

**ALL STAR CODE, INC.**  
**FINANCIAL STATEMENTS**  
**AND**  
**AUDITORS' REPORT**  
**DECEMBER 31, 2018 AND 2017**

# ALL STAR CODE, INC.

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## INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of  
All Star Code, Inc.

We have audited the accompanying financial statements of All Star Code, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, cash flows, and expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 All Star Code, Inc. as of December 31, 2018 and 2017, 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.

New York, NY  
May 4, 2019

*Skody Scot & Company, CPAs, P.C.*

**ALL STAR CODE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
Cash	\$ 600,690	\$ 390,100
Investments - pending sale	-	5,551
Contributions receivable, net	870,271	444,550
Prepaid expenses	10,837	3,091
Security deposits & other assets	33,341	13,042
	\$ 1,515,139	\$ 856,334

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable and accrued expenses	\$ 72,450	\$ 115,704
Total liabilities	72,450	115,704
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	491,170	221,558
With donor restrictions	951,519	519,072
Total net assets	1,442,689	740,630
Total liabilities and net assets	\$ 1,515,139	\$ 856,334

**See accompanying notes to the financial statements.**

**ALL STAR CODE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 1,944,127	\$ 707,908	\$ 2,652,035	\$ 1,128,358	\$ 519,072	\$ 1,647,430
Contributions in-kind	190,755	-	190,755	199,139	-	199,139
Special events:						
Event income	973,385	-	973,385	844,482	-	844,482
Less: related direct costs	(453,519)	-	(453,519)	(351,507)	-	(351,507)
Net special event income	519,866	-	519,866	492,975	-	492,975
Investment and other income	9,554	-	9,554	2,482	-	2,482
Net assets released from restriction:						
Satisfaction of purpose restrictions	125,461	(125,461)	-	60,000	(60,000)	-
Satisfaction of time restrictions	150,000	(150,000)	-	250,000	(250,000)	-
Total net assets released from restriction	275,461	(275,461)	-	310,000	(310,000)	-
Total support and revenues	2,939,763	432,447	3,372,210	2,132,954	209,072	2,342,026
Expenses:						
Program expenses:						
Summer intensive	1,380,099	-	1,380,099	1,187,108	-	1,187,108
Introductory workshops	389,472	-	389,472	269,674	-	269,674
Research & other activities	347,424	-	347,424	284,987	-	284,987
Total program expenses	2,116,995	-	2,116,995	1,741,769	-	1,741,769
Management and general	134,727	-	134,727	121,710	-	121,710
Fundraising	418,429	-	418,429	361,579	-	361,579
Total expenses	2,670,151	-	2,670,151	2,225,058	-	2,225,058
Increase/(Decrease) In Net Assets	269,612	432,447	702,059	(92,104)	209,072	116,968
Net assets, beginning of year	221,558	519,072	740,630	313,662	310,000	623,662
Net assets, end of year	\$ 491,170	\$ 951,519	\$ 1,442,689	\$ 221,558	\$ 519,072	\$ 740,630

See accompanying notes to the financial statements.

**ALL STAR CODE, INC.**  
**STATEMENT OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2018**

	<b>Program Expenses</b>				<b>Supporting</b>		<b>Total Expenses</b>
	<b>Summer Intensive</b>	<b>Introductory Workshops</b>	<b>Research &amp; Other Activities</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	
<b>Personnel Costs:</b>							
Salaries	\$ 655,523	\$ 174,466	\$ 170,475	\$ 1,000,464	\$ 39,290	\$ 110,733	\$ 1,150,487
Payroll taxes and benefits	113,356	30,795	30,984	175,135	7,350	20,716	203,201
Outside contractors	25,309	83,107	65,800	174,216	30,103	138,736	343,055
Total personnel costs	<u>794,188</u>	<u>288,368</u>	<u>267,259</u>	<u>1,349,815</u>	<u>76,743</u>	<u>270,185</u>	<u>1,696,743</u>
<b>Direct expenses:</b>							
Bank fees and office expense	-	-	310	310	1,035	10,654	11,999
Dues and subscriptions	4,455	3,614	80	8,149	10,815	1,523	20,487
Equipment purchases	135,213	-	-	135,213	3,389	-	138,602
Insurance	45	11	-	56	7,918	3	7,977
Postage & delivery	1,224	76	-	1,300	1,924	295	3,519
Printing	11,836	11,825	-	23,661	7,067	5,223	35,951
Professional fees	-	-	-	-	217,697	-	217,697
Recruitment and training	2,443	-	-	2,443	13,773	-	16,216
Rent and utilities	70,139	-	600	70,739	153,790	-	224,529
Student stipends	31,200	-	6,206	37,406	-	-	37,406
Supplies	4,661	7,449	44	12,154	5,412	76	17,642
Travel and meetings	106,307	6,168	2,938	115,413	27,903	83,754	227,070
Uncollectible contributions	-	-	-	-	14,313	-	14,313
Total direct expenses	<u>367,523</u>	<u>29,143</u>	<u>10,178</u>	<u>406,844</u>	<u>465,036</u>	<u>101,528</u>	<u>973,408</u>
Overhead allocated	218,388	71,961	69,987	360,336	(407,052)	46,716	-
Total expenses	<u>\$ 1,380,099</u>	<u>\$ 389,472</u>	<u>\$ 347,424</u>	<u>\$ 2,116,995</u>	<u>\$ 134,727</u>	<u>\$ 418,429</u>	<u>\$ 2,670,151</u>

See accompanying notes to the financial statements.

**ALL STAR CODE, INC.**  
**STATEMENT OF EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**

	<b>Program Expenses</b>				<b>Supporting</b>		<b>Total Expenses</b>
	<b>Summer Intensive</b>	<b>Introductory Workshops</b>	<b>Research &amp; Other Activities</b>	<b>Total Program</b>	<b>Management and General</b>	<b>Fundraising</b>	
<b>Personnel Costs:</b>							
Salaries	\$ 372,462	\$ 96,209	\$ 138,024	\$ 606,695	\$ 38,969	\$ 115,657	\$ 761,321
Payroll taxes and benefits	104,427	26,441	34,614	165,482	12,346	26,715	204,543
Outside contractors	183,802	53,650	41,065	278,517	4,564	95,000	378,081
Total personnel costs	660,691	176,300	213,703	1,050,694	55,879	237,372	1,343,945
<b>Direct expenses:</b>							
Bank fees and office expense	-	-	-	-	891	32,989	33,880
Dues and subscriptions	2,365	1,877	406	4,648	5,175	2,233	12,056
Equipment purchases	103,021	5,145	-	108,166	10,858	-	119,024
Insurance	153	113	-	266	7,072	28	7,366
Postage & delivery	988	15	24	1,027	529	2,907	4,463
Printing	4,520	5,007	-	9,527	2,887	7,422	19,836
Professional fees	-	-	-	-	159,675	-	159,675
Recruitment and training	11,961	12,500	55	24,516	16,572	12,500	53,588
Rent and utilities	74,471	7,000	-	81,471	132,336	-	213,807
Student stipends	22,000	-	2,880	24,880	-	-	24,880
Supplies	6,387	7,584	77	14,048	5,478	9,109	28,635
Travel and meetings	141,303	13,179	4,884	159,366	13,877	10,643	183,886
Uncollectible contributions	17	-	-	17	20,000	-	20,017
Total direct expenses	367,186	52,420	8,326	427,932	375,350	77,831	881,113
Overhead allocated	159,231	40,954	62,958	263,143	(309,519)	46,376	-
Total expenses	\$ 1,187,108	\$ 269,674	\$ 284,987	\$ 1,741,769	\$ 121,710	\$ 361,579	\$ 2,225,058

See accompanying notes to the financial statements.

**ALL STAR CODE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ 702,059	\$ 116,968
Adjustments for non-cash items included in operating activities:		
Discount on pledges	12,093	6,388
Amortization of discount	5,705	-
Provision for uncollectible contributions	14,313	20,017
Donated investments	(6,638)	(36,446)
(Gain)/loss on investments	185	(2,157)
Changes in assets and liabilities:		
Contributions receivable	(457,832)	(158,330)
Prepaid expenses	(7,746)	12,140
Security deposits & other assets	(20,299)	1,932
Accounts payable and accrued expenses	(43,254)	68,820
Deferred rent	-	(10,809)
Net cash provided/(used) by operating activities	<u>198,586</u>	<u>18,523</u>
Cash flows from investing activities:		
Sale of investments	12,004	33,052
Net cash provided/(used) by investing activities	<u>12,004</u>	<u>33,052</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash	210,590	51,575
Cash at beginning of year	390,100	338,525
Cash at end of year	<u>\$ 600,690</u>	<u>\$ 390,100</u>

**See accompanying notes to the financial statements.**



**ALL STAR CODE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

All Star Code, Inc. (Organization), a not-for-profit organization, was incorporated in the State of Delaware on March 18, 2013. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions from foundations, corporations, individuals and from fundraising events.

The Organization's mission is to prepare qualified young men of color for full-time employment in the technology industry by providing mentorship, industry exposure, and intensive training in computer science. To accomplish its mission, the Organization provides the following programs: Summer Intensive - an elite 6-week program designed to educate, inspire, and equip high school boys of color with the knowledge, skills, and resources needed to pursue paths leading to academics and/or careers in the technology sector; Introductory Workshops - workshops are aimed at recruiting more than 250 All Star applicants who are excited about careers in coding, technology, computer science, programming, engineering and gaming and providing them with experiential, applied, and project-based learning techniques to give them a sense of the excitement and possibilities that await them in a career in technology; and Research & Other Activities - encouraging new recruitment and continuing engagement by organizing student-centered activities, summer instruction, and other components that include presentations, demonstrations, and talks led by inspiring entrepreneurs, CEOs, developers, designers, and college students majoring in computer science.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In 2018, the Organization adopted all reporting changes required under FASB ASU 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, all amounts on the 2018 financial statements have been reclassified to conform to the new presentation requirements. All required disclosures have been incorporated and included on the accompanying financial statements and in these notes.

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions (formerly unrestricted) and with donor restrictions (formerly temporarily restricted and permanently restricted). In addition, the Organization is required to present a statement of cash flows.

**ALL STAR CODE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Equipment purchases below a threshold are expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as support with donor restrictions and increases in the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries are allocated on the basis of amount of time spent on each activity cost center by each employee. Other expenses are allocated based on percentage of total salary allocated to each activity cost center. The Organization classifies expenses, which are not directly related to a specific program and which do not provide any benefit to programs, as Management and General expenses. Certain expenses were reclassified during the current year. As such, prior year's expense accounts were also reclassified.

**ALL STAR CODE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Receivables

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The allowance for bad debt is maintained at a level that, in management's judgment, is adequate to absorb uncollectible receivables. The allowance for bad debt was \$13,313 and \$20,000 at December 31, 2018 and 2017.

Note 2 - Contributions Receivable

Total contributions receivable at December 31, 2018, discounted to fair value using a discount rate of 2.50%, is as follows:

<u>Scheduled Collection</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
Due in less than one year	\$ 645,677	\$ -	\$ 645,677
Due in one to five years	250,000	( 12,093)	237,907
Less: Allowance for uncollectible receivables	( 13,313)	-	( 13,313)
	<u>\$ 882,364</u>	<u>\$( 12,093)</u>	<u>\$ 870,271</u>

Total contributions receivable at December 31, 2017 discounted to fair value using a discount rate of 2.20%, is as follows:

<u>Scheduled Collection</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
Due in less than one year	\$ 320,938	\$ -	\$ 320,938
Due in one to five years	150,000	( 6,388)	143,612
Less: Allowance for uncollectible receivables	( 20,000)	-	( 20,000)
	<u>\$ 450,938</u>	<u>\$( 6,388)</u>	<u>\$ 444,550</u>

**ALL STAR CODE, INC.  
NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Net Assets with Donor Restrictions**

As of December 31, 2018 and 2017, net assets with donor restrictions are available in the future years as follows:

	<u>2018</u>	<u>2017</u>
2018 Operations	\$ -	\$ 150,000
2018 Summer Intensive	-	225,460
2019 Operations	393,612	143,612
2019 Summer Intensive	245,000	-
2020 Operations	237,907	-
Alumni Portal	<u>75,000</u>	<u>-</u>
	<u>\$ 951,519</u>	<u>\$ 519,072</u>

**Note 4 - Donated Services**

Significant services and use of facilities were donated to the Organization by various donors and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using averages of rates provided by some donors.

Total contributions in-kind reported on the accompanying statements of activities for the years ended December 31, 2018 and 2017 amounted to \$190,755 and \$199,139, respectively. Contributions in-kind mainly consisted of donated legal services and workshop space.

**Note 5 - Concentrations**

The Organization maintains its bank accounts with financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. The Securities Investor Protection Corporation (SIPC) insures cash and securities, including money market funds, up to \$500,000 per financial institution. At times, the balances of the accounts have exceeded the insured limits during the years ended December 31, 2018 and 2017.

**Note 6 - Investments and Investment Income**

The Organization receives donations of equity securities (Level 1 investments), which it immediately sells. Level 1 investments are valued using inputs based upon quoted prices in active markets for identical investments. The Organization initially records investments it receives as donations at the fair value as of the dates the investments are donated to the Organization and thereafter carries such investments at current fair values.

Investment income (interest and dividends) is recognized as revenue in the period earned, and gains and losses (realized and unrealized) are recognized in the period they occur.

**ALL STAR CODE, INC.  
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Investments and Investment Income (continued)

The Organization did not hold any investments at December 31, 2018.

Investments consisted of the following at December 31, 2017:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Equity investments	\$ 5,428	\$ 5,551	\$ 123

The equity investments were liquidated shortly after year-end for \$5,423.

The components of investment income for the years ended December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ -	\$ 262
Realized gains/(losses)	( 185)	2,066
Unrealized gains/(losses)	-	91
Net investment income	<u>\$( 185)</u>	<u>\$ 2,419</u>

Note 7 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of December 31, 2018 and 2017, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash	\$ 600,690	\$ 390,100
Investments	-	5,551
Receivables	<u>870,271</u>	<u>440,550</u>
Total financial assets	1,470,961	836,201
Less those unavailable for general expenditures within one year	<u>( 237,907)</u>	<u>( 143,612)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,233,054</u>	<u>\$ 692,589</u>

**ALL STAR CODE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

Note 8 - Retirement Plan

In August 2018, the Organization adopted a 401(k) defined contribution plan (Plan). Any employee who is age 21 and over and has completed six months of employment is eligible to participate in the Plan. The Organization makes voluntary matching contributions based on a percentage of the employee contribution. For the year ended December 31, 2018, the Organization contributed a total of \$3,208 towards the Plan.

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through May 4, 2019, which is the date the financial statements were available to be issued.