

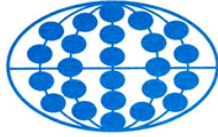
StreetCode Academy

Report of Independent Auditor
and
Financial Statements

September 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
StreetCode Academy
East Palo Alto, California

Opinion

We have audited the accompanying financial statements of StreetCode Academy (a California nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, 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 StreetCode Academy as of September 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 StreetCode Academy 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 StreetCode Academy'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. 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 StreetCode Academy'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 StreetCode Academy's ability to continue as a going concern for a reasonable period of time.

Wang Accounting Corp.

San Jose, California
June 27, 2024

StreetCode Academy
Statement of Financial Position
September 30, 2023

Assets

Current assets

Cash and cash equivalents	\$	796,272
Accounts receivable (see note 6)		197,968
Prepaid expenses and other assets		35,990
Property and equipment, net (see note 3)		118,100
		118,100

Total assets	\$	1,148,330
		1,148,330

Liabilities

Current liabilities

Accounts payable	\$	3,409
Accrued expenses and other liabilities		62,134
Refundable advance (see note 5)		100,000
		100,000

Total liabilities		165,543
		165,543

Net Assets

Without donor restrictions		882,595
With donor restrictions (see note 4)		100,192

Total net assets		982,787
		982,787

Total liabilities and net assets	\$	1,148,330
		1,148,330

The accompanying notes are an integral part of these financial statements

StreetCode Academy
Statement of Activities
Year ended September 30, 2023

	Without donor Restrictions	With donor Restrictions	Total
Operating revenues			
Contributions	\$ 2,851,033	\$ 355,527	\$ 3,206,560
Government grant	25,000	-	25,000
Gain on investments	-	-	-
Interest income	4,234	-	4,234
Net assets released from restrictions	368,895	(368,895)	-
	<u>3,249,162</u>	<u>(13,368)</u>	<u>3,235,794</u>
Total revenues and support	3,249,162	(13,368)	3,235,794
Expenses			
Program services	2,507,310	-	2,507,310
Management and general	458,323	-	458,323
Fundraising	444,967	-	444,967
	<u>3,410,600</u>	<u>-</u>	<u>3,410,600</u>
Total expenses	3,410,600	-	3,410,600
Change in net assets	<u>(161,438)</u>	<u>(13,368)</u>	<u>(174,806)</u>
Net assets, beginning of year	1,044,033	113,560	1,157,593
Net assets, end of year	<u>\$ 882,595</u>	<u>\$ 100,192</u>	<u>\$ 982,787</u>

The accompanying notes are an integral part of these financial statements

StreetCode Academy
Statement of Functional Expenses
Year ended September 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 1,174,528	\$ 266,933	\$ 192,689	\$ 1,634,150
Employee benefits	93,965	23,992	17,274	135,231
Payroll taxes	98,282	22,666	15,948	136,896
Instructional equipment and supplies	317,415	1,981	-	319,396
Accounting fees	103,366	22,753	15,081	141,200
Other fees for services	227,911	50,182	167,724	445,817
Insurance	14,929	3,908	2,861	21,698
Office expenses	45,006	31,889	824	77,719
Equipment and related	67,151	15,917	21,753	104,821
Travel	83,587	4,275	533	88,395
Food	215,194	50	-	215,244
Facility maintenance and rent	38,460	7,305	5,965	51,730
Depreciation	27,516	6,472	4,315	38,303
	<u>\$ 2,507,310</u>	<u>\$ 458,323</u>	<u>\$ 444,967</u>	<u>\$ 3,410,600</u>

The accompanying notes are an integral part of these financial statements

StreetCode Academy
Statement of Cash Flows
Year ended September 30, 2023

Operating Activities		
Change in net assets	\$	(174,806)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation		38,303
Changes in operating assets and liabilities		
Accounts receivable		387,955
Prepaid expenses and other assets		(12,782)
Accounts payable		(515)
Accrued expenses and other liabilities		30,804
Refundable advance		(253,500)
Net cash used by operating activities		<u>15,459</u>
Investing Activities		
Purchases of property and equipment		<u>(87,806)</u>
Net cash used by Investing Activities		(87,806)
Financing Activities		
Net Cash from Financing Activities		<u>-</u>
Net Change in Cash and Cash Equivalents		(72,347)
Cash and Cash Equivalents, Beginning of Year		<u>868,619</u>
Cash and Cash Equivalents, End of Year	\$	<u><u>796,272</u></u>

The accompanying notes are an integral part of these financial statements

Note 1 - Principal Activity and Significant Accounting Policies

Organization

StreetCode Academy (the Academy) is a California 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, 2023, management believes that all receivables are fully collectible, therefore, no provisions for uncollectable accounts were recorded.

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).

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 those 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

The Academy adheres to revenue recognition principles outlined in FASB's *ASC Topic 606, Revenue from Contracts with Customers*. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions received may or may not have donor restrictions in place. 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. 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.

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:

	<u>2023</u>
Cash and Cash Equivalents	\$ 796,272
Accounts Receivable	197,968
Less: Net Assets with Donor Restriction	<u>(100,192)</u>
Liquid financial assets	<u>\$ 894,048</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 consist of the following at September 30, 2023:

	<u>2023</u>
Computers and Equipment	\$ 277,381
Less: Accumulated Depreciation	<u>(159,281)</u>
Property and equipment, net	<u>\$ 118,100</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, 2023:

Subject to Expenses for Specified Purpose	
Mental health and wellness	\$ 25,000
Onyx fiscally sponsored organization	<u>75,192</u>
Total	<u>\$ 100,192</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, 2023, a total of \$368,895 in net assets were released from restrictions.

Note 5 - Contingencies

As of September 30, 2023, the Academy has \$100,000 conditional promises to give in the future from donors contingent upon measurable performance. The conditional promise to give is labeled as a refundable advance.

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.

Note 6 – Concentration of Credit Risk

Receivables at September 30, 2023 totaled \$197,968. Three donors represented more than 10% of the total at September 30, 2023. The three donors represented 51%, 39%, and 11% of the total respectively. All receivables are considered collectible in full with no allowance needed.

On September 30, 2023, the Academy's bank balance, before reconciling items, was approximately \$796,000, of which \$398,000 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 from its cash and cash equivalents.

Note 7 - Subsequent Events

Management of the Academy has evaluated its September 30, 2023 financial statements through June 27, 2024, the date the financial statements were available to be issued, for subsequent events and found no additional events to be disclosed.