

ALL STAR CODE, INC.
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, and the related statements of activities, expenses, and cash flows 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, 2019 and 2018, 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
June 17, 2020

Skody Scot & Company, CPAs, P.C.

ALL STAR CODE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 455,966	\$ 600,690
Contributions receivable, net	511,355	870,271
Prepaid expenses	47,848	10,837
Property and equipment, net	44,293	-
Security deposits & other assets	18,802	33,341
Total assets	<u><u>\$ 1,078,264</u></u>	<u><u>\$ 1,515,139</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 122,898	\$ 72,450
Total liabilities	<u>122,898</u>	<u>72,450</u>
Commitments and contingencies (see notes)		
Net Assets:		
Without donor restrictions	331,904	491,170
With donor restrictions	623,462	951,519
Total net assets	<u>955,366</u>	<u>1,442,689</u>
Total liabilities and net assets	<u><u>\$ 1,078,264</u></u>	<u><u>\$ 1,515,139</u></u>

See accompanying notes to the financial statements.

ALL STAR CODE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 1,328,262	\$ 373,462	\$ 1,701,724	\$ 1,944,127	\$ 707,908	\$ 2,652,035
Contributions in-kind	111,432	-	111,432	190,755	-	190,755
Special events:						
Event income	1,289,930	-	1,289,930	973,385	-	973,385
Less: related direct costs	(590,732)	-	(590,732)	(453,519)	-	(453,519)
Net special event income	699,198	-	699,198	519,866	-	519,866
Investment and other income	14,305	-	14,305	9,554	-	9,554
Net assets released from restriction:						
Satisfaction of purpose restrictions	320,000	(320,000)	-	125,461	(125,461)	-
Satisfaction of time restrictions	381,519	(381,519)	-	150,000	(150,000)	-
Total net assets released from restriction	701,519	(701,519)	-	275,461	(275,461)	-
Total support and revenues	2,854,716	(328,057)	2,526,659	2,939,763	432,447	3,372,210
Expenses:						
Program expenses:						
Summer intensive	1,444,602	-	1,444,602	1,380,099	-	1,380,099
Awareness	404,166	-	404,166	389,472	-	389,472
Research & other activities	583,770	-	583,770	347,424	-	347,424
Total program expenses	2,432,538	-	2,432,538	2,116,995	-	2,116,995
Management and general	157,481	-	157,481	134,727	-	134,727
Fundraising	423,963	-	423,963	418,429	-	418,429
Total expenses	3,013,982	-	3,013,982	2,670,151	-	2,670,151
Increase/(Decrease) in net assets	(159,266)	(328,057)	(487,323)	269,612	432,447	702,059
Net assets, beginning of year	491,170	951,519	1,442,689	221,558	519,072	740,630
Net assets, end of year	\$ 331,904	\$ 623,462	\$ 955,366	\$ 491,170	\$ 951,519	\$ 1,442,689

See accompanying notes to the financial statements.

ALL STAR CODE, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Expenses			Total Program	Supporting		Total Expenses
	Summer Intensive	Awareness	Research & Other Activities		Management and General	Fundraising	
Personnel Costs:							
Salaries	\$ 765,597	\$ 208,402	\$ 227,952	\$ 1,201,951	\$ 57,639	\$ 223,446	\$ 1,483,036
Payroll taxes and benefits	117,556	34,300	36,110	187,966	9,410	36,939	234,315
Outside contractors	30,658	80,808	251,695	363,161	14,701	75,969	453,831
Total personnel costs	913,811	323,510	515,757	1,753,078	81,750	336,354	2,171,182
Direct expenses:							
Bank fees and office expense	-	-	315	315	3,310	14,106	17,731
Depreciation	-	-	-	-	8,859	-	8,859
Dues and subscriptions	1,360	3,490	2,145	6,995	19,066	200	26,261
Equipment purchases	100,280	132	-	100,412	3,491	-	103,903
Insurance	-	-	-	-	10,168	22	10,190
Postage & delivery	313	45	15	373	771	1,818	2,962
Printing	4,131	5,306	-	9,437	11,260	1,488	22,185
Professional fees	-	-	-	-	143,502	-	143,502
Recruitment and training	1,211	-	1,000	2,211	10,901	-	13,112
Rent and utilities	87,761	1,256	2,944	91,961	138,028	-	229,989
Supplies	3,057	8,459	1,466	12,982	9,732	186	22,900
Travel and meetings	170,840	10,009	4,842	185,691	29,027	13,479	228,197
Uncollectible contributions	-	-	-	-	13,009	-	13,009
Total direct expenses	368,953	28,697	12,727	410,377	401,124	31,299	842,800
Overhead allocated	161,838	51,959	55,286	269,083	(325,393)	56,310	-
Total expenses	\$ 1,444,602	\$ 404,166	\$ 583,770	\$ 2,432,538	\$ 157,481	\$ 423,963	\$ 3,013,982

See accompanying notes to the financial statements.

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

	Program Expenses			Supporting		Total Expenses	
	Summer Intensive	Awareness	Research & Other Activities	Total Program	Management and General		Fundraising
Personnel Costs:							
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>
Direct expenses:							
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	<u>218,388</u>	<u>71,961</u>	<u>69,987</u>	<u>360,336</u>	<u>(407,052)</u>	<u>46,716</u>	<u>-</u>
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (487,323)	\$ 702,059
Adjustments for non-cash items included in operating activities:		
Depreciation	8,859	-
Discount on pledges	9,543	12,093
Amortization of discount	(18,481)	(5,705)
Provision for uncollectible contributions	13,009	14,313
Donated investments	-	(6,638)
(Gain)/loss on investments	-	185
Changes in assets and liabilities:		
Contributions receivable	354,845	(446,422)
Prepaid expenses	(37,011)	(7,746)
Security deposits & other assets	14,539	(20,299)
Accounts payable and accrued expenses	50,448	(43,254)
Net cash provided/(used) by operating activities	(91,572)	198,586
Cash flows from investing activities:		
Purchase of property and equipment	(53,152)	-
Sale of investments	-	12,004
Net cash provided/(used) by investing activities	(53,152)	12,004
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	(144,724)	210,590
Cash and cash equivalents at beginning of year	600,690	390,100
Cash and cash equivalents at end of year	\$ 455,966	\$ 600,690

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, and individuals and from fundraising events.

The Organization's mission is to create economic opportunity by developing a new generation of boys and young men of color with an entrepreneurial mindset who have the tools they need to succeed in a technological world. 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; Awareness - aimed at recruiting new All Star Code applicants, who are excited about careers in coding, technology, computer science, programming, engineering and gaming, and giving 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.

Change in Accounting Principle

On January 1, 2019, the Organization adopted FASB ASU 2014-09 *Revenue from Contracts with Customers* using the full retrospective approach. Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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.

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less.

Receivables

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.

Investments

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.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment and furniture is computed by the straight-line method over estimated useful lives ranging from three to seven years. Leasehold improvements are amortized by the straight-line method over the life of the improvement or the term of the lease, whichever is shorter. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose.

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. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash, a noncash asset, or an unconditional promise to give is received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as deferred revenue in the statements of financial position.

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 net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in 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.

The Organization receives special events revenue which contains both an exchange component and a conditional contribution component. Both components are recognized when the event takes place. Any event revenue received in advance of the event is recorded as deferred revenue.

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.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Bank deposits and cash	\$ 355,576	\$ 600,690
Money market funds	<u>100,390</u>	<u>-</u>
	<u>\$ 455,966</u>	<u>\$ 600,690</u>

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 3 - Contributions Receivable

As of December 31, 2019 and 2018, receivables are expected to be received in the following periods:

	<u>2019</u>	<u>2018</u>
In one year or less	\$ 383,219	\$ 645,677
Between one and two years	42,000	250,000
Between two and three years	42,000	-
Between three and four years	42,000	-
Between four and five years	<u>42,000</u>	<u>-</u>
	551,219	895,677
Less: allowance for uncollectible receivables	(30,321)	(13,313)
Less: unamortized discount	<u>(9,543)</u>	<u>(12,093)</u>
	<u>\$ 511,355</u>	<u>\$ 870,271</u>

As of December 31, 2019 and 2018, contributions have been discounted at a 1.69% and 2.5% annual rate of interest, respectively.

Note 4 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Equipment & software	\$ 53,152	\$ -
Less: accumulated depreciation	<u>(8,859)</u>	<u>-</u>
	<u>\$ 44,293</u>	<u>\$ -</u>

Note 5 - Net Assets with Donor Restrictions

As of December 31, 2019 and 2018, net assets with donor restrictions are available in the future years as follows:

	<u>2019</u>	<u>2018</u>
Alumni Portal	\$ -	\$ 75,000
2019 Operations	-	393,612
2019 Summer Intensive	-	245,000
Curriculum Director	23,005	-
2020 Operations	292,000	237,907
Making the Future Program	25,000	-
2020 Summer Intensive	125,000	-
2021-2024 Operations	<u>158,457</u>	<u>-</u>
	<u>\$ 623,462</u>	<u>\$ 951,519</u>

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 6 - 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, 2019 and 2018, amounted to \$111,432 and \$190,755, respectively. Contributions in-kind mainly consisted of donated legal services and workshop space.

Note 7 - 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, 2019 and 2018.

Note 8 - 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, 2019 and 2018, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 455,966	\$ 600,690
Receivables, net	<u>511,355</u>	<u>870,271</u>
Total financial assets	967,321	1,470,961
Less those unavailable for general expenditures within one year:		
Receivables scheduled to be collected in more than one year	(<u>158,457</u>)	(<u>237,907</u>)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 808,864</u>	<u>\$ 1,233,054</u>

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 9 - Revenue from Contracts with Customers

All of the revenue derived from contracts with customers during 2019 and 2018 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Special event revenue – exchange component	\$ 590,732	\$ 453,519

Note 10 - 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 years ended December 31, 2019 and 2018, the Organization contributed a total of \$3,162 and \$3,208, respectively, towards the Plan.

Note 11 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through June 17, 2020, which is the date the financial statements were available to be issued.