

ALL STAR CODE, INC.
Financial Statements
December 31, 2020 and 2019
With Independent Auditor's Report

All Star Code, Inc.
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December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of All Star Code, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2020, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Organization'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 Organization'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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of All Star Code, Inc as of and for the year ended December 31, 2019, were audited by other auditors whose report, dated June 17, 2020, expressed an unmodified opinion on those statements.

Withum Smith + Brown, PC

June 1, 2021

All Star Code, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 1,896,480	\$ 455,966
Contributions receivable, net	587,364	511,355
Prepaid expenses	32,594	47,848
Property and equipment, net	26,576	44,293
Security deposits and other assets	<u>62</u>	<u>18,802</u>
 Total assets	 <u>\$ 2,543,076</u>	 <u>\$ 1,078,264</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 100,771	\$ 122,898
PPP Loan payable	<u>316,156</u>	<u>-</u>
Total liabilities	<u>416,927</u>	<u>122,898</u>
Net assets		
Without donor restrictions		
Undesignated	762,992	331,904
Board designated	<u>611,082</u>	<u>-</u>
Total net assets without donor restrictions	1,374,074	331,904
With donor restrictions	<u>752,075</u>	<u>623,462</u>
Total net assets	<u>2,126,149</u>	<u>955,366</u>
 Total liabilities and net assets	 <u>\$ 2,543,076</u>	 <u>\$ 1,078,264</u>

The Notes to Financial Statements are an integral part of these statements.

All Star Code, Inc.
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 1,846,264	\$ 756,118	\$ 2,602,382	\$ 1,328,262	\$ 373,462	\$ 1,701,724
Contributions in-kind	173,867	-	173,867	111,432	-	111,432
Special events						
Event income	682,957	-	682,957	1,289,930	-	1,289,930
Less: Related direct costs	(109,943)	-	(109,943)	(590,732)	-	(590,732)
Net special event revenue	573,014	-	573,014	699,198	-	699,198
Investment and other income	7,052	-	7,052	14,305	-	14,305
Net assets released from restrictions						
Satisfaction of purpose restrictions	185,505	(185,505)	-	320,000	(320,000)	-
Satisfaction of time restrictions	442,000	(442,000)	-	381,519	(381,519)	-
Total net assets released from restrictions	627,505	(627,505)	-	701,519	(701,519)	-
Total support and revenues	3,227,702	128,613	3,356,315	2,854,716	(328,057)	2,526,659
Expenses						
Program expenses						
Summer intensive	860,126	-	860,126	1,444,602	-	1,444,602
Awareness	297,535	-	297,535	404,166	-	404,166
Research and other activities	427,381	-	427,381	583,770	-	583,770
Total program expenses	1,585,042	-	1,585,042	2,432,538	-	2,432,538
Management and general	91,566	-	91,566	157,481	-	157,481
Fundraising	508,924	-	508,924	423,963	-	423,963
Total expenses	2,185,532	-	2,185,532	3,013,982	-	3,013,982
Changes in net assets	1,042,170	128,613	1,170,783	(159,266)	(328,057)	(487,323)
Net assets						
Beginning of year	331,904	623,462	955,366	491,170	951,519	1,442,689
End of year	\$ 1,374,074	\$ 752,075	\$ 2,126,149	\$ 331,904	\$ 623,462	\$ 955,366

The Notes to Financial Statements are an integral part of these statements.

All Star Code, Inc.
Statements of Functional Expenses
Year Ended December 31, 2020

	<u>Program Expenses</u>				<u>Supporting Services</u>		<u>Cost of Direct Benefits to Donors</u>	<u>Total Expenses</u>
	<u>Summer Intensive</u>	<u>Awareness</u>	<u>Research and Other Activities</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>		
Personnel costs								
Salaries	\$ 485,036	\$ 165,258	\$ 256,318	\$ 906,612	\$ 37,003	\$ 218,171	\$ -	\$ 1,161,786
Payroll taxes and benefits	81,751	28,441	43,606	153,798	6,364	36,613	-	196,775
Consultants	7,916	31,811	8,231	47,958	378	120,899	-	169,235
Total personnel costs	<u>574,703</u>	<u>225,510</u>	<u>308,155</u>	<u>1,108,368</u>	<u>43,745</u>	<u>375,683</u>	<u>-</u>	<u>1,527,796</u>
Direct expenses								
Professional fees	108,487	43,909	77,551	229,947	29,180	56,383	-	315,510
Equipment purchases	131,141	536	1,450	133,127	1,309	688	-	135,124
Travel and meetings	724	977	1,789	3,490	1,634	1,845	109,943	116,912
Dues and subscriptions	12,483	7,160	19,490	39,133	3,967	14,574	-	57,674
Rent and utilities	16,000	6,395	9,024	31,419	1,144	8,211	-	40,774
Bank fees and office expense	115	47	66	228	813	38,205	-	39,246
Depreciation	6,899	2,792	3,940	13,631	499	3,586	-	17,716
Insurance	4,224	1,710	2,412	8,346	306	2,195	-	10,847
Uncollectible contributions	-	-	-	-	8,446	-	-	8,446
Communications	3,271	1,324	1,868	6,463	237	1,700	-	8,400
Printing	965	1,662	551	3,178	165	4,723	-	8,066
Supplies	598	5,317	809	6,724	61	756	-	7,541
Postage and delivery	516	196	276	988	60	375	-	1,423
Total direct expenses	<u>285,423</u>	<u>72,025</u>	<u>119,226</u>	<u>476,674</u>	<u>47,821</u>	<u>133,241</u>	<u>109,943</u>	<u>767,679</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	-	(109,943)	(109,943)
Total	<u>\$ 860,126</u>	<u>\$ 297,535</u>	<u>\$ 427,381</u>	<u>\$ 1,585,042</u>	<u>\$ 91,566</u>	<u>\$ 508,924</u>	<u>\$ -</u>	<u>\$ 2,185,532</u>

The Notes to Financial Statements are an integral part of this statement.

All Star Code, Inc.
Statements of Functional Expenses
Year Ended December 31, 2019

	Program Expenses				Supporting Services		Cost of Direct Benefits to Donors	Total Expenses
	Summer Intensive	Awareness	Research and Other Activities	Total Program	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
Consultants	37,754	82,698	253,705	374,157	8,024	78,016	-	460,197
Total personnel costs	<u>920,907</u>	<u>325,400</u>	<u>517,767</u>	<u>1,764,074</u>	<u>75,073</u>	<u>338,401</u>	<u>-</u>	<u>2,177,548</u>
Direct expenses								
Professional fees	62,989	20,223	22,018	105,230	16,854	21,917	-	144,001
Equipment purchases	101,648	571	467	102,686	742	476	-	103,904
Travel and meetings	171,321	10,163	5,006	186,490	28,059	13,647	590,732	818,928
Dues and subscriptions	9,220	6,014	5,330	20,564	9,008	2,935	-	32,507
Rent and utilities	152,667	22,094	25,117	199,878	7,526	22,584	-	229,988
Bank fees and office expense	1,255	403	744	2,402	793	14,541	-	17,736
Depreciation	4,219	1,355	1,441	7,015	375	1,468	-	8,858
Insurance	4,813	1,545	1,644	8,002	491	1,697	-	10,190
Uncollectible contributions	-	-	-	-	13,009	-	-	13,009
Printing	8,969	6,859	1,653	17,481	1,531	3,171	-	22,183
Supplies	6,128	9,444	2,515	18,087	3,558	1,255	-	22,900
Postage and delivery	466	95	68	629	462	1,871	-	2,962
Total direct expenses	<u>523,695</u>	<u>78,766</u>	<u>66,003</u>	<u>668,464</u>	<u>82,408</u>	<u>85,562</u>	<u>590,732</u>	<u>1,427,166</u>
Less expenses included with revenues on the statement of activities								
Cost of direct benefits to donors	-	-	-	-	-	-	(590,732)	(590,732)
Total	<u>\$ 1,444,602</u>	<u>\$ 404,166</u>	<u>\$ 583,770</u>	<u>\$ 2,432,538</u>	<u>\$ 157,481</u>	<u>\$ 423,963</u>	<u>\$ -</u>	<u>\$ 3,013,982</u>

The Notes to Financial Statements are an integral part of this statement.

All Star Code, Inc.
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Changes in net assets	\$ 1,170,783	\$ (487,323)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	17,717	8,859
Discount on pledges	2,425	9,543
Amortization of discount	(9,543)	(18,481)
Provision for uncollectible contributions	8,447	13,009
Changes in assets and liabilities		
Contributions receivable	(77,338)	354,845
Prepaid expenses	15,254	(37,011)
Security deposits and other assets	18,740	14,539
Accounts payable and accrued expenses	(22,127)	50,448
Net cash provided by (used in) operating activities	<u>1,124,358</u>	<u>(91,572)</u>
Investing activity		
Purchase of property and equipment	-	(53,152)
Net cash used in investing activity	<u>-</u>	<u>(53,152)</u>
Financing activity		
Proceeds from PPP Loan payable	316,156	-
Net cash provided by financing activity	<u>316,156</u>	<u>-</u>
Net change in cash and cash equivalents	1,440,514	(144,724)
Cash and cash equivalents		
Beginning of year	<u>455,966</u>	<u>600,690</u>
End of year	<u>\$ 1,896,480</u>	<u>\$ 455,966</u>

The Notes to Financial Statements are an integral part of this statement.

All Star Code, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

All Star Code, Inc. (the “Organization”) is a not-for-profit organization incorporated in the State of Delaware on March 18, 2013.

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 excitement and possibilities that await them in a career in technology and;

Research and Other Activities – encouraging new enrollment 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.

The Organization primarily receives its support in the form of contributions from foundations, corporations, and individuals and from fundraising events.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Significant estimates used in the preparation of these financial statements include depreciation, the value of donated services, and the present value adjustment of pledges receivable. Actual results could differ from those estimates.

Cash and 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 original maturities of three months or less.

Contributions Receivable

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; recalculated each year using the 5-year treasury bill rate on the last day of the fiscal year. The allowance for bad debt is maintained at a level that, in management’s judgment, is adequate to absorb uncollectible receivables.

All Star Code, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Investments

The Organization receives donations of equity securities (Level 1 investments), which it immediately sells. Level 1 investments are valued using input 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. Expenditures for repairs and maintenance are expensed as incurred. Major renewals and betterments are capitalized.

Valuation of Long-Lived Assets

In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, the Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Management has determined that no impairment adjustment was required to be recorded for the years ended December 31, 2020 and 2019.

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 –

Undesignated – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Board designated – Net assets include a reserve fund which the Board of Directors of the Organization has determined will be retained and invested until the Board, at its discretion, authorizes its expenditure.

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.

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 Star Code, Inc.
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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.

Functional 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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Salaries are allocated on the basis of the amount of time spent on each activity cost center by each employee. Other expenses that are incurred for the benefit of more than one cost center, are allocated based on percentage of total salary allocated to each activity cost center.

Tax Status and Uncertain Tax Positions

The Organization is a not-for-profit corporation, exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 402 of the Not-for-Profit Corporation Law in New York State, and has been designated as an organization which is not a private foundation. 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 believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties or interest included in these financial statements.

Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation. The reclassification had no effect on the change in net assets previously recorded.

New Accounting Pronouncements Not Yet in Effect

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board (the "FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

All Star Code, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842), which requires the recognition of a “right of use” asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the Organization’s lease obligations. This ASU is effective fiscal years beginning after December 15, 2021.

The Organization is currently evaluating the impact these pronouncements will have on its financial statements and related disclosures.

3. 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, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual or internal restrictions and designations:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash and cash equivalents	\$ 1,896,480	\$ 455,966
Contributions receivable, net	<u>587,364</u>	<u>511,355</u>
Total financial assets	2,483,844	967,321
Less receivables scheduled to be collected in more than one year	<u>(273,575)</u>	<u>(158,457)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,210,269</u>	<u>\$ 808,864</u>

4. CONTRIBUTIONS RECEIVABLE

As of December 31, 2020 and 2019, contributions receivable are expected to be received in the following periods:

	<u>2020</u>	<u>2019</u>
In one year or less	\$ 352,557	\$ 383,219
Between one and two years	192,000	42,000
Between two and three years	42,000	42,000
Between three and four years	42,000	42,000
Between four and five years	<u>-</u>	<u>42,000</u>
	628,557	551,219
Less: Allowance for uncollectible receivables	(38,768)	(30,321)
Less: Unamortized discount	<u>(2,425)</u>	<u>(9,543)</u>
	<u>\$ 587,364</u>	<u>\$ 511,355</u>

All Star Code, Inc.
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As of December 31, 2020 and 2019, contributions have been discounted at a 0.36% and 1.69% annual rate of interest, respectively.

5. PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Equipment and software	\$ 53,152	\$ 53,152
Less: Accumulated depreciation	<u>(26,576)</u>	<u>(8,859)</u>
	<u>\$ 26,576</u>	<u>\$ 44,293</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Curriculum Director	\$ 60,000	\$ 23,005
Subsequent Year Operations	281,000	292,000
Subsequent Year Summer Intensive	137,500	125,000
Subsequent Year - 2024 Operations	273,575	158,457
Making the Future Program	<u>-</u>	<u>25,000</u>
	<u>\$ 752,075</u>	<u>\$ 623,462</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time restrictions specified by donors as follows:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ 185,505	\$ 320,000
Time restrictions	<u>442,000</u>	<u>381,519</u>
	<u>\$ 627,505</u>	<u>\$ 701,519</u>

7. CONTRIBUTIONS IN-KIND

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 and changes in net assets for the years ended December 31, 2020 and 2019 amounted to \$173,867 and \$111,432, respectively. Contributions in-kind mainly consisted of donated legal services and workshop space.

All Star Code, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

8. 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, 2020 and 2019.

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the revenue derived from contracts with customers during 2020 and 2019 was fully earned in the same annual reporting period. Detail of revenue from contracts with customers during the years ended December 31, is as follows:

	<u>2020</u>	<u>2019</u>
Special event revenue - exchange component	<u>\$ 109,943</u>	<u>\$ 590,732</u>

10. RETIREMENT PLAN

In August 2018, the Organization adopted a 401(k) defined contribution plan (the “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, 2020 and 2019, the Organization contributed a total of \$13,521 and \$3,162, respectively, towards the Plan.

11. PAYCHECK PROTECTION PROGRAM LOAN

On April 9, 2020, the Organization issued an unsecured promissory note (the “PPP Loan”) for \$316,156 through the Paycheck Protection Program (“PPP”) established under the CARES Act, and administered by the U.S. Small Business Administration (“SBA”). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24 week period after the PPP Loan was disbursed (“Covered Period”), and otherwise satisfied PPP requirements. The PPP Loan was made through JPMorgan Chase Bank (the “Lender”), has a two-year term, bears interest at 0.98% per annum, and matures on April 9, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the maximum allowed Covered Period, or July 24, 2021. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the PPP Loan as debt in the accompanying statements of financial position.

12. RISKS AND UNCERTAINTIES

The current outbreak of the novel strain of coronavirus (COVID-19) is significantly impacting businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2021. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

All Star Code, Inc.
Notes to Financial Statements
December 31, 2020 and 2019

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 1, 2021, which represents the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined that the following subsequent events have occurred that require adjustment to or disclosure in the financial statements:

Subsequent to December 31, 2020, the Organization is in the process of filing its application for 100% PPP Loan forgiveness during 2021 at which time the loan is expected to be recognized in revenue. There is no certainty that any or all of the PPP Loan will be forgiven.

In addition, on February 9, 2021, the Organization issued an unsecured promissory note (the "PPP 2 Loan") for \$316,157 through the Paycheck Protection Program established under the CARES Act, and administered by the U.S. Small Business Administration. The PPP 2 Loan is guaranteed by the SBA. The PPP 2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP 2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24 week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP 2 Loan was made through JPMorgan Chase Bank (the "Lender"), has a five-year term, bears interest at 0.98% per annum, and matures on February 9, 2026. If the PPP 2 Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the maximum allowed Covered Period, or May 27, 2022. The PPP 2 Loan may be prepaid at any time prior to maturity with no prepayment penalties. There is no certainty that any or all of the PPP 2 Loan will be forgiven.