

MATHCOUNTS Foundation

Financial Statements
and Independent Auditor's Report

July 31, 2024 and 2023

MATHCOUNTS Foundation

Financial Statements
July 31, 2024 and 2023

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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, 2024 and 2023; 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, 2024 and 2023, 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.

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.

Responsibilities of Management for the Financial Statements (continued)

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

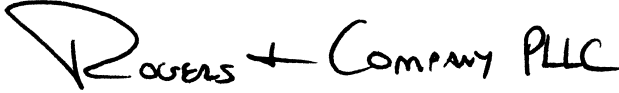
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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.
- 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.

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

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
February 7, 2025

MATHCOUNTS Foundation

Statements of Financial Position July 31, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 2,023,640	\$ 1,793,391
Accounts receivable	-	7,058
Contributions and grants receivable	510,334	843,856
Investments – scholarships payable, short-term	95,750	98,813
Investments – other	3,188,090	2,871,702
Prepaid expenses	55,984	37,757
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Total current assets	5,873,798	5,652,577
Investments – scholarships payable, long-term	378,983	367,916
Property and equipment, net	70,565	136,756
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Total assets	\$ 6,323,346	\$ 6,157,249
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	\$ 98,510	\$ 88,197
Due to National Society of Professional Engineers	-	6,452
Scholarships payable, short-term	95,750	98,813
Deferred subscription fees	23,149	24,747
State custodials	119,234	106,300
	<hr/>	<hr/>
Total current liabilities	336,643	324,509
Scholarships payable, long-term, net	378,983	367,916
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Total liabilities	715,626	692,425
	<hr/>	<hr/>
Net Assets		
Without donor restrictions	4,807,720	4,237,824
With donor restrictions	800,000	1,227,000
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Total net assets	5,607,720	5,464,824
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Total liabilities and net assets	\$ 6,323,346	\$ 6,157,249
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See accompanying notes.

MATHCOUNTS Foundation

Statement of Activities
For the Year Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,396,118	\$ 530,000	\$ 1,926,118
School registration fees	877,039	-	877,039
In-kind contributions	160,993	-	160,993
Coaching materials revenue	128,454	-	128,454
National competition revenue	43,905	-	43,905
Sale of trophies and promotional items	17,366	-	17,366
Other income	7,065	-	7,065
Investment return, net	332,666	-	332,666
Released from restrictions	957,000	(957,000)	-
Total revenue and support	3,920,606	(427,000)	3,493,606
Expenses			
Program services:			
Competition Series	2,123,715	-	2,123,715
The National Math Club	314,809	-	314,809
College and outreach programs	444,391	-	444,391
School recruitment	59,710	-	59,710
Production of coaching materials	42,105	-	42,105
Total program services	2,984,730	-	2,984,730
Supporting services:			
General and administration	210,617	-	210,617
Fundraising	155,363	-	155,363
Total supporting services	365,980	-	365,980
Total expenses	3,350,710	-	3,350,710
Change in Net Assets	569,896	(427,000)	142,896
Net Assets, beginning of year	4,237,824	1,227,000	5,464,824
Net Assets, end of year	\$ 4,807,720	\$ 800,000	\$ 5,607,720

See accompanying notes.

MATHCOUNTS Foundation

Statement of Activities
For the Year Ended July 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,176,187	\$ 250,810	\$ 1,426,997
School registration fees	855,552	-	855,552
In-kind contributions	177,467	-	177,467
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)	-
Total revenue and support	3,496,003	(649,190)	2,846,813
Expenses			
Program services:			
Competition Series	1,932,404	-	1,932,404
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
Total program services	2,805,231	-	2,805,231
Supporting services:			
General and administration	208,881	-	208,881
Fundraising	177,806	-	177,806
Total supporting services	386,687	-	386,687
Total expenses	3,191,918	-	3,191,918
Change in Net Assets	304,085	(649,190)	(345,105)
Net Assets, beginning of year	3,933,739	1,876,190	5,809,929
Net Assets, end of year	\$ 4,237,824	\$ 1,227,000	\$ 5,464,824

See accompanying notes.

MATHCOUNTS Foundation

Statement of Functional Expenses
For the Year Ended July 31, 2024

	Program Services					Supporting Services				
	Competition Series	The National Math Club	College and Outreach Programs	School Recruitment	Production of Coaching Materials	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total
Salaries	\$ 623,237	\$ 157,383	\$ 289,585	\$ 25,181	\$ 12,591	\$ 1,107,977	\$ 50,363	\$ 100,725	\$ 151,088	\$ 1,259,065
Employee benefits and payroll taxes	158,525	40,032	73,658	6,405	3,203	281,823	12,810	25,620	38,430	320,253
Professional fees	-	-	-	-	-	-	46,225	-	46,225	46,225
Consulting	83,176	10,105	5,200	5,200	11,381	115,062	13,461	24	13,485	128,547
Advertising and promotion	4,780	9,100	-	3,378	-	17,258	-	-	-	17,258
Credit card and bank fees	24,892	-	-	-	1,721	26,613	1,361	11,015	12,376	38,989
Telecommunications	26,004	8,041	-	4,800	-	38,845	25,587	-	25,587	64,432
Reimbursements	161,815	-	-	-	-	161,815	-	-	-	161,815
Meeting expenses	33,895	-	834	-	-	34,729	459	-	459	35,188
Awards and scholarships	124,843	20,247	17,102	250	-	162,442	474	-	474	162,916
Office rent and parking	83,066	20,976	38,596	3,356	1,678	147,672	6,712	13,425	20,137	167,809
Postage and shipping	101,525	24,002	1,425	-	545	127,497	723	174	897	128,394
Printing and publishing	64,572	10,619	421	-	10,986	86,598	2,301	171	2,472	89,070
Books and staff development	-	-	-	-	-	-	15,583	2,658	18,241	18,241
Travel	18,033	-	7,650	147	-	25,830	1,022	1,551	2,573	28,403
National competition participant costs	461,202	-	-	-	-	461,202	-	-	-	461,202
Audio visual	125,715	-	-	-	-	125,715	-	-	-	125,715
Depreciation and amortization	28,435	14,304	9,920	10,993	-	63,652	20,170	-	20,170	83,822
Bad debt expense	-	-	-	-	-	-	6,548	-	6,548	6,548
Other	-	-	-	-	-	-	6,818	-	6,818	6,818
Total Expenses	\$ 2,123,715	\$ 314,809	\$ 444,391	\$ 59,710	\$ 42,105	\$ 2,984,730	\$ 210,617	\$ 155,363	\$ 365,980	\$ 3,350,710

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	195,462	-	-	-	-	-	195,462	-	-	-	195,462
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 and parking	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
Total Expenses	\$ 1,932,404	\$ 251,827	\$ 329,823	\$ 179,059	\$ 72,488	\$ 39,630	\$ 2,805,231	\$ 208,881	\$ 177,806	\$ 386,687	\$ 3,191,918

See accompanying notes.

MATHCOUNTS Foundation

Statements of Cash Flows For the Years Ended July 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 142,896	\$ (345,105)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in discount to net present value	-	(23,810)
Realized and unrealized gain on investments	(235,507)	(128,622)
Depreciation and amortization	83,822	78,294
Change in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	7,058	(2,003)
Contributions and grants receivable	333,522	432,874
Prepaid expenses	(18,227)	(2,539)
Increase (decrease) in:		
Accounts payable and accrued expenses	10,313	(12,613)
Due to National Society of		
Professional Engineers	(6,452)	(6,090)
Scholarships payable	8,004	(23,550)
Deferred subscription fees	(1,598)	(2,655)
State custodials	12,934	(15,895)
	336,765	(51,714)
Net cash provided by (used in) operating activities		
Cash Flows from Investing Activities		
Purchases of property and equipment	(17,631)	(22,658)
Purchases of investments	(1,811,430)	(587,813)
Proceeds from sales of investments	1,722,545	523,736
	(106,516)	(86,735)
Net cash used in investing activities		
Net Increase (Decrease) in Cash	230,249	(138,449)
Cash, beginning of year	1,793,391	1,931,840
Cash, end of year	\$ 2,023,640	\$ 1,793,391

See accompanying notes.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

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 two 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 in less than one year. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable (continued)

Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the changes occurs. However, the Foundation has historically had insignificant write-offs due to credit losses. There was no allowance for credit losses at both July 31, 2024 and 2023.

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. All amounts are expected to be collected within one year at both July 31, 2024 and 2023.

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, 2024 and 2023

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.

Specifically, for the various types of contracts, the Foundation recognizes revenue as follows:

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 value of contributions that enhance a nonfinancial asset, which are considered specialized and can be estimated, and would have been purchased if not donated, are reflected in the accompanying statements of activities as in-kind contributions. In-kind contributions consist of donated facilities and goods that benefit both program and supporting services. In-kind contributions are recognized as revenue and expense in the accompanying statements of activities at their estimated fair value, as provided by the donor, at the date of receipt, or calculated fair value of use of property in the period the property is used.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions (continued)

The Foundation receives donated facilities for the use of office space from NSPE. The fair value of the use of donated facilities totaled \$122,243 and \$118,971 for the years ended July 31, 2024 and 2023, respectively. 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 in the amount of \$38,750 and \$58,496 for the years ended July 31, 2024 and 2023, respectively.

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.

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.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through February 7, 2025, the date the financial statements were available to be issued.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

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:

	2024	2023
Cash	\$ 2,023,640	\$ 1,793,391
Accounts receivable	-	7,058
Contributions and grants receivable	510,334	843,856
Investments – other	3,188,090	2,871,702
Total financial assets	5,722,064	5,516,007
Less: restricted by donors with purpose restrictions	(800,000)	(1,227,000)
Total available for general expenditures	<u>\$ 4,922,064</u>	<u>\$ 4,289,007</u>

4. Concentrations of Risks

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.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

4. Concentrations of Risks (continued)

Revenue Risk

For the year ended July 31, 2024, \$1,024,807 of the Foundation's revenue was generated from two donors, which is approximately 29% of the Foundation's total revenue and support for the year. 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.

5. Investments and Fair Value Measurements

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

	2024	2023
Interest and dividends	\$ 130,589	\$ 91,384
Realized and unrealized gain	235,507	128,622
Less: investment management fees	(33,430)	(22,552)
Total investment return, net	<u>\$ 332,666</u>	<u>\$ 197,454</u>

The Foundation follows Financial Accounting Standards Board 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.

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.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

5. Investments and Fair Value Measurements (continued)

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, 2024:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Intermediate term bonds	\$ 1,215,861	\$ -	\$ -	\$ 1,215,861
Equities	1,880,218	-	-	1,880,218
Money market funds	566,744	-	-	566,744
Total investments	\$ 3,662,823	\$ -	\$ -	\$ 3,662,823

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	\$ 73,118	\$ -	\$ -	\$ 73,118
Mutual funds:				
Intermediate term bonds	972,879	-	-	972,879
Equities	1,748,059	-	-	1,748,059
Money market funds	544,375	-	-	544,375
Total investments	\$ 3,338,431	\$ -	\$ -	\$ 3,338,431

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

6. Property and Equipment

Property and equipment consists of the following at July 31:

	<u>2024</u>	<u>2023</u>
Computers and software	\$ 726,027	\$ 708,398
Leasehold improvements	<u>146,614</u>	<u>146,614</u>
Total property and equipment	872,641	855,012
Less: accumulated depreciation and amortization	<u>(802,076)</u>	<u>(718,256)</u>
Property and equipment, net	<u><u>\$ 70,565</u></u>	<u><u>\$ 136,756</u></u>

7. 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, 2024 and 2023, the Foundation owed NSPE \$0 and \$6,452, respectively, for unreimbursed expenses.

The Foundation also receives donated facilities for the use of office space from NSPE. The fair value of the use of donated facilities totaled \$122,243 and \$118,971 for the years ended July 31, 2024 and 2023, respectively, and is included in in-kind contributions in the accompanying statements of activities.

8. 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.

MATHCOUNTS Foundation

Notes to Financial Statements
July 31, 2024 and 2023

8. Scholarships Payable (continued)

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:

2025	\$	95,750
2026		158,063
2027		85,875
2028		51,313
2029		48,625
Thereafter		<u>87,500</u>
Total		527,126
Less: present-value discount (5%)		<u>(52,393)</u>
Net present value of scholarships payable	\$	<u><u>474,733</u></u>

The discount rate used on long-term scholarships was 5% at July 31, 2024, which is based on various factors including the projected rate of return and market inflation.

9. 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. The following is a schedule of balances and activities during the years ended July 31:

Balance, July 31, 2022	\$	122,195
Cash receipts		42,150
Paid to states		<u>(58,045)</u>
Balance, July 31, 2023		106,300
Cash receipts		92,057
Paid to states		<u>(79,123)</u>
Balance, July 31, 2024	\$	<u><u>119,234</u></u>

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Notes to Financial Statements
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10. 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>2024</u>	<u>2023</u>
Purpose restricted:		
RTX	\$ 500,000	\$ 1,000,000
Northrop Grumman Foundation	150,000	-
3M	100,000	200,000
BAE Systems	50,000	2,000
CNA Insurance	-	25,000
	<u> </u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 800,000</u>	<u>\$ 1,227,000</u>

11. 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 parking, and depreciation and amortization, which are allocated on the basis of estimates of time and effort.

12. 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, 2024 and 2023, \$1,579,318 and \$1,343,926, respectively, was incurred under this agreement.

13. 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, 2024 and 2023, 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.