



Financial Statements
September 30, 2020

StreetCode Academy

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Independent Auditor's Report

The Board of Directors
StreetCode Academy
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of StreetCode Academy, which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, 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 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 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 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 StreetCode Academy as of September 30, 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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
May 20, 2021

StreetCode Academy
Statement of Financial Position
September 30, 2020

Assets	
Cash and cash equivalents	\$ 1,347,901
Accounts receivable	137,841
Prepaid expenses and other assets	13,583
Property and equipment, net	<u>83,197</u>
Total assets	<u><u>\$ 1,582,522</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 16,561
Accrued expenses and other liabilities	66,093
Refundable advance - Paycheck Protection Program (PPP)	<u>229,345</u>
Total liabilities	<u>311,999</u>
Net Assets	
Without donor restrictions	1,190,834
With donor restrictions	<u>79,689</u>
Total net assets	<u>1,270,523</u>
Total liabilities and net assets	<u><u>\$ 1,582,522</u></u>

StreetCode Academy
Statement of Activities
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 3,081,032	\$ 337,689	\$ 3,418,721
Government grant	-	80,000	80,000
Gain on investments	1,156	-	1,156
Interest income	89	-	89
Net assets released from restriction	338,000	(338,000)	-
Total revenue and support	<u>3,420,277</u>	<u>79,689</u>	<u>3,499,966</u>
Expenses			
Program services	1,882,191	-	1,882,191
Management and general	279,356	-	279,356
Fundraising	278,315	-	278,315
Loss on disposal of property and equipment	108,000	-	108,000
Total expenses	<u>2,547,862</u>	<u>-</u>	<u>2,547,862</u>
Change in Net Assets	872,415	79,689	952,104
Net Assets, Beginning of Year	<u>318,419</u>	<u>-</u>	<u>318,419</u>
Net Assets, End of Year	<u><u>\$ 1,190,834</u></u>	<u><u>\$ 79,689</u></u>	<u><u>\$ 1,270,523</u></u>

StreetCode Academy
Statement of Functional Expenses
Year Ended September 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 833,865	\$ 183,071	\$ 197,052	\$ 1,213,988
Employee Benefits	44,330	15,307	25,045	84,682
Payroll Taxes	66,554	15,808	14,850	97,212
Instructional Equipment and Supplies	300,351	715	21	301,087
Accounting Fees	70,026	15,290	16,744	102,060
Other Fees for Services	38,163	12,046	6,890	57,099
Insurance	8,626	9,547	2,544	20,717
Office Expenses	35,803	3,642	4,127	43,572
Equipment and Related	2,059	2,223	480	4,762
Travel	7,561	9	210	7,780
Food	261,554	218	-	261,772
Facility Maintenance and Rent	191,567	16,871	7,523	215,961
Depreciation	21,732	4,609	2,829	29,170
 Total expenses	 <u>\$ 1,882,191</u>	 <u>\$ 279,356</u>	 <u>\$ 278,315</u>	 <u>\$ 2,439,862</u>

StreetCode Academy
Statements of Cash Flows
Year Ended September 30, 2020

Operating Activities	
Change in net assets	\$ 952,104
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	29,170
Loss on disposal of property and equipment	108,000
Changes in operating assets and liabilities	
Accounts receivable	(131,497)
Prepaid expenses and other assets	(13,583)
Accounts payable	4,847
Accrued expenses and other liabilities	18,244
Refundable advance - PPP	229,345
	<hr/>
Net Cash from Operating Activities	1,196,630
Investing Activities	
Purchases of property and equipment	<hr/> (2,682)
Net Change in Cash and Cash Equivalents	1,193,948
Cash and Cash Equivalents, Beginning of Year	<hr/> 153,953
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ 1,347,901

Note 1 - Principal Activity and Significant Accounting Policies

Organization

StreetCode Academy (the Academy) is a nonprofit organization committed to bridge the digital divide, empowering communities of color to achieve their full potential by building the skills, mindset and networks they need to embrace technology and innovation. Since its founding in 2014, the Academy has been creating a community-based ecosystem that is preparing the next generation to powerfully impact the technology industry by offering free classes from coding and design to sound engineering and entrepreneurship.

Basis of Accounting

The financial statements have been prepared on the accrual method of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Receivables and Credit Risk

Receivables consist principally of grants from the local reimbursement-based government grant and other private grants awarded from federal and nonfederal sources. Allowance for uncollectable accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At September 30, 2020, management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts was recorded.

Receivables at September 30, 2020, consist of \$80,000 (58%) from County of San Mateo, \$50,000 from Hewlett Academy (36%), and \$7,841 from various local sources, totaling \$137,841. All receivables are considered collectible in full.

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy maintains cash balances held in banks which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

On September 30, 2020, the Academy's bank balance, before reconciling items, was approximately \$1.23 million, of which \$0.98 million was in excess of FDIC insured limits. The Academy has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Property and Equipment

Property and equipment are stated at cost, if purchased or at estimated fair value, if donated. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset. The Academy capitalizes all expenditures for land, buildings, and equipment in excess of \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Academy reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Some of the Academy's government grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

The Academy reports gifts of property and equipment or other long-lived assets without donor stipulations concerning the use of such assets as contributions in net assets without donor restrictions. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as contributions in net assets with donor restrictions until the associated asset is acquired or constructed and placed in service at which time the contributions are released from restrictions.

Conditional promises to give, that is, those with measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. As of September 30, 2020, the Academy has \$550,000 conditional promise to give in the future period from four private foundations contingent upon measurable performance consisting \$270,000 from the Peery Foundation, \$200,000 from the Eucalyptus Academy, \$30,000 Franklin and Catherine Johnson Academy and \$50,000 from Hewlett Academy. These conditional promises to give are not recognized in the Academy's financial statements.

Unconditional promise to give that are received and released in the same period are reported as contribution without donor restrictions. The Academy recognizes its unconditional promise to give revenue as contribution without donor restrictions at their net realizable value if the payment will be made within one year, or at the present value of estimated future cash flows if the payments will be on later dates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, insurance and depreciation which are allocated on the basis of estimates of time and effort.

Income Taxes

The Academy is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private Academy. The Academy is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Academy is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Academy determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Academy has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Academy would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Paycheck Protection Program

The Academy was granted a \$229,345 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Academy is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Academy has recorded the loan and any accrued interest as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Academy maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended September 30, 2020. The Academy will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Academy to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Change in Accounting Principle

The Academy has adopted the provisions of Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Academy in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. Management has determined that the adoption of this standard did not have a significant impact on the Academy's financial statements.

Recent Accounting Pronouncements

In February 2016, Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*. ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. Although the full impact of this update on the Academy's financial statements has not yet been determined, the future adoption of this guidance will require the Academy to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases. The ASU is effective for the Academy for the year ending on September 30, 2022. Management is evaluating the impact of the adoption of this standard.

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Topic 606 is effective for the Academy for the year ending on September 30, 2021. Management is evaluating the impact of the adoption of this standard.

On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date of FASB ASC 842, *Leases*, is deferred by one year, as follows:

For private companies and private nonprofits, to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$	1,347,901
Accounts Receivable		137,841
Less: Net Assets with Donor Restrictions		<u>(79,689)</u>
Total		<u><u>\$ 1,406,053</u></u>

The Academy regularly monitors liquidity required to meet its operating needs. The Academy prepares an annual budget to manage liquidity and to determine general expenditures over the next 12 months.

Note 3 - Property and Equipment

Property and equipment consists of the following at September 30, 2020.

Computers and Equipment	\$	147,196
Less Accumulated Depreciation		<u>(63,999)</u>
Total		<u><u>\$ 83,197</u></u>

Note 4 - Net Assets with Donor Restrictions

The following table provides information about net assets with donor restrictions for the year ended September 30, 2020:

Subject to Expenses for Specified Purpose:	
Mental health and wellness	\$ 25,849
Onyxx fiscally sponsored organization	<u>53,840</u>
Total	<u><u>\$ 79,689</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors, for the year ended September 30, 2020, as follows:

Satisfaction of purpose restrictions	
Peery staff support	4,500
Peery student support	4,500
Orbis summer grant	170,000
San Mateo County	80,000
Onyxx fiscally sponsored organization	56,500
Silicon Valley community foundation	<u>22,500</u>
	<u><u>\$ 338,000</u></u>

Note 5 - Contingencies

Grants and contracts awarded to the Academy are subject to the funding agencies' criteria, contract terms and regulations under which expenditures may be charged and are subject to audit under such terms, regulations and criteria. Occasionally, such audits may determine that certain costs incurred in connection with the grants do not comply with the established criteria that govern them. In such cases, the Academy could be held responsible for repayments to the funding agency for the costs or be subject to a reduction of future funding in the amount of the costs.

The Academy has been impacted by the effects of the world-wide coronavirus pandemic. The Academy is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact of the Academy's financial position is not known beyond increased cash flow monitoring.

Note 6 - Subsequent Events

The Academy has evaluated subsequent events through May 20, 2021, the date these financial statements were available to be issued.

On March 25, 2021, the Academy submitted application for forgiveness of the Paycheck Protection Program (PPP) loan administered by a Small Business Administration (SBA) approved partner. The Academy believes that 100 percent of the loan will be forgiven. However, the final forgiveness has not been determined by the SBA approved partner.