

**MATHCOUNTS Foundation**

Financial Statements  
and Independent Auditor's Report

July 31, 2023 and 2022

**MATHCOUNTS Foundation**

Financial Statements  
July 31, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
MATHCOUNTS Foundation

### *Opinion*

We have audited the accompanying financial statements of MATHCOUNTS Foundation (“the Foundation”), which comprise the statements of financial position as of July 31, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of July 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 2 of the financial statements, the Foundation adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Financial Assets*. The Foundation has implemented ASU 2020-07, and has adjusted the presentation in the financial statements accordingly. The ASU has been applied retrospectively to all periods presented, and the implementation had no impact on previously reported net assets. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia  
March 15, 2024

## MATHCOUNTS Foundation

### Statements of Financial Position July 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 1,793,391	\$ 1,931,840
Accounts receivable	7,398	5,395
Contributions and grants receivable, net	843,856	1,252,920
Investments, scholarships payable, short-term	98,813	128,625
Investments, other	2,871,702	2,655,453
Prepaid expenses and other current assets	<u>37,757</u>	<u>35,218</u>
Total current assets	5,652,917	6,009,451
Investments, scholarships payable, long-term	367,916	361,654
Property and equipment, net	<u>136,756</u>	<u>192,392</u>
Total assets	<u>\$ 6,157,589</u>	<u>\$ 6,563,497</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 88,197	\$ 100,810
Due to National Society of Professional Engineers	6,452	12,542
Scholarships payable, short-term	98,813	128,625
Deferred revenue	25,087	27,742
State custodials	<u>106,300</u>	<u>122,195</u>
Total current liabilities	324,849	391,914
Scholarships payable, long-term, net	<u>367,916</u>	<u>361,654</u>
Total liabilities	<u>692,765</u>	<u>753,568</u>
<b>Net Assets</b>		
Without donor restrictions	4,237,824	3,933,739
With donor restrictions	<u>1,227,000</u>	<u>1,876,190</u>
Total net assets	<u>5,464,824</u>	<u>5,809,929</u>
Total liabilities and net assets	<u>\$ 6,157,589</u>	<u>\$ 6,563,497</u>

See accompanying notes.

## MATHCOUNTS Foundation

Statement of Activities  
For the Year Ended July 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions and grants	\$ 1,176,187	\$ 250,810	\$ 1,426,997
In-kind contributions	177,467	-	177,467
School registration fees	899,197	-	899,197
Coaching materials revenue	127,224	-	127,224
National competition revenue	38,407	-	38,407
Sale of trophies and promotional items	23,712	-	23,712
Investment return, net	197,454	-	197,454
Released from restrictions	900,000	(900,000)	-
	<b>3,539,648</b>	<b>(649,190)</b>	<b>2,890,458</b>
<b>Total revenue and support</b>			
	<b>3,539,648</b>	<b>(649,190)</b>	<b>2,890,458</b>
<b>Expenses</b>			
Program services:			
Competition Series	1,976,049	-	1,976,049
The National Math Club	251,827	-	251,827
College and outreach programs	329,823	-	329,823
Math Video Challenge	179,059	-	179,059
School recruitment	72,488	-	72,488
Production of coaching materials	39,630	-	39,630
	<b>2,848,876</b>	<b>-</b>	<b>2,848,876</b>
<b>Total program services</b>			
	<b>2,848,876</b>	<b>-</b>	<b>2,848,876</b>
Supporting services:			
General and administration	208,881	-	208,881
Fundraising	177,806	-	177,806
	<b>386,687</b>	<b>-</b>	<b>386,687</b>
<b>Total supporting services</b>			
	<b>386,687</b>	<b>-</b>	<b>386,687</b>
<b>Total expenses</b>			
	<b>3,235,563</b>	<b>-</b>	<b>3,235,563</b>
<b>Change in Net Assets</b>	<b>304,085</b>	<b>(649,190)</b>	<b>(345,105)</b>
<b>Net Assets, beginning of year</b>	<b>3,933,739</b>	<b>1,876,190</b>	<b>5,809,929</b>
<b>Net Assets, end of year</b>	<b>\$ 4,237,824</b>	<b>\$ 1,227,000</b>	<b>\$ 5,464,824</b>

See accompanying notes.

## MATHCOUNTS Foundation

Statement of Activities  
For the Year Ended July 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>			
Contributions and grants	\$ 915,904	\$ 1,876,190	\$ 2,792,094
In-kind contributions	180,347	-	180,347
School registration fees	840,740	-	840,740
Coaching materials revenue	109,444	-	109,444
National competition revenue	39,597	-	39,597
Sale of trophies and promotional items	11,733	-	11,733
Other income	3,118	-	3,118
Investment return, net	(264,315)	-	(264,315)
Released from restrictions	900,000	(900,000)	-
<b>Total revenue and support</b>	<b>2,736,568</b>	<b>976,190</b>	<b>3,712,758</b>
<b>Expenses</b>			
Program services:			
Competition Series	1,820,031	-	1,820,031
The National Math Club	245,551	-	245,551
College and outreach programs	360,073	-	360,073
Math Video Challenge	171,575	-	171,575
School recruitment	59,141	-	59,141
Production of coaching materials	52,250	-	52,250
<b>Total program services</b>	<b>2,708,621</b>	<b>-</b>	<b>2,708,621</b>
Supporting services:			
General and administration	198,367	-	198,367
Fundraising	171,837	-	171,837
<b>Total supporting services</b>	<b>370,204</b>	<b>-</b>	<b>370,204</b>
<b>Total expenses</b>	<b>3,078,825</b>	<b>-</b>	<b>3,078,825</b>
<b>Change in Net Assets</b>	<b>(342,257)</b>	<b>976,190</b>	<b>633,933</b>
<b>Net Assets, beginning of year</b>	<b>4,275,996</b>	<b>900,000</b>	<b>5,175,996</b>
<b>Net Assets, end of year</b>	<b>\$ 3,933,739</b>	<b>\$ 1,876,190</b>	<b>\$ 5,809,929</b>

See accompanying notes.



**MATHCOUNTS Foundation**

Statement of Functional Expenses  
For the Year Ended July 31, 2023

	Program Services						Supporting Services				Total
	Competition Series	The National Math Club	College and Outreach Programs	Math Video Challenge	School Recruitment	Production of Coaching Materials	Total Program Services	General and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 485,443	\$ 118,664	\$ 194,177	\$ 86,301	\$ 21,575	\$ 10,788	\$ 916,948	\$ 43,150	\$ 118,664	\$ 161,814	\$ 1,078,762
Employee benefits and payroll taxes	119,324	29,168	47,730	21,213	5,303	2,652	225,390	10,607	29,168	39,775	265,165
Professional fees	-	-	-	-	-	-	-	46,681	-	46,681	46,681
Consulting	86,205	10,385	13,685	8,971	8,605	11,278	139,129	25,609	5,185	30,794	169,923
Advertising and promotion	11,536	10,700	-	-	6,845	-	29,081	-	-	-	29,081
Credit card and bank fees	23,805	-	-	-	-	1,481	25,286	2,563	4,213	6,776	32,062
Telecommunications	8,633	410	10,250	7,341	7,200	-	33,834	25,476	-	25,476	59,310
Reimbursements	239,107	-	-	-	-	-	239,107	-	-	-	239,107
Meeting expenses	26,267	-	52	-	-	-	26,319	691	-	691	27,010
Awards and scholarships	120,920	18,995	18,999	7,550	500	-	166,964	1,204	-	1,204	168,168
Office rent	74,070	18,106	29,628	13,168	3,292	1,646	139,910	8,084	18,106	26,190	166,100
Postage and shipping	117,054	26,392	1,005	829	5,023	689	150,992	3,095	566	3,661	154,653
Printing and publishing	75,360	3,725	-	847	2,991	11,096	94,019	1,569	165	1,734	95,753
Books and staff development	-	-	-	-	-	-	-	11,618	1,739	13,357	13,357
Travel	16,028	-	6,734	-	2,669	-	25,431	465	-	465	25,896
National competition participant costs	420,339	4,991	-	22,548	-	-	447,878	-	-	-	447,878
Audio visual	128,688	-	-	-	-	-	128,688	-	-	-	128,688
Depreciation and amortization	23,270	10,291	7,563	10,291	8,485	-	59,900	18,394	-	18,394	78,294
Other	-	-	-	-	-	-	-	9,675	-	9,675	9,675
<b>Total Expenses</b>	<b>\$ 1,976,049</b>	<b>\$ 251,827</b>	<b>\$ 329,823</b>	<b>\$ 179,059</b>	<b>\$ 72,488</b>	<b>\$ 39,630</b>	<b>\$ 2,848,876</b>	<b>\$ 208,881</b>	<b>\$ 177,806</b>	<b>\$ 386,687</b>	<b>\$ 3,235,563</b>

See accompanying notes.

**MATHCOUNTS Foundation**

Statement of Functional Expenses  
For the Year Ended July 31, 2022

	Program Services						Supporting Services				Total
	Competition Series	The National Math Club	College and Outreach Programs	Math Video Challenge	School Recruitment	Production of Coaching Materials	Total Program Services	General and Administration	Fundraising	Total Supporting Services	
Salaries	\$ 480,006	\$ 117,335	\$ 192,002	\$ 85,334	\$ 21,334	\$ 10,667	\$ 906,678	\$ 42,667	\$ 117,335	\$ 160,002	\$ 1,066,680
Employee benefits and payroll taxes	119,951	29,321	47,980	21,325	5,331	2,666	226,574	10,662	29,321	39,983	266,557
Professional fees	-	-	-	-	-	-	-	42,751	-	42,751	42,751
Consulting	62,834	5,401	18,082	5,264	5,213	10,701	107,495	8,794	-	8,794	116,289
Advertising and promotion	5,708	9,650	23,914	-	2,284	-	41,556	-	-	-	41,556
Credit card and bank fees	22,656	-	-	-	-	1,603	24,259	2,503	4,312	6,815	31,074
Telecommunications	3,155	181	20,906	8,079	600	-	32,921	30,902	-	30,902	63,823
Reimbursements	179,180	-	-	-	-	-	179,180	-	-	-	179,180
Meeting expenses	146	-	-	-	-	-	146	13,236	-	13,236	13,382
Awards and scholarships	149,736	18,315	18,943	7,034	-	-	194,028	599	-	599	194,627
Office rent	73,405	17,943	29,362	13,050	3,262	1,631	138,653	8,475	17,943	26,418	165,071
Postage and shipping	98,946	32,444	618	7,484	4,854	844	145,190	4,367	431	4,798	149,988
Printing and publishing	44,372	6,565	274	3,236	6,364	24,138	84,949	2,118	94	2,212	87,161
Books and staff development	195	195	6	195	-	-	591	7,741	2,150	9,891	10,482
Travel	8,592	-	135	-	1,819	-	10,546	-	69	69	10,615
National competition participant costs	430,168	-	-	12,448	-	-	442,616	-	-	-	442,616
Audio visual	124,517	-	-	-	-	-	124,517	-	-	-	124,517
Depreciation and amortization	15,598	8,035	7,563	8,035	8,035	-	47,266	18,192	-	18,192	65,458
Other	866	166	288	91	45	-	1,456	5,360	182	5,542	6,998
<b>Total Expenses</b>	<b>\$ 1,820,031</b>	<b>\$ 245,551</b>	<b>\$ 360,073</b>	<b>\$ 171,575</b>	<b>\$ 59,141</b>	<b>\$ 52,250</b>	<b>\$ 2,708,621</b>	<b>\$ 198,367</b>	<b>\$ 171,837</b>	<b>\$ 370,204</b>	<b>\$ 3,078,825</b>

See accompanying notes.

## MATHCOUNTS Foundation

### Statements of Cash Flows For the Years Ended July 31, 2023 and 2022

	2023	2022
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (345,105)	\$ 633,933
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in discount to net present value	(23,810)	23,810
Realized and unrealized (gain) loss on investments	(128,622)	323,011
Depreciation and amortization	78,294	65,458
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(2,003)	1,984
Contributions and grants receivable	432,874	(1,071,873)
Prepaid expenses and other current assets	(2,539)	1,981
Increase (decrease) in:		
Accounts payable and accrued expenses	(12,613)	(54,667)
Due to National Society of Professional Engineers	(6,090)	9,920
Scholarships payable	(23,550)	3,903
Deferred revenue	(2,655)	11,536
State custodials	(15,895)	19,216
	(51,714)	(31,788)
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(22,658)	(32,079)
Purchases of investments	(587,813)	(172,442)
Proceeds from sales of investments	523,736	115,000
	(86,735)	(89,521)
<b>Net cash used in investing activities</b>	(86,735)	(89,521)
<b>Net Decrease in Cash</b>	(138,449)	(121,309)
<b>Cash, beginning of year</b>	1,931,840	2,053,149
<b>Cash, end of year</b>	\$ 1,793,391	\$ 1,931,840

*See accompanying notes.*

# MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

## 1. Nature of Operations

The MATHCOUNTS Foundation (“the Foundation”) originally operated as a joint program between the National Society of Professional Engineers (NSPE), CNA Foundation (CNA), and the National Council of Teachers of Mathematics (NCTM) from its inception in 1983 until its incorporation.

The Foundation sponsors the three signature MATHCOUNTS programs through the support of many organizations and individuals. The Foundation is a 501(c)(3) nonprofit organization that strives to engage middle school students of all ability and interest levels in fun, challenging math programs, in order to expand their academic and professional opportunities.

## 2. Summary of Significant Accounting Policies

### Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Accounts Receivable

Accounts receivable are recorded at net realizable value and represent amounts due from registration fees from the MATHCOUNTS Competition Series. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts receivable. The Foundation did not record an allowance for uncollectible accounts as of July 31, 2023 and 2022.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 2. Summary of Significant Accounting Policies (continued)

#### Contributions and Grants Receivable

Contributions and grants receivable represent unconditional amounts committed to the Foundation, and are reflected at their net realizable value. Contributions and grants receivable due in more than one year are discounted to present value based on management's estimate of the risk-adjusted rate of return. No allowance for doubtful accounts is recorded, as management believes that all receivables are fully collectible.

#### Investments

Investments are recorded at fair value based on quoted market prices. Net investment return is reported in the accompanying statements of activities, and consists of interest and dividend income, realized and unrealized gains and losses, and investment management fees.

#### Property and Equipment

Property and equipment acquisitions in excess of \$1,000 with a useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed as incurred.

#### Revenue Recognition

##### *Revenue Accounted for in Accordance with Contribution Accounting*

The Foundation recognizes contributions and grants when cash, securities, or other assets, or an unconditional promise to give, is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### *Revenue Accounted for as Contracts with Customers*

Revenue is recognized when the Foundation satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Foundation expects to receive in exchange for satisfying distinct performance obligations. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

School registration fees are recognized as revenue and support in the period in which the MATHCOUNTS Competition Series is held. Accordingly, registration fees paid in advance are recorded as deferred revenue in the accompanying statements of financial position.

Coaching materials and sales of trophies and promotional items are recognized as revenue when the goods are transferred and services are provided. Accordingly, amounts received in advance are recorded as deferred revenue in the accompanying statements of financial position.

National competition revenue is recognized when the event is held and services are provided.

#### In-Kind Contributions

The Foundation receives donated facilities for the use of office space from NSPE. The fair value of the use of donated facilities totaled \$118,971 and \$115,787 for the years ended July 31, 2023 and 2022, respectively, and is included in in-kind contributions in the accompanying statements of activities.

The Foundation also receives donated goods and donated services in the form of calculators and advertising services. These items are valued using comparable market rates and are included in in-kind contributions in the accompanying statements of activities in the amount of \$58,496 and \$64,560 for the years ended July 31, 2023 and 2022, respectively.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 2. Summary of Significant Accounting Policies (continued)

#### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Adopted Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to increase transparency of contributed nonfinancial assets for nonprofit entities through enhancements in presentation and disclosure requirements. Nonprofit entities are required to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial contributions. Nonprofit entities are also required to disclose various information related to contributed nonfinancial assets. The Foundation has implemented ASU 2020-07, and has adjusted the presentation in the financial statements accordingly. The ASU has been applied retrospectively to all periods presented, and the implementation had no impact on previously reported net assets.

#### Recently Issued Accounting Pronouncement

In 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable, and held-to-maturity debt securities. The ASU mandates the current expected credit loss (CECL) model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions), but also the “reasonable and supportable” forecasts that affect collectability of the reported amount. This guidance is effective for the Foundation beginning in fiscal year 2024. Management is evaluating the potential impact of this update on the Foundation’s financial statements.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 2. Summary of Significant Accounting Policies (continued)

#### 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 that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through March 15, 2024, the date the financial statements were available to be issued.

### 3. Liquidity and Availability

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following at July 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,793,391	\$ 1,931,840
Accounts receivable	7,398	5,395
Contributions and grants receivable, net	843,856	1,252,920
Investments, other	2,871,702	2,655,453
Less: restricted by donors with purpose or time restrictions	<u>(1,227,000)</u>	<u>(1,876,190)</u>
Total available for general expenditures	<u>\$ 4,289,347</u>	<u>\$ 3,969,418</u>



## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 4. Concentrations of Risk

#### Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

#### Revenue Risk

For the year ended July 31, 2023, \$734,051 of the Foundation's revenue was generated from two donors, which is approximately 25% of the Foundation's total revenue and support for the year. For the year ended July 31, 2022, \$1,500,000 of the Foundation's revenue was generated from one donor, which is approximately 40% of the Foundation's total revenue and support for the year.

### 5. Investments and Fair Value Measurements

The Foundation follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 5. Investments and Fair Value Measurements (continued)

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at July 31, 2023:

	Level 1	Level 2	Level 3	Total
Exchange-traded funds:				
Mid cap blend	\$ 73,118	\$ -	\$ -	\$ 73,118
Mutual funds:				
Intermediate term bonds	972,879	-	-	972,879
Large blend	894,423	-	-	894,423
Mid cap growth	74,957	-	-	74,957
Small cap value	76,007	-	-	76,007
Small cap growth	71,271	-	-	71,271
Foreign large value	211,191	-	-	211,191
Foreign large growth	197,450	-	-	197,450
World allocation	134,919	-	-	134,919
Emerging markets	87,841	-	-	87,841
Short-term investments	544,375	-	-	544,375
Total investments	\$ 3,338,431	\$ -	\$ -	\$ 3,338,431

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 5. Investments and Fair Value Measurements (continued)

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at July 31, 2022:

	Level 1	Level 2	Level 3	Total
Exchange-traded funds:				
Mid cap blend	\$ 68,048	\$ -	\$ -	\$ 68,048
Mutual funds:				
Intermediate term bonds	1,042,669	-	-	1,042,669
Large blend	802,106	-	-	802,106
Mid cap growth	67,125	-	-	67,125
Small cap value	68,306	-	-	68,306
Small cap growth	64,015	-	-	64,015
Foreign large value	175,781	-	-	175,781
Foreign large growth	176,139	-	-	176,139
World allocation	84,982	-	-	84,982
Emerging markets	73,156	-	-	73,156
Short-term investments	523,405	-	-	523,405
Total investments	\$ 3,145,732	\$ -	\$ -	\$ 3,145,732

Net investment return consists of the following for the years ended July 31:

	2023	2022
Interest and dividends	\$ 91,384	\$ 84,645
Realized and unrealized gain (loss)	128,622	(323,011)
Less: investment management fees	(22,552)	(25,949)
Total investment return, net	\$ 197,454	\$ (264,315)

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 6. Contributions and Grants Receivable

Contributions and grants receivable consist of the following at July 31:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 843,856	\$ 776,730
Receivable in one to five years	<u>-</u>	<u>500,000</u>
Total contributions and grants receivable	843,856	1,276,730
Less: present value discount (5%)	<u>-</u>	<u>(23,810)</u>
Contributions and grants receivable, net	<u>\$ 843,856</u>	<u>\$ 1,252,920</u>

### 7. Property and Equipment

Property and equipment consists of the following at July 31:

	<u>2023</u>	<u>2022</u>
Computers and software	\$ 708,398	\$ 685,740
Leasehold improvements	<u>146,614</u>	<u>146,614</u>
Total property and equipment	855,012	832,354
Less: accumulated depreciation and amortization	<u>(718,256)</u>	<u>(639,962)</u>
Property and equipment, net	<u>\$ 136,756</u>	<u>\$ 192,392</u>

### 8. Related Party Transactions

NSPE and other contributors jointly sponsor the MATHCOUNTS program. However, none of the sponsors have a controlling financial interest in the Foundation. Amounts due to NSPE arise from expenses paid by NSPE on behalf of the Foundation, for which NSPE has not received reimbursement. As of July 31, 2023 and 2022, the Foundation owed NSPE \$6,452 and \$15,542, respectively, for unreimbursed expenses.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 8. Related Party Transactions (continued)

The Foundation also receives donated facilities for the use of office space from NSPE. The fair value of the use of donated facilities totaled \$118,971 and \$115,787 for the years ended July 31, 2023 and 2022, respectively, and is included in in-kind contributions in the accompanying statements of activities.

### 9. Scholarships Payable

In 1988, the Foundation's Board of Directors voted to award college scholarships to the top three finalists in the national competition each year. The first such scholarship was awarded at the May 1989 national competition. In recent years, the Board of Directors has expanded the list of scholarships awarded to include the national champion, runner-up, and semi-finalists of the countdown round; the top scoring team; the two highest scoring individuals in the written competition; the winning team of the Math Video Challenge; and an alumni scholarship winner.

Except for the alumni scholarship, which is a one-time payment, the scholarships are payable ratably over the first four years of the students' college education. Since the national competition winners are middle school students, the first installment of the scholarship is normally payable four years after the scholarship is awarded.

The following is a schedule of future payments for scholarships awarded as of July 31:

2024	\$	98,814
2025		52,313
2026		155,063
2027		85,125
2028		47,563
Thereafter		<u>93,313</u>
Total		532,191
Less: present-value discount (5%)		<u>(65,462)</u>
Net present value of scholarships payable	\$	<u><u>466,729</u></u>

The discount rate used on long-term scholarships was 5% at July 31, 2023, which is based on various factors including the projected rate of return and market inflation.

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 10. State Custodials

The Foundation receives contributions for use in support of state competitions. The donors require that these contributions be used to reimburse the state societies for costs they have incurred in support of state competitions.

	<u>State Custodials</u>
Balance, July 31, 2021	\$ 102,979
Cash receipts	48,173
Paid to states	<u>(28,957)</u>
Balance, July 31, 2022	122,195
Cash receipts	42,150
Paid to states	<u>(58,045)</u>
Balance, July 31, 2023	<u><u>\$ 106,300</u></u>

### 11. Deferred Revenue

Deferred revenue consists of the following at July 31:

	<u>2023</u>	<u>2022</u>
Deferred subscription fees	\$ 24,747	\$ 27,742
Deferred school registration fees	<u>340</u>	<u>-</u>
Total deferred revenue	<u><u>\$ 25,087</u></u>	<u><u>\$ 27,742</u></u>

## MATHCOUNTS Foundation

Notes to Financial Statements  
July 31, 2023 and 2022

### 12. Net Assets With Donor Restrictions

Net assets with donor restrictions are comprised of the following grants restricted for use in future periods at July 31:

	<u>2023</u>	<u>2022</u>
Raytheon Technologies	\$ 1,000,000	\$ 1,476,190
3M	200,000	100,000
CNA Insurance	25,000	-
BAE Systems	2,000	-
Northrup Grumman Foundation	-	300,000
	<u>                    </u>	<u>                    </u>
Total net assets with donor restrictions	<u>\$ 1,227,000</u>	<u>\$ 1,876,190</u>

### 13. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, employee benefits and payroll taxes, office rent, and depreciation and amortization, which are allocated on the basis of estimates of time and effort.

### 14. Service Organization

The Foundation contracts with Insperity PEO Services, L.P. (“Insperity”) as their professional employer organization. As such, Insperity is the employer of record for tax, benefits, and insurance purposes for the Foundation’s employees. This co-employment relationship allows the Foundation to maintain direct control of the day-to-day activities of employees, while Insperity assumes the administrative functions of human resources and absorbs many employer-related liabilities. For the years ended July 31, 2023 and 2022, \$1,343,926 and \$1,333,237, respectively, was incurred under this agreement.

### 15. Income Taxes

The Foundation is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. For the years ended July 31, 2023 and 2022, there was no unrelated business income and, accordingly, no federal or state income taxes have been recorded. Management has evaluated the Foundation’s tax positions and concluded that the Foundation’s financial statements do not include any uncertain tax positions.