



Financial Statements  
September 30, 2021

# StreetCode Academy

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Financial Statements

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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, 2021, 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 Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California  
April 21, 2022

StreetCode Academy  
Statement of Financial Position  
September 30, 2021

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Assets	
Cash and cash equivalents	\$ 1,302,067
Accounts receivable	501,197
Prepaid expenses and other assets	22,760
Property and equipment, net	<u>93,008</u>
Total assets	<u><u>\$ 1,919,032</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts payable	\$ 8,605
Accrued expenses and other liabilities	22,450
Refundable advance	<u>130,000</u>
Total liabilities	<u>161,055</u>
Net Assets	
Without donor restrictions	1,521,835
With donor restrictions	<u>236,142</u>
Total net assets	<u>1,757,977</u>
Total liabilities and net assets	<u><u>\$ 1,919,032</u></u>

StreetCode Academy  
Statement of Activities  
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 2,781,409	\$ 301,283	\$ 3,082,692
Government grant	5,000	-	5,000
Loss on investments	(10)	-	(10)
Interest income	20	-	20
Net assets released from restriction	144,830	(144,830)	-
Total revenue and support	<u>2,931,249</u>	<u>156,453</u>	<u>3,087,702</u>
Expenses			
Program services	1,948,005	-	1,948,005
Management and general	297,467	-	297,467
Fundraising	354,776	-	354,776
Total expenses	<u>2,600,248</u>	<u>-</u>	<u>2,600,248</u>
Change in Net Assets	331,001	156,453	487,454
Net Assets, Beginning of Year	<u>1,190,834</u>	<u>79,689</u>	<u>1,270,523</u>
Net Assets, End of Year	<u>\$ 1,521,835</u>	<u>\$ 236,142</u>	<u>\$ 1,757,977</u>

StreetCode Academy  
Statement of Functional Expenses  
Year Ended September 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 934,067	\$ 196,287	\$ 178,971	\$ 1,309,325
Employee Benefits	76,947	13,437	12,738	103,122
Payroll Taxes	80,717	16,422	15,190	112,329
Instructional Equipment and Supplies	118,881	-	10,110	128,991
Accounting Fees	113,365	22,230	22,061	157,656
Other Fees for Services	219,193	11,253	88,794	319,240
Insurance	3,756	5,361	2,222	11,339
Office Expenses	55,234	5,494	1,848	62,576
Equipment and Related	50,316	8,855	7,995	67,166
Travel	19,587	-	-	19,587
Food	184,219	-	-	184,219
Facility Maintenance and Rent	69,346	13,377	11,046	93,769
Depreciation	22,377	4,751	3,801	30,929
	<u>\$ 1,948,005</u>	<u>\$ 297,467</u>	<u>\$ 354,776</u>	<u>\$ 2,600,248</u>
Total expenses	<u>\$ 1,948,005</u>	<u>\$ 297,467</u>	<u>\$ 354,776</u>	<u>\$ 2,600,248</u>

StreetCode Academy  
Statements of Cash Flows  
Year Ended September 30, 2021

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Operating Activities	
Change in net assets	\$ 487,454
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	30,929
Changes in operating assets and liabilities	
Accounts receivable	(363,356)
Prepaid expenses and other assets	(9,177)
Accounts payable	(7,956)
Accrued expenses and other liabilities	(43,643)
Refundable advance	130,000
Refundable advance - PPP	<u>(229,345)</u>
Net Cash used for Operating Activities	(5,094)
Investing Activities	
Purchases of property and equipment	<u>(40,740)</u>
Net Change in Cash and Cash Equivalents	(45,834)
Cash and Cash Equivalents, Beginning of Year	<u>1,347,901</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,302,067</u></u>

## **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, 2021, management believes that all receivables are fully collectible, therefore, no provisions for uncollectible accounts was recorded.

Receivables at September 30, 2021, consist of \$100,000 (20%) from The Eucalyptus Foundation, \$100,000 (20%) from Silicon Valley Community Foundation DAF Dave Perry Fund, \$100,000 (20%) from Silicon Valley Community Foundation DAF Someland Foundation, \$80,000 (16%) from Silicon Valley Social Ventures Fund (SV2), \$50,000 from Hewlett Foundation (10%), and \$71,197 from various local sources, totaling \$501,197. 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, 2021, the Academy's bank balance, before reconciling items, was approximately \$1.12 million, of which \$0.87 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.

### **Recently Adopted Accounting Pronouncements**

As of September 1, 2020, the Academy adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. The Academy has adopted Topic 606 using the modified retrospective approach and there was no impact of adoption on the statement of income and balance sheet.

### **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, 2021, the Academy has \$130,000 conditional promise to give in the future period from two private foundations contingent upon measurable performance consisting \$50,000 from the Hewlett Foundation, and \$80,000 from the Silicon Valley Social Ventures Fund (SV2). These conditional promises to give are not recognized as revenues in the Academy's statement of activities, but reported as refundable advances in the statement of financial position.

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 Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, Not for-Profit – Revenue Recognition. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed.

**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.

**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	\$ 1,302,067
Accounts Receivable	501,197
Less: Net Assets with Donor Restrictions	<u>(236,142)</u>
Total	<u><u>\$ 1,567,122</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, 2021:

Computers and Equipment	\$ 187,936
Less Accumulated Depreciation	<u>(94,928)</u>
Total	<u><u>\$ 93,008</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, 2021:

Subject to Expenses for Specified Purpose	
Mental health and wellness	\$ 69,343
Applovin - Accelerator Prize/Startup funding	20,000
Applovin - 5 Year Celebration Sponsor	15,000
The Eucalyptus Foundation	100,000
Onyxx fiscally sponsored organization	<u>31,799</u>
Total	<u><u>\$ 236,142</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, 2021, as follows:

Satisfaction of Purpose Restrictions	
Mental health and wellness	\$ 657
Family Support Grant	7,500
Tides Foundation - summer youth education	50,000
SVCF - Grant for Interns	27,000
Onyxx fiscally sponsored organization	<u>59,673</u>
Total	<u><u>\$ 144,830</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 ongoing COVID-19 pandemic has continued to cause significant uncertainty, volatility, and disruption across economies and financial markets. The higher education industry, like most industries, has been impacted by the pandemic. The Academy's management is closely monitoring the impacts of the pandemic and adjusting operational strategies as needed to ensure the long-term health of the Academy.

**Note 6 - Subsequent Events**

The Academy has evaluated subsequent events through April 21, 2022, the date these financial statements were available to be issued.