processed by the SBA.

In the event the PPP loan, or any portion thereof, is forgiven pursuant to the PPP, the amount forgiven is applied to outstanding principal, and the Foundation would record a gain on extinguishment for the amount forgiven when the Foundation is legally released from being the primary obligor.

There is no assurance that the PPP loan will be forgiven, in whole or in part. Under FASB ASC Topic 470, *Debt*, the PPP loan is reflected as a liability in the financial statements at June 30, 2020.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2020:

For use in subsequent year	<u>\$ -</u>
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(Continued)

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – CONCENTRATION OF SUPPORT AND REVENUE

The Foundation receives the majority of its revenue from one local government grant, comprising approximately 37% of total support and revenue for the fiscal year ended June 30, 2020.

NOTE 8 – SUBSEQUENT EVENTS

In March 2022, the SBA granted full forgiveness of the PPP loan in the amount of \$148,907.

The Foundation has evaluated subsequent events through June 23, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN #	Pass- Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services passed through Texas Workforce Commission Temporary Assistance for Needy Families (TANF)	93.558	2920TAN006	\$ <u>764,816</u>
Total expenditures of federal awards			\$ <u>764,816</u>

See accompanying notes to schedule of expenditures of federal awards.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Foundation for Inspiration and Recognition of Science & Technology in Texas under programs of the federal government for the fiscal year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the OMB Compliance Supplement. Because the Schedule presents only a selected portion of the operations of Foundation for Inspiration and Recognition of Science & Technology in Texas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Foundation for Inspiration and Recognition of Science & Technology in Texas.

NOTE 2 – 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATES

The Foundation for Inspiration and Recognition of Science & Technology in Texas has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of Directors of
Foundation for Inspiration and Recognition of Science & Technology in Texas
Round Rock, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation for Inspiration and Recognition of Science & Technology in Texas (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation for Inspiration and Recognition of Science & Technology in Texas' internal control over financial reporting (internal control) as a basis for designing 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 Foundation for Inspiration and Recognition of Science & Technology in Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Foundation for Inspiration and Recognition of Science & Technology in Texas' financial statements are free of 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 financial statements. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foundation for Inspiration and Recognition of Science & Technology in Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

The Woodlands, Texas
June 23, 2022

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

To the Board of Directors of
Foundation for Inspiration and Recognition of Science & Technology in Texas
Round Rock, Texas

Report on Compliance for Each Major Federal Program

We have audited Foundation for Inspiration and Recognition of Science & Technology in Texas' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Foundation for Inspiration and Recognition of Science & Technology in Texas' major federal programs for the fiscal year ended June 30, 2020. Foundation for Inspiration and Recognition of Science & Technology in Texas' major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 Foundation for Inspiration and Recognition of Science & Technology in Texas' compliance.

(Continued)

Opinion on Each Major Federal Program

In our opinion, Foundation for Inspiration and Recognition of Science & Technology in Texas 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 fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001. Our opinion on each major federal program is not modified with respect to these matters.

Foundation for Inspiration and Recognition of Science & Technology in Texas' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Foundation for Inspiration and Recognition of Science & Technology in Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Foundation for Inspiration and Recognition of Science & Technology in Texas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referenced to above. In planning and performing our audit of compliance, we considered Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 Foundation for Inspiration and Recognition of Science & Technology in Texas' 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001, that we consider to be significant deficiencies.

Foundation for Inspiration and Recognition of Science & Technology in Texas' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Foundation for Inspiration and Recognition of Science & Technology in Texas' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

(Continued)

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

The Woodlands, Texas
June 23, 2022

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?	No

<u>ALN Number</u>	<u>Name of Federal Program or Cluster</u>	
93.558	Temporary Assistance for Needy Families (TANF)	

Dollar threshold used to distinguish between type A and type B federal programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported

(Continued)

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the fiscal year ended June 30, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2020-001 Noncompliance with Allowable Costs

U.S. Department of Health and Human Services

Passed through Texas Workforce Commission

CFDA No. 93.558 - Temporary Assistance for Needy Families

TWC Contract No. 2920TAN006

Criteria: Internal controls should be in place in accordance with Federal award guidelines that provide reasonable assurance that employees who works, in whole or in part, on a federal program or cost objective are added to the payroll only after proper management approval.

Condition: The Organization was unable to provide sufficient payroll documentation for certain employees who were funded by the TANF program. More specifically, certain timesheets did not show evidence of approval by a direct supervisor.

Cause: The Organization experienced turnover and did not have effective policies and procedures in place to ensure supervisory approval on timekeeping records. As a result, the timesheets for certain employees that were charged against the federal program were not being properly approved by a direct supervisor.

Effect: The Organization is not in compliance with federal requirements of costs charged to the TANF program. The costs may be disallowed.

Questioned Costs: Due to insufficient payroll documentation for 9 individuals selected in our testing, certain salary/wages, and related taxes and benefits are considered known questioned costs in the amount of \$18,451.63. We question costs when we find the Organization has not complied with grant regulations or when it does not have adequate documentation to support its expenditures. We must report known questioned costs when likely questioned costs are greater than \$25,000 for a type of compliance requirement for a major program.

Context: We tested 60 transactions charged against the federal program. The test found that 9 employees did not have sufficient payroll documentation. Our sample was a statistically valid sample.

Recommendation: The Organization should implement a process to properly document approval by a direct supervisor before payroll is processed and charges are made against the federal program. The Organization should consult with the grantor to discuss whether the questioned costs identified in the audit should be repaid.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the finding. See corrective action plan.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the fiscal year ended June 30, 2020

There were no prior year findings.

FOUNDATION FOR INSPIRATION AND RECOGNITION OF SCIENCE
& TECHNOLOGY IN TEXAS
CORRECTIVE ACTION PLAN
For the fiscal year ended June 30, 2020



2186 Jackson Keller Rd Suite 2132
San Antonio, Texas 78213

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	<i>We will implement a formal time sheet system that requires a digital signature for both employee and supervisor.</i> <i>This was discovered in May, 2022</i>	July 1, 2022	Jason Arms, CEO Jason.arms@firstintexas.org 512.953.7701