

**9 DOTS COMMUNITY LEARNING CENTER  
(A NON-PROFIT ORGANIZATION)**

**Financial Statements**

**June 30, 2023**

**9 DOTS COMMUNITY LEARNING CENTER**

Financial Statements

June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
9 Dots Community Learning Center  
Torrance, California

### **Opinion**

We have audited the accompanying financial statements of 9 Dots Community Learning Center (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 9 Dots Community Learning Center as of June 30, 2023, 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.

### **Basis for Opinion**

We conducted our audit 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 9 Dots Community Learning Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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.

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 9 Dots Community Learning Center'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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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 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 9 Dots Community Learning Center'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 9 Dots Community Learning Center's ability to continue as a going concern for a reasonable period of time.

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

*Kirsch, Kohn + Bridge LLP*

Woodland Hills, California  
December 19, 2023

**9 DOTS COMMUNITY LEARNING CENTER**

Statement of Financial Position

June 30, 2023

**ASSETS**

Cash and cash equivalents	\$ 3,190,194
Receivables	271,150
Prepaid expenses	27,854
Property and equipment, net	<u>12,850</u>

**TOTAL ASSETS** \$ 3,502,048

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 17,063
Accrued payroll	<u>145,490</u>

**TOTAL LIABILITIES** 162,553

**NET ASSETS**

Without donor restrictions	2,945,272
With donor restrictions	<u>394,223</u>

**TOTAL NET ASSETS** 3,339,495

**TOTAL LIABILITIES AND NET ASSETS** \$ 3,502,048

See accompanying independent auditor's report  
and notes to financial statements.

**9 DOTS COMMUNITY LEARNING CENTER**  
Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2023

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>SUPPORT, REVENUE, AND RELEASES</b>			
Contributions	\$ 286,982	\$ -	\$ 286,982
Grants	1,801,097	635,000	2,436,097
Program income	491,344	-	491,344
Other revenue	86,821	-	86,821
Net assets released from restrictions	<u>549,827</u>	<u>(549,827)</u>	<u>-</u>
<b>TOTAL SUPPORT, REVENUE, AND RELEASES</b>	<u>3,216,071</u>	<u>85,173</u>	<u>3,301,244</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	1,706,949	-	1,706,949
Fundraising	67,543	-	67,543
Management and general	<u>386,087</u>	<u>-</u>	<u>386,087</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>2,160,579</u>	<u>-</u>	<u>2,160,579</u>
<b>OTHER INCOME</b>			
Gain on disposal of property and equipment	<u>20</u>	<u>-</u>	<u>20</u>
<b>CHANGE IN NET ASSETS</b>	1,055,512	85,173	1,140,685
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,889,760</u>	<u>309,050</u>	<u>2,198,810</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,945,272</u>	<u>\$ 394,223</u>	<u>\$ 3,339,495</u>

See accompanying independent auditor's report  
and notes to financial statements.

**9 DOTS COMMUNITY LEARNING CENTER**

Statement of Functional Expenses

For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Supporting Services</u>		
	<u>Get Coding</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Depreciation	\$ -	\$ -	\$ 10,617	\$ 10,617
Dues and subscriptions	19,601	672	23,152	43,425
Employee benefits	90,055	6,902	42,060	139,017
Hiring expenses	2,755	-	5,018	7,773
Insurance	22,232	374	17,747	40,353
Meals and entertainment	-	-	1,348	1,348
Miscellaneous	-	-	515	515
Office expenses	-	634	19,277	19,911
Outside services	74,362	21,672	10,091	106,125
Payroll taxes	99,526	1,565	12,059	113,150
Professional services	-	-	69,108	69,108
Project material	162,463	-	-	162,463
Salaries	1,226,722	25,909	164,886	1,417,517
Transportation	664	-	-	664
Travel	7,218	9,815	1,960	18,993
Utilities and rent	<u>1,351</u>	<u>-</u>	<u>8,249</u>	<u>9,600</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ <u>1,706,949</u></b>	<b>\$ <u>67,543</u></b>	<b>\$ <u>386,087</u></b>	<b>\$ <u>2,160,579</u></b>

See accompanying independent auditor's report  
and notes to financial statements.

**9 DOTS COMMUNITY LEARNING CENTER**

Statement of Cash Flows  
For the Year Ended June 30, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 1,140,685
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	10,617
Gain on disposal of property and equipment	(20)
(Increase) decrease in:	
Receivables	(248,015)
Prepaid expenses	(3,973)
Increase (decrease) in:	
Accounts payable	8,821
Accrued payroll	<u>25,709</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>933,824</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of property and equipment	145
Acquisition of property and equipment	<u>(11,139)</u>

**NET CASH USED IN INVESTING ACTIVITIES** (10,994)

**NET INCREASE IN CASH** 922,830

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** 2,267,364

**CASH AND CASH EQUIVALENTS, END OF YEAR** \$ 3,190,194

See accompanying independent auditor's report  
and notes to financial statements.

## 9 DOTS COMMUNITY LEARNING CENTER

Notes to Financial Statements

June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Organization

9 Dots Community Learning Center, (the "Organization"), a corporation and 501(c)(3) non-profit organization, was formed and began operations in 2011 primarily to develop, provide, and share STEM (Science, Technology, Engineering, and Mathematics) programs dedicated to helping students from under-served backgrounds. The Organization seeks an equitable education system that empowers all students to become dynamic problem solvers and socially conscious leaders in an increasingly technologically-driven world. The Organization provides computer science education and in-school programming, free of charge, for kindergarten through sixth grade students.

In-school, the Organization places teachers to teach alongside in-school teachers for a year of computer science curriculum for each grade. The Organization is working towards creating complete pathways so that children receive computer science classes from kindergarten to sixth grade. The Organization teaches in Title 1 schools in Los Angeles and Compton.

The Organization's principal office is located in Torrance, California.

The Organization is supported primarily through contributions from individuals, foundations, and businesses within the United States.

#### B. Basis of accounting and presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

## 9 DOTS COMMUNITY LEARNING CENTER

Notes to Financial Statements

June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Basis of accounting and presentation (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### C. Support and revenue

The Organization records its contributions in conformity with Accounting Standards Codification ("ASC") "Not-for-Profit Entities Revenue Recognition" whereby contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions. This standard also requires that unconditional contributions be measured at current fair value and recognized currently as revenue.

Income from program dues and fees are deferred and recognized over the periods to which the dues and fees relate.

Donated investments and other non cash donations are recorded as contributions at their fair value at the date of donation.

#### D. Fair value of financial instruments

ASC 825, Financial Instruments, establishes a framework for the fair value of financial instruments. This guidance states that the requirement to disclose the level of the fair value hierarchy within which the fair value measurements are categorized in Level 1, 2, or 3 does not apply to nonpublic entities for items that are not measured at fair value in the statement of financial position but for which fair value is disclosed.

The carrying amounts of the Organization's financial instruments, including cash and cash equivalents, receivables, investments, prepaid assets, accounts payable and accrued expenses approximate fair value.

## 9 DOTS COMMUNITY LEARNING CENTER

Notes to Financial Statements

June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Use of estimates

The preparation of the 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.

#### F. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturity dates of three months or less to be cash equivalents.

#### G. Receivables

Receivables are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. All accounts receivable are anticipated to be collected and no provision for bad debts has been made.

#### H. Property and equipment

Acquisitions of property and equipment and betterments to existing property are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset. Depreciation and amortization is computed using primarily the straight-line method over the estimated useful lives of the property as follows:

Furniture and equipment	1 - 7 years
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#### I. Income taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and California Code Section 23701(d). The accounting standard on Accounting for Uncertainty in Income Taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements.

## 9 DOTS COMMUNITY LEARNING CENTER

Notes to Financial Statements

June 30, 2023

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Income taxes (continued)

Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position.

Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income ("UBTI").

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ending June 30, 2023.

For the year ended June 30, 2023, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization's income tax filings are subject to audit by various taxing authorities.

#### J. Expense allocation

Expenses that can be identified with a specific program, fundraising, or supporting service are charged directly to the related program, fundraising, or supporting service. Certain expenses associated with all program, fundraising, and supporting services have been allocated based on Management's estimates of time spent or benefits derived.

#### K. Donated services

The Organization reports donation support and expense for the estimated fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. The Organization generally pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and fundraising activities and no amounts have been reflected in the financial statements for their time.

## 9 DOTS COMMUNITY LEARNING CENTER

Notes to Financial Statements

June 30, 2023

### 2. RECENT ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02 (Topic 842), Leases, as amended by ASU 2023-01, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. This standard is effective for annual reporting periods beginning after December 15, 2021 and must be applied using a modified retrospective approach.

The FASB issued ASU 2016-13, which aims to improve financial reporting by requiring more timely recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This standard is effective for fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of adopting this standard on its financial statements.

### 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets as of June 30, 2023 are as follows. These amounts are reduced by balances not available for general use because of contractual, donor-imposed, or internal restrictions. The remaining balance of financial assets is available to satisfy liabilities and for general expenditures over the next twelve months.

Financial assets at June 30, 2023	\$ 3,461,344
Less those unavailable for general expenditures within the next twelve months, due to:	
Donor-restricted: program specific expenses	133,333
Board designated operating reserve	<u>1,200,000</u>
Financial assets available to meet cash needs for general expenditure within the next twelve months	<u>\$ 2,128,011</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in a money market fund which also holds the Board designated operating reserve funds. The balance in the money market at June 30, 2023 was \$2,442,318.

**9 DOTS COMMUNITY LEARNING CENTER**

Notes to Financial Statements

June 30, 2023

**4. RECEIVABLES**

Receivables consisted of the following balances at June 30, 2023:

Program income receivable	\$ 257,461
Other receivable	<u>13,689</u>
Total receivables	<u>\$ 271,150</u>

**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

Furniture and equipment	\$ 128,469
Less: accumulated depreciation	<u>115,619</u>
Property and equipment, net	<u>\$ 12,850</u>

Depreciation expense for the year ended June 30, 2023 was \$10,617.

**6. RELATED PARTY TRANSACTIONS**

The Organization's Board members and their related entities donated a total of \$1,026,554 to the Organization during the year ended June 30, 2023.

**7. RETIREMENT PLAN**

A defined contribution retirement plan is in effect for eligible employees of the Organization. The Organization contributed \$24,979 into the employees' retirement plan accounts during the year ended June 30, 2023.

**9 DOTS COMMUNITY LEARNING CENTER**

Notes to Financial Statements

June 30, 2023

**8. NET ASSETS WITH RESTRICTIONS**

Net assets with restrictions were available for the following purposes at June 30, 2023:

Educational programs	\$ <u>394,223</u>
Total net assets with restrictions	\$ <u><u>394,223</u></u>

Amounts released from restrictions during the year ended June 30, 2023 were as follows:

Educational programs	\$ 540,777
Executive development	<u>9,050</u>
Total releases	\$ <u><u>549,827</u></u>

**9. RISK AND UNCERTAINTIES**

The Organization maintains its cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, deposits maintained at these financial institutions were in excess of federally insured limits.

Grants require the fulfillment of certain conditions set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of funds to the grantors. Although that is a possibility, management deems the contingency remote, since by accepting the grants and their terms, management is acknowledging the requirements of the grantor at the time of receipt of the grant.

**10. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 19, 2023, the date on which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment to or disclosure in the accompanying financial statements.