

CODE PLATOON, NFP

FINANCIAL REPORT

DECEMBER 31, 2020 AND 2019

CODE PLATOON, NFP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Code Platoon, NFP
Chicago, Illinois

We have audited the accompanying financial statements of Code Platoon, NFP (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the fiscal years 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 misstatements.

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 Code Platoon, NFP as of December 31 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adducci Vega Financial Group

Palos Heights, Illinois
May 24, 2021

CODE PLATOON, NFP

STATEMENT OF FINANCIAL POSTION

DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 932,012	\$ 476,482
Certificate of deposit	252,431	250,000
Tuition receivable	14,500	32,349
Prepaid expense	10,217	3,201
Security deposit	1,905	9,375
Total assets	<u>\$ 1,211,065</u>	<u>\$ 771,407</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 4,669</u>	<u>\$ 8,426</u>
Net Assets:		
Net assets without restrictions	854,030	487,981
Net assets with restrictions	352,367	275,000
Total net assets	<u>\$ 1,206,396</u>	<u>\$ 762,981</u>
 Total liabilities and net assets	 <u>\$ 1,211,065</u>	 <u>\$ 771,407</u>

The accompanying notes are an integral part of this statement

CODE PLATOON, NFP
STATEMENT OF ACTIVITIES
DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>			
Tuition	\$ 503,709	\$ -	\$ 503,709
Sponsorships	70,000	-	70,000
Consulting	-	-	-
Contributions	227,764	352,367	580,131
Other Income	2,636	-	2,636
PPP Loan Forgiveness	67,168	-	67,168
Net assets released from donor restrictions	275,000	(275,000)	-
	<u>\$ 1,146,277</u>	<u>\$ 77,367</u>	<u>\$ 1,223,644</u>
<u>EXPENSES</u>			
Program Services:			
Advertising and marketing	\$ 26,954	-	\$ 26,954
Accounting services	4,690	-	4,690
Bank charges	175	-	175
Dues and subscriptions	5,323	-	5,323
Independent contractors	32,278	-	32,278
Insurance	53,411	-	53,411
Meals and entertainment	1,373	-	1,373
Office expense	14,709	-	14,709
Payroll taxes	27,493	-	27,493
Rent	32,144	-	32,144
Software	4,746	-	4,746
Supplies	950	-	950
Travel and parking	1,016	-	1,016
Utilities	240	-	240
Wages	378,413	-	378,413
Website expense	4,749	-	4,749
Total Program Services	<u>\$ 588,664</u>	<u>\$ -</u>	<u>\$ 588,664</u>
Management and General:			
Career Service Manager	\$ 34,175	\$ -	34,175
Operations Officer	\$ 72,395	\$ -	72,395
Payroll taxes	9,581	-	9,581
Pay Pal fees	1,183	-	1,183
Other	2,412	-	2,412
Shipping and delivery expense	220	-	220
Total Management and General	<u>\$ 119,966</u>	<u>\$ -</u>	<u>\$ 119,966</u>
Fundraising:			
Development Director	\$ 31,733	\$ -	\$ 31,733
Development Officer	19,665	-	19,665
Payroll taxes	4,582	-	4,582
Events	15,619	-	15,619
Total Fundraising	<u>\$ 71,599</u>	<u>\$ -</u>	<u>\$ 71,599</u>
Total expenses	<u>\$ 780,229</u>	<u>\$ -</u>	<u>\$ 780,229</u>
Increase in net assets	366,049	77,367	443,415
Net assets at beginning of year	<u>487,981</u>	<u>275,000</u>	<u>762,981</u>
Net assets at end of year	<u>\$ 854,030</u>	<u>\$ 352,367</u>	<u>\$ 1,206,396</u>

The accompanying notes are an integral part of this statement

CODE PLATOON, NFP
STATEMENT OF ACTIVITIES
DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>			
Tuition	\$ 229,555	\$ -	\$ 229,555
Sponsorships	135,000	-	135,000
Consulting	2,145	-	2,145
Contributions	230,155	275,000	505,155
Other Income	33	-	33
Net assets released from donor restrictions	<u>187,525</u>	<u>(187,525)</u>	<u>-</u>
Total revenue	<u>\$ 784,413</u>	<u>\$ 87,475</u>	<u>\$ 871,888</u>
<u>EXPENSES</u>			
Program Services:			
Advertising and marketing	\$ 19,601	\$ -	\$ 19,601
Accounting Services	4,650	-	4,650
Bank Charges	2	-	2
Curriculum expense	2,500	-	2,500
Dues and subscriptions	7,246	-	7,246
Independent contractors	59,440	-	59,440
Insurance	48,513	-	48,513
Legal and Professional	1,510	-	1,510
Meals and entertainment	2,429	-	2,429
Office expense	10,340	-	10,340
Payroll taxes	16,980	-	16,980
Rent	38,212	-	38,212
Travel and parking	9,309	-	9,309
Wages	226,269	-	226,269
Website expense	3,262	-	3,262
Total Program Services	<u>\$ 450,263</u>	<u>\$ -</u>	<u>\$ 450,263</u>
Management and General:			
Operations Officer	\$ 2,340	\$ -	\$ 2,340
Payroll taxes	180	-	180
Pay Pal fees	1,016	-	1,016
Other	1,400	-	1,400
Total Management and General	<u>\$ 4,936</u>	<u>\$ -</u>	<u>\$ 4,936</u>
Fundraising:			
Development Director	\$ 57,000	\$ -	\$ 57,000
Development Officer	11,351	-	11,351
Payroll taxes	5,419	-	5,419
Events	24,016	-	24,016
Total Fundraising	<u>\$ 97,786</u>	<u>\$ -</u>	<u>\$ 97,786</u>
Total expenses	<u>\$ 552,985</u>	<u>\$ -</u>	<u>\$ 552,985</u>
Increase in net assets	231,428	87,475	318,903
Net assets at beginning of year	<u>256,553</u>	<u>187,525</u>	<u>444,078</u>
Net assets at end of year	<u>\$ 487,981</u>	<u>\$ 275,000</u>	<u>\$ 762,981</u>

The accompanying notes are an integral part of this statement

CODE PLATOON, NFP

STATEMENT OF CASH FLOWS

DECEMBER 31,

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2020</u>	<u>2019</u>
Increase in net assets	\$ 443,415	\$ 318,903
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase)decrease in operating assets:		
Tuition receivable	17,849	(19,949)
Prepaid expense	(7,016)	25
Security deposit	7,470	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(3,757)	4,732
Net cash provided (used) by operating activities	<u>\$ 457,961</u>	<u>\$ 303,711</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided by (used in) investing activities	<u>\$ (2,431)</u>	<u>\$ (250,000)</u>
Net increase (decrease) in cash and cash equivalents	\$ 455,530	\$ 53,711
Beginning cash and cash equivalents	<u>\$ 476,482</u>	<u>\$ 422,771</u>
Ending cash and cash equivalents	<u><u>\$ 932,012</u></u>	<u><u>\$ 476,482</u></u>

The accompanying notes are an integral part of this statement

CODE PLATOON, NFP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

A summary of the School's significant accounting policies follows:

Nature of Operations – The corporation entity, Code Platoon, NFP, the (School) is a not-for-profit organization incorporated (December 19, 2014) for the purpose of providing formal classroom training for veterans in computer programming and placing graduates in internship roles.

Basis of Accounting – The accompanying financial statements are presented in accordance with the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred. This is in accordance with FASB ASC 958-910, "*Not-for-Profit Entities*".

Basis of Presentation – The financial statement presentation follows the recommendation of the Financial Accounting Standards Board Accounting Standards Codification (the Codification). As required by the Non-Profit Entities topic of the Codification, "*Financial Statements of Not-for-Profit Organizations*", the School is required to report information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. Net Assets with donor restrictions for the years ended December 31, 2020 and 2019 was \$352,367 and \$275,000, respectively. In addition, the School presents a Statement of Cash Flows.

Cash and Cash Equivalents – The School considers money market funds and all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Financial risk

The School maintains its cash in bank deposit amounts, which, at times may exceed federally insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant financial risk on cash and cash equivalents.

Revenue and Support – Tuition and fees are recognized monthly when earned.

Contributions are recognized when received or earned. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Investment Securities – Investments in certificates of deposit with readily determinable fair values and other investments are valued and reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

CODE PLATOON, NFP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION.

continued

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions.

The following reflects the award period restrictions which expire during the calendar year 2021.

	Donor Restricted Funds	Restriction Dates
Boeing	\$50,000.00	01/01/21 – 12/31/21
Cleveland Foundation	2,000.00	11/16/20 – 11/15/21
Comcast Foundation	20,000.00	10/26/20 – 10/25/21
DRW Holdings	50,000.00	06/30/20 – 06/29/21
JPMorgan Chase Bank	24,700.00	01/01/21 – 12/31/21
McCormick Foundation	29,167.00	08/01/20 – 07/31/21
Motorola	50,000.00	09/19/20 – 12/31/21
Oberweiler Foundation	5,000.00	10/28/20 – 10/27/21
Seabury Foundation	7,500.00	10/21/20 – 10/20/21
Snap Inc.	14,000.00	11/18/20 – 06/30/21
Vets Cash	50,000.00	06/01/20 – 05/31/21
Workday Foundation	50,000.00	12/16/20 – 12/15/21
Total received in 2020	<u>\$352,367.00</u>	

Estimates – The preparation of financial statements, in conformity with Generally Accepted Accounting Principles (GAAP), 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 reported period. Accordingly, actual results could differ from those estimates.

Income Tax Status – The School is exempt from federal income taxes pursuant to Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. The School is not classified as a private foundation. The School is also exempt from state income taxes pursuant to the General Not-For-Profit Corporation Act of the State of Illinois.

CODE PLATOON, NFP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION,

continued

Uncertain Tax Positions – The School has no activities considered unrelated business tax income. FASB ASC 740-10, “*Income Taxes*” provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2020, the implementation of FASB ASC 740-10 had no impact on the School’s financial statements. The School does not believe there are any material uncertain tax positions and it will not recognize any liability for unrecognized tax benefits. The School has filed for and received income tax exemptions in the jurisdiction where it is required to do so. Additionally, the School has filed Internal Revenue Service Form 990 tax return as required. The School’s Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2020 and 2019 are subject to examination by the IRS, generally for three years after filing.

LEASE COMMITMENTS

The School currently leases space at 125 South Clark Street in Chicago, Illinois. The current lease runs from September 30, 2020 through July 31, 2021 at \$953 per month, increasing to \$1,118 per month in 2021.

Rental expense for 2020 and 2019 was \$32,144 and \$38,212, respectively. At December 31, 2020 and 2019, the lessor held \$1,905 and \$9,375 as a security deposit, respectively.

SBA PAYCHECK PROTECTION PROGRAM

On April 22, 2020, the School was granted a loan from JPMorgan Chase Bank in the amount of \$67,168 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan, which was in form of a Note, bears interest at a rate of 1.00% per annum, payable monthly beginning 7 months from the month the note was dated.

Funds from the loan and accrued interest may be forgiven as long as the funds are used for eligible purposes, including payroll, benefits, rent and utilities. On November 18, 2020, the School’s loan has been forgiven including any interest accrued to that date.

CODE PLATOON, NFP

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

INVESTMENTS

The School's investments at December 31, 2020 and 2019 consist of a Certificate of Deposit with JPMorgan Chase Bank in the amount of \$252,431, earning 0.05% interest maturing April 28, 2021 and \$250,000, earning 1.75% interest maturing April 28, 2020, respectively

LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the School's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>
Financial assets at year-end	\$ 1,198,943
Less those unavailable for general expenditures within one year	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,198,943</u>

As a part of the financial assets at year-end, \$352,367 has time constraint restrictions that will expire before or on December 31, 2021. In future years, as part of the School's liquidity management, it will invest cash in excess of daily requirements in short-term investments.

SUBSEQUENT EVENTS – In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through May 24, 2021, the date the financial statements were available to be issued.

Management's evaluation of the impact of all subsequent events on the School's financial statements was completed through the date the financial statements were issued and a new two year lease was signed starting August 1, 2021 with the monthly rent of \$9,504 per month subject to lessee discounts.