

**CodePath.org**

**Financial Statements**

**December 31, 2022  
(With Comparative Totals for 2021)**

***ERNST WINTER & ASSOCIATES LLP***  
**Certified Public Accountants**

# CodePath.org

December 31, 2022

(With Comparative Totals for 2021)

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## **Independent Auditor's Report**

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To the Board of Directors  
CodePath.org

### **Opinion**

We have audited the accompanying financial statements of CodePath.org (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, 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 the Organization as of December 31, 2022, and the 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 the Organization 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 the Organization'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, including omissions, 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 the Organization'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 the Organization'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.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Ernst & Young*

Walnut Creek, California  
May 15, 2023

**CodePath.org**  
**Statement of Financial Position**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,721,288	\$ 6,555,985
Accounts receivable	276,776	162,000
Contributions receivable, net	5,331,400	100,000
Investments	1,999,273	-
Prepays	105,739	86,619
Property, net	<u>116,958</u>	<u>36,900</u>
<b>Total Assets</b>	<b>\$ <u>18,551,434</u></b>	<b>\$ <u>6,941,504</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 285,861	\$ 174,100
Accrued compensation	15,000	85,883
Deferred revenue	188,375	178,246
Refundable advances	<u>574,737</u>	<u>1,592,805</u>
<b>Total Liabilities</b>	<b><u>1,063,973</u></b>	<b><u>2,031,034</u></b>
<b>Net Assets</b>		
Net assets without donor restrictions	11,438,223	4,910,470
Net assets with donor restrictions	<u>6,049,238</u>	<u>-</u>
<b>Total Net Assets</b>	<b><u>17,487,461</u></b>	<b><u>4,910,470</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>18,551,434</u></b>	<b>\$ <u>6,941,504</u></b>

See independent auditor's report and accompanying notes.

**CodePath.org**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Support and Program Revenue</b>				
Institutional grants	\$ 13,427,015	\$ 6,049,238	\$ 19,476,253	6,433,433
Sponsored university courses	1,619,000	-	1,619,000	990,000
Contributions	49,072	-	49,072	249,648
Recruiting events	204,282	-	204,282	282,004
Custom training development	1,974,589	-	1,974,589	1,205,500
In-kind contributions	1,271,575	-	1,271,575	37,731
Interest and other income	118,059	-	118,059	1,980
<b>Total Support and Program Revenue</b>	18,663,592	6,049,238	24,712,830	9,200,296
<b>Expenses</b>				
Program services	9,140,404	-	9,140,404	5,221,752
Management and general	2,109,671	-	2,109,671	1,006,373
Fundraising	885,764	-	885,764	596,341
<b>Total Expenses</b>	12,135,839	-	12,135,839	6,824,466
<b>Change in Net Assets</b>	6,527,753	6,049,238	12,576,991	2,375,830
<b>Beginning Net Assets</b>	4,910,470	-	4,910,470	2,534,640
<b>Ending Net Assets</b>	\$ 11,438,223	\$ 6,049,238	\$ 17,487,461	\$ 4,910,470

See independent auditor's report and accompanying notes.

**CodePath.org**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for 2021)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2022 Total Expenses</b>	<b>2021 Total Expenses</b>
Salaries and benefits	\$ 3,507,134	\$ 904,493	\$ 653,384	\$ 5,065,011	2,367,383
Program contractors	2,110,991	-	-	2,110,991	1,347,293
Professional fees	554,474	392,169	166,525	1,113,168	901,295
Platform services	1,551,381	-	-	1,551,381	741,578
Dues and subscriptions	791,452	320,112	4,075	1,115,639	242,462
Marketing and education	243,124	115,561	26,355	385,040	649,700
Travel and entertainment	267,734	50,508	35,425	353,667	13,899
Recruiting fees	13,121	124,795	-	137,916	92,136
Depreciation	-	33,360	-	33,360	-
Occupancy	-	2,492	-	2,492	34,879
General and administrative	100,993	166,181	-	267,174	433,841
<b>Total Expenses</b>	<b>\$ 9,140,404</b>	<b>\$ 2,109,671</b>	<b>\$ 885,764</b>	<b>\$ 12,135,839</b>	<b>\$ 6,824,466</b>

See independent auditor's report and accompanying notes.

**CodePath.org**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2022**  
**(With Comparative Totals for 2021)**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 12,576,991	2,375,830
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	-	6,000
Depreciation	33,360	-
Changes in operating assets and liabilities:		
Accounts receivable	(114,776)	(153,750)
Contributions receivable	(5,231,400)	150,000
Prepays	(19,120)	39,163
Accounts payable and accrued expenses	111,761	21,052
Accrued compensation	(70,883)	16,236
Deferred revenue	10,129	89,121
Refundable advances	(1,018,068)	605,305
Due to related party	-	(120,094)
<b>Net Cash Provided by Operating Activities</b>	<u>6,277,994</u>	<u>3,028,863</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property	(113,418)	(36,900)
Purchase of investments	(1,999,273)	-
<b>Net Cash Used In Investing Activities</b>	<u>(2,112,691)</u>	<u>(36,900)</u>
<b>Net Increase in Cash</b>	4,165,303	2,991,963
Cash at beginning of year	6,555,985	3,564,022
<b>Cash and cash equivalents at End of Year</b>	<u>\$ 10,721,288</u>	<u>\$ 6,555,985</u>

See independent auditor's report and accompanying notes.

# CodePath.org

## Notes to the Financial Statements

### December 31, 2022

### (With Comparative Totals for 2021)

#### 1. Organization

CodePath.org (the “Organization”), a nonprofit public benefit corporation, was formed in 2017 for the purpose of eliminating educational inequity in technical careers, and to provide the tools and connections that software engineers need to unlock their greatest career potential. Through college training programs, the Organization helps underrepresented minorities in technology. Located in San Francisco, California, the Organization is supported primarily through donors, grantors, and customers.

#### 2. Significant Accounting Policies

##### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

##### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with original maturities of three months or less, other than those held for sale in the ordinary course of business, to be cash equivalents. As of December 31, 2022 and 2021, there were certificates of deposit of \$499,914 and \$0, respectively included as a cash equivalent and no restricted cash held by the Organization.

##### **Accounts Receivable**

Accounts receivable consists of balances due from customers. An allowance for doubtful accounts, if any, is provided based on the review of outstanding receivables, historical experience and economic conditions. Uncollectible accounts are expensed in the period such amounts are determined and all collection efforts have been exhausted. No allowance for doubtful accounts was deemed necessary as of December 31, 2022 and 2021.

##### **Investments**

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Certificates of deposit with maturity dates in excess of three months are typically measured at the amount initially invested plus accrued interest. Realized gains or losses on investments represent the difference between the original cost of the investments and the related market price on the sale date. When investment securities are sold, gains or losses are classified as realized. The difference between the original cost and the estimated fair value of investments owned at the end of the year represents unrealized gains or losses. At the time investments are sold, unrealized gains or losses on the investment will be reclassified as realized.

##### **Fair Value Measurements**

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Unobservable inputs for the asset or liability.

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**Notes to the Financial Statements**  
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**(With Comparative Totals for 2021)**

**2. Significant Accounting Policies (Continued)**

**Fair Value Measurements (Continued)**

**Determination of Fair Value**

Under the Fair Value Measurements Topic of the FASB Accounting Standards Codification, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used.

**Property and Equipment**

The Organization follows the practice of capitalizing all expenditures in excess of \$2,500 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

**Net Assets**

In accordance with GAAP, the Organization classifies its net assets and activities into one of two classes of net assets: net assets without donor restrictions and net assets with donor restrictions as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization. Under this category, the Organization maintains an operating fund plus any net assets designated by the Board for specific purposes. There were no such designated net assets without donor restrictions at December 31, 2022 and 2021.

Net Assets with Donor Restrictions – The portion of net assets whose use by the Organization is limited by donor-imposed stipulations that either will be fulfilled by actions of the Organization pursuant to those stipulations or expire by passage of time. There were \$6,049,238 and \$0 of net assets with donor restrictions at December 31, 2022 and 2021, respectively, that were restricted for multiyear grant periods.

**Support and Program Revenue Recognition**

The Organization recognizes revenue from contributions, grants and contracts in accordance with Accounting Standards Update ("ASU") 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). Accordingly, the Organization evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Organization applies guidance under Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("ASC 606").

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**2. Significant Accounting Policies (Continued)**

**Support and Program Revenue Recognition (Continued)**

If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Revenue from exchange transactions includes program revenue from sponsored university courses, recruiting events, and custom training development (See Note 4). Contributions include institutional grants and contributions on the accompanying statement of activities.

Contributions recognized as unconditional that have been committed to the Organization, but have not been received, are reflected as contributions receivable. As of December 31, 2022 and 2021, contributions receivable were \$5,331,400 and \$100,000, respectively. Contributions are recognized when the unconditional promise to give is received. All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or designated by the donor for specific purposes are reported as net assets with donor restrictions. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income within net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-free treasury interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution or institutional grants depending on the donor.

Conditional grants are recognized when the conditions on which they depend are substantially met. Any amounts received before conditions have been met are included in refundable advances in the accompanying statement of financial position. As of December 31, 2022 and 2021, the Organization received refundable advances of \$574,737 and \$1,592,805, respectively.

**Functional Expenses**

The Organization allocates its expenses on a functional basis among its program, fundraising, and support services. Expenses that can be identified with a specific program, fundraising, or support service are allocated directly according to their natural expenditure classification. Expenses, such as payroll and benefits, have been allocated among program, fundraising, and supporting services based upon the employee's time spent by function.

**Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

**Fair Value of Financial Instruments**

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments approximate the carrying values of such amounts.

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**Notes to the Financial Statements**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

**2. Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in accordance with GAAP requires management 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 may have an impact on future periods.

**Income Taxes**

The Organization has been granted exemption from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and by the California Franchise Tax Board. The Organization is not a private foundation. In addition, there was no unrelated business income tax for 2022 and 2021, and management believes that there are no uncertain tax positions. As a 501(c)(3) organization, donors qualify for the charitable deduction. Accordingly, there is no provision for federal or state income taxes. Federal and state tax authorities generally have the right to examine and audit the previous year of tax returns filed. All years are open to examination by tax authorities.

**Marketing and Education**

The Organization uses marketing and education to promote its programs among donors and the audiences it serves. Marketing and education are expensed as incurred. The costs incurred by the Organization for the years ended December 31, 2022 and 2021 were \$385,040 and \$649,700, respectively.

**Contributed Goods and Services**

The Organization records contributed professional services and materials at their estimated fair value on the date of receipt. Contributed services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. Volunteered professional services are not reflected in the accompanying financial statements. Contributions of tangible and intangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses, or additions to prepaids or property and equipment.

**3. Recently Issued Accounting Guidance**

*ASU 2020-07 Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU No. 2020-07 (Topic 958) “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets”, that increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU No. 2020-07 requires the Organization to present in-kind donations as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and to disclose information regarding each type of contributed nonfinancial asset. The Organization adopted ASU 2020-07 on a retrospective basis beginning January 1, 2022. The adoption of this standard did not have a material impact on the Organization’s financial statements.

**4. Revenue from Contracts with Customers**

Revenue from contracts with customers is recognized when, or as, the Organization satisfies performance obligations by transferring the promised goods or services to the customers. A good or service is transferred to a customer when, or as, the customer obtains control of that good or service. A performance obligation may be satisfied over time or at a point in time. Revenue from a performance obligation satisfied over time is recognized by measuring progress in satisfying the performance obligation in a manner that depicts the transfer of the goods or services to the customer. Revenue from a performance obligation satisfied at a point in time is recognized at the point in time when it is determined the customer obtains control over the promised good or service.

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**4. Revenue from Contracts with Customers (Continued)**

The amount of revenue recognized reflects the consideration the Organization expects to be entitled to in exchange for those promised goods or services (i.e., the “transaction price”).

In determining the transaction price, the Organization considers multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, the Organization considers the range of possible outcomes, the predictive value of past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of the Organization’s influence, such as market volatility or the judgment and actions of third parties.

The following provides detailed information on the recognition of program revenue from contracts with customers:

**Sponsored University Courses**

Customers sponsor university courses and career preparation services for computer science students. The customers are able to recruit from the best students in the courses. The Organization believes the performance obligation for providing these services is satisfied over time because the customers are receiving and consuming the benefits as they are provided to the students. Fees are fixed amounts for each performance obligation and are payable as services are provided.

**Recruiting Events**

The Organization provides networking and career fair events for customers and students. Customers can sponsor the events to have more personalized interactions with the students. The fee is a fixed amount and is recognized on the date of the event.

**Custom Training Development**

The Organization develops curriculum designs and completes delivery of instructions for customers. These custom courses include topics such as technical interview preparation, interview case studies, and problem solving for customers’ students. The Organization believes the performance obligation for providing these services is satisfied over time because the customers are receiving and consuming the benefits as they are provided. Fees are a fixed amount and are due and payable upon execution of the agreement.

**Contract Balances**

Income is recognized upon completion of the related performance obligation and when an unconditional right to payment exists. The timing of revenue recognition may differ from the timing of customer payments. Fees received prior to the completion of the performance obligation are recorded as deferred revenue on the statement of financial position until such time when the performance obligation is met. At December 31, 2022 and 2021, deferred revenue was \$188,375 and \$178,246, respectively.

Alternatively, a receivable is recognized when a performance obligation is met prior to receiving payment from a customer. At December 31, 2022 and 2021, the Organization had receivables related to revenue from contracts with customers of \$276,776 and \$162,000, respectively.

**Contract Costs**

Costs to obtain a contract or fulfill a contract are evaluated under the criteria for capitalization on a contract-by-contract basis. There were no capitalized contract costs at December 31, 2022 and 2021.

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**(With Comparative Totals for 2021)**

**5. In-Kind Contributions**

During the years ended December 31, 2022 and 2021, the Organization received following in-kind donations at fair value:

	<u>2022</u>	<u>2021</u>
Consulting services	\$ -	\$ 37,731
Online course subscriptions	498,875	-
Platform licensing	572,700	-
Computer science materials	<u>200,000</u>	<u>-</u>
Total	<u>\$ 1,271,575</u>	<u>\$ 37,731</u>

During the year ended December 31, 2022, the Organization received in-kind donations of online course subscriptions, platform licensing fee, and computer science materials. The fair value of the donations was determined using current market rates. The Organization expensed \$698,875 relating to online course subscriptions and computer science materials as dues and subscription under program services on the accompanying statement of activities. In addition, the Organization expensed \$572,700 relating to platform licensing as platform services under program services on the accompanying statement of activities.

During the year ended December 31, 2021, the Organization received in-kind donation of consultant services valued at \$37,731. This amount was expensed as professional fees on the accompanying statement of activities.

During the years ended December 31, 2022 and 2021, numerous volunteers have donated significant amounts of time to the Organization's program services; however, the financial statements do not reflect the value of these volunteer services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

**6. Promises to Give**

Included in contributions receivable are the following unconditional promises to give:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give before unamortized discount	\$ 5,470,000	\$ 100,000
Less unamortized discount	<u>(138,600)</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 5,331,400</u>	<u>\$ 100,000</u>
Amounts due in:		
In one year or less	\$ 4,370,000	\$ 100,000
Between one year and three years	<u>1,100,000</u>	<u>-</u>
Total	<u>\$ 5,470,000</u>	<u>\$ 100,000</u>

Discount rates ranged from 0.54% to 4.77% for 2022.

**7. Investments**

At December 31, 2022, investments are segregated as follows:

	<u>2022</u>
Money market fund	\$ 251,146
Treasury note	248,867
Certificates of deposit	<u>1,499,260</u>
Total investments	<u>\$ 1,999,273</u>

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**Notes to the Financial Statements**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

**7. Investments (Continued)**

The Organization’s investment returns for the year ended December 31, 2022 are as follows:

	<u>2022</u>
Interest and dividends	\$ 3,819
Net unrealized loss	<u>(786)</u>
Total investment returns	<u>\$ 3,033</u>

At December 31, 2022, the Organization’s debt securities mature within one year.

The Organization did not have investments during 2021.

**8. Fair Value Measurements**

The tables below present the assets measured at fair value on a recurring basis:

	<b>December 31, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets at Fair Value:</b>				
Money market fund	\$ 251,146	\$ -	\$ -	\$ 251,146
Treasury note	248,867	-	-	248,867
Certificates of deposit	1,499,260	-	-	1,499,260
Total assets at fair value	\$ 1,999,273	\$ -	\$ -	\$ 1,999,273

**9. Property**

At December 31, 2022 and 2021, property consisted of a website at cost of \$150,318 and \$36,900, respectively. Depreciation expense was \$33,360 and \$0 for the years ended December 31, 2022 and 2021, respectively, since the website redesign was completed in May 2022.

**10. Related Party Transactions**

On June 28, 2017, the Organization entered into a licensing agreement with its affiliate CodePath LLC (the “LLC”), whom is affiliated by common ownership and past board members. The LLC provides access to curriculums, which includes iOS, Android, web security, and any other course that may be developed by the LLC. The LLC also provides students and organizers access to its platform to administer the courses. In October 2021, the organization entered into a new 2-year licensing agreement with the LLC which can be renewed in 1-year increments. Total expense for these services was \$1,431,750 and \$629,232, respectively, for the years ended December 31, 2022 and 2021, and is included in platform services in the accompanying statement of functional expenses. A portion of the fee is discounted and is recorded as an in-kind donation. During 2022 and 2021, the discount was \$572,700 and \$0, respectively.

**11. Employee Benefit Plan**

On May 20, 2020, the Organization established a qualified 401(k) plan which covers employees meeting certain eligibility requirements. Participants may contribute a portion of their compensations to the plan, up to the maximum amount permitted under Section 401(k) of the Internal Revenue Code. The Organization is able to make discretionary contributions to the plan. The Organization did not contribute to the plan for the years ended December 31, 2022 and 2021.

**CodePath.org**  
**Notes to the Financial Statements**  
**December 31, 2022**  
**(With Comparative Totals for 2021)**

**12. Risk Concentrations**

The Organization maintains its cash in bank deposit accounts, which, at times, may have exceeded federally insured limits during the year.

At December 31, 2022, 47% of institutional grants and 79% of contributions receivables were from four donors. At December 31, 2021, 84% of institutional grants was from three donors, and 100% of contributions receivable was from one donor.

At December 31, 2022, 81% program service revenue was earned from three customers, and 65% of accounts receivables was due from two customers. At December 31, 2021, 84% program service revenue was earned from three customers, and 77% of accounts receivables was due from one customer.

**13. Liquidity and Availability**

The Organization has \$17,367,337 and \$6,817,985 of financial assets available within one year of December 31, 2022 and 2021, respectively. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Investments in debt securities with maturity dates over one year can be sold at any time but may be subject to penalty. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2022 and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 10,721,288	\$ 6,555,985
Accounts receivable	276,776	162,000
Contributions receivable due within one year	4,370,000	100,000
Investments	<u>1,999,273</u>	<u>-</u>
Total available for general expenditures	<u>\$ 17,367,337</u>	<u>\$ 6,817,985</u>

**14. Subsequent Events**

The Organization has evaluated subsequent events through May 15, 2023, the date which the financial statements were available to be issued.