

CODE PLATOON, NFP
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021 AND 2020
TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Code Platoon, NFP:

Opinion

We have audited the accompanying financial statements of Code Platoon, NFP, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, cash flows and functional expenses 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 Code Platoon, NFP as of December 31, 2021, and its changes in 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 Code Platoon, NFP 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.

Prior Period Financial Statements

The financial statements for the year ended December 31, 2020 were audited by other auditors, and they expressed an unmodified opinion on their report dated May 24, 2021.

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 aggregate, that raise substantial doubt about Code Platoon, NFP'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 judgement 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 risk 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 Code Platoon, NFP'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Code Platoon, NFP'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.


DUGAN & LOPATKA

CODE PLATOON, NFP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

A S S E T S

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,464,848	\$ 932,012
Certificate of deposit	-	252,431
Tuition receivable	99,650	14,500
Unconditional promises to give	80,000	-
Prepaid expenses	4,609	10,217
Security deposit	<u>14,256</u>	<u>1,905</u>
 Total assets	 <u>\$ 1,663,363</u>	 <u>\$ 1,211,065</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	<u>\$ 20,965</u>	<u>\$ 4,669</u>
COMMITMENTS		
NET ASSETS:		
Without donor restrictions	1,307,398	854,029
With donor restrictions	<u>335,000</u>	<u>352,367</u>
 Total net assets	 <u>1,642,398</u>	 <u>1,206,396</u>
 Total liabilities and net assets	 <u>\$ 1,663,363</u>	 <u>\$ 1,211,065</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES:						
Tuition, net of scholarships of \$755,767 and \$344,200 for 2021 and 2020, respectively	\$ 700,360	\$ -	\$ 700,360	\$ 503,709	\$ -	\$ 503,709
Sponsorships	116,000	-	116,000	70,000	-	70,000
Consulting	23,530	-	23,530	-	-	-
Contributions	268,550	335,000	603,550	227,764	352,367	580,131
Other income	268	-	268	2,636	-	2,636
PPP loan forgiveness	-	-	-	67,168	-	67,168
Net assets released from restrictions	352,367	(352,367)	-	275,000	(275,000)	-
Total support and revenues	1,461,075	(17,367)	1,443,708	1,146,277	77,367	1,223,644
FUNCTIONAL EXPENSES:						
Program services	866,439	-	866,439	588,664	-	588,664
Management and general	78,934	-	78,934	119,966	-	119,966
Fundraising	62,333	-	62,333	71,599	-	71,599
Total functional expenses	1,007,706	-	1,007,706	780,229	-	780,229
CHANGE IN NET ASSETS	453,369	(17,367)	436,002	366,048	77,367	443,415
NET ASSETS, Beginning of year	854,029	352,367	1,206,396	487,981	275,000	762,981
NET ASSETS, End of year	\$ 1,307,398	\$ 335,000	\$ 1,642,398	\$ 854,029	\$ 352,367	\$ 1,206,396

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 436,002	\$ 443,415
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
(Increase) decrease in tuition receivable	(85,150)	17,849
(Increase) decrease in unconditional promises to give	(80,000)	-
(Increase) decrease in prepaid expenses	5,608	(7,016)
(Increase) decrease in security deposits	(12,351)	7,470
Increase (decrease) in accounts payable and accrued liabilities	16,296	(3,757)
Net cash provided by operating activities	<u>280,405</u>	<u>457,961</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net sales (purchases) of certificates of deposits	<u>252,431</u>	<u>(2,431)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	532,836	455,530
CASH AND CASH EQUIVALENTS, Beginning of year	<u>932,012</u>	<u>476,482</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 1,464,848</u></u>	<u><u>\$ 932,012</u></u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting services	\$ -	\$ 5,030	\$ -	\$ 5,030
Advertising & marketing	50,949	-	-	50,949
Bank charges	300	-	-	300
Curriculum development	1,490	-	-	1,490
Dues & subscriptions	15,887	-	-	15,887
Events	-	-	16,341	16,341
HR services	-	2,000	-	2,000
Independent contractors	52,938	5,000	21,435	79,373
Insurance	58,560	-	-	58,560
Legal & professional fees	-	17,861	-	17,861
Meals & entertainment	-	628	-	628
Office expense	16,247	-	-	16,247
Other	-	4,162	-	4,162
PayPal fees	-	1,625	-	1,625
Payroll taxes	47,680	2,886	1,807	52,373
Rent	35,927	-	-	35,927
Supplies	11,893	-	-	11,893
Taxes & licenses	56	-	-	56
Travel & parking	-	3,719	-	3,719
Wages	574,512	32,732	22,750	629,994
Website expense	-	3,291	-	3,291
	<u>\$ 866,439</u>	<u>\$ 78,934</u>	<u>\$ 62,333</u>	<u>\$ 1,007,706</u>
Total functional expenses	<u>\$ 866,439</u>	<u>\$ 78,934</u>	<u>\$ 62,333</u>	<u>\$ 1,007,706</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting services	\$ 4,690	\$ -	\$ -	\$ 4,690
Advertising & marketing	26,954	-	-	26,954
Bank charges	175	-	-	175
Career service manager	-	34,175	-	34,175
Dues & subscriptions	5,323	-	-	5,323
Events	-	-	15,619	15,619
Independent contractors	32,278	-	-	32,278
Insurance	53,411	-	-	53,411
Meals & entertainment	1,373	-	-	1,373
Office expense	14,709	-	-	14,709
Other	-	2,412	-	2,412
PayPal fees	-	1,183	-	1,183
Payroll taxes	27,493	9,581	4,582	41,656
Rent	32,144	-	-	32,144
Shipping & delivery	-	220	-	220
Software	4,746	-	-	4,746
Supplies	950	-	-	950
Travel & parking	1,016	-	-	1,016
Utilities	240	-	-	240
Wages	378,413	72,395	51,398	502,206
Website expense	4,749	-	-	4,749
	<u>\$ 588,664</u>	<u>\$ 119,966</u>	<u>\$ 71,599</u>	<u>\$ 780,229</u>
Total functional expenses	<u>\$ 588,664</u>	<u>\$ 119,966</u>	<u>\$ 71,599</u>	<u>\$ 780,229</u>

The accompanying notes are an integral part of this statement.

CODE PLATOON, NFP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Code Platoon, NFP is a non-profit organization incorporated December 19, 2014 for the purpose of providing formal classroom training for veterans, active duty personnel and their spouses in computer programming and placing graduates in internship roles.

The financial statements were available to be issued on June 23, 2022 with subsequent events being evaluated through this date.

The following is the nature of operations and summary of the significant accounting policies applied by management in the preparation of the accompanying financial statements.

Basis of Accounting -

The financial statements are presented using the accrual method of accounting, in which revenues are recorded when earned and expenses are recorded when incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Non-for-Profit Organizations*. Under the ASC, the organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

With donor restrictions - Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and Cash Equivalents -

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

Tuition Receivables -

Tuition receivables represent amounts due to the Organization from government agencies and individuals. Tuition receivables are stated at the amount management expects to collect from outstanding balances. The Organization recognizes an allowance for losses on receivables in an amount equal to the estimated probable losses, net of recoveries. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable customer accounts considered at-risk or uncollectible. The Organization has determined that no allowance for doubtful accounts was deemed necessary at December 31, 2021 and 2020.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Program Revenue Recognition -

The Organization receives program revenue from tuition. Tuition agreements consist of up to three performance obligations which are all considered to be met at a point in time. The performance obligations and the amount of the contract revenue allocated to each performance obligation varies based on the contracts with the government program that is funding the tuition or the individual student who is enrolled in the course. The three performance obligations are, the student enrolls in the class and begins the class, the student graduates and the student is placed with a job. The revenue associated with each performance obligation is recognized, when the individual performance obligation is met.

The Organization also receives consulting revenues from contracting out its employees to other organizations under time-and-expense billing arrangements, where the Organization bills its customers based on a predetermined rate for actual hours worked. This is considered a single performance obligation and the performance obligation is considered met, and revenue is recognized, as the Organization provides the services to its customers.

Contributions -

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give; that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions upon which they depend have been met.

The Organization reports gifts of cash and other assets as with donor restriction revenue 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. Restricted contributions received and released in the same period are shown as contributions without donor restrictions on the statement of activities.

Income Taxes -

The Organization has been determined by the Internal Revenue Service to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes, except for taxes on unrelated business income generated from unrelated trade or business activities. The Organization files informational returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2018. The organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:
(Continued)

Allocation of Expenses -

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 related expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Reclassifications -

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

(2) UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give consists of the following:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 80,000	\$ -
One to five years	<u>-</u>	<u>-</u>
	80,000	-
Less - Discount to present value (at a rate of 3.50%)	<u>-</u>	<u>-</u>
	<u>\$ 80,000</u>	<u>\$ -</u>

(3) OPERATING LEASE:

The Organization leases an office space in Chicago, Illinois. During 2021 the Organization signed a new lease which expanded the square footage used by the Organization. The lease expires in August 2023, and the terms of the lease result in escalating payments during the life of the lease. Rent expense for the years ended December 31, 2021 and 2020 was \$35,927 and \$32,144, respectively.

The future minimum rental commitments are as follow:

2022	\$ 66,528
2023	<u>53,222</u>
Total future commitments	<u>\$ 119,750</u>

(4) SIGNIFICANT CONCENTRATION OF CREDIT RISK:

The organization has concentrated its credit risk for cash by maintaining deposits in the bank, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

(5) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions on December 31, 2021 and 2020 available for future periods consist of the following:

	<u>2021</u>	<u>2020</u>
Time Restricted	\$ <u>335,000</u>	\$ <u>352,367</u>

(6) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets -		
Cash and cash equivalents	\$ 1,464,848	\$ 932,012
Certificates of deposits	-	252,431
Tuition receivables	99,650	14,500
Unconditional promises to give	<u>80,000</u>	<u>-</u>

Financial assets available to meet cash needs for general expenditures that is without donor or other restrictions limiting their use within one year	\$ <u>1,644,498</u>	\$ <u>1,206,396</u>
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The Organization manages its liquidity and reserves adhering to the following principles:

- Operating within a prudent range of financial soundness and stability
- Incurring unbudgeted costs only when costs are funded
- Maintaining adequate liquid assets to fund near-term operating needs