

ALL STAR CODE, INC.
FINANCIAL STATEMENTS
AND
AUDITORS' REPORT
DECEMBER 31, 2015 AND 2014

ALL STAR CODE, INC.

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
All Star Code, Inc.

We have audited the accompanying financial statements of All Star Code, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows, and functional expenses for the 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 audits. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of All Star Code, Inc. as of December 31, 2015 and 2014, 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.

New York, NY
May 23, 2016

Skody Scot & Company, CPAs, P.C.

**ALL STAR CODE, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015	2014
ASSETS		
Cash	\$ 295,327	\$ 170,981
Contributions receivable, net	582,886	757,892
Prepaid expenses	5,673	-
Security deposits & other assets	592	883
Total assets	\$ 884,478	\$ 929,756
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 42,541	\$ 23,490
Deferred revenue	17,000	-
Total liabilities	59,541	23,490
Commitments and contingencies (see notes)		
Net Assets:		
Unrestricted	319,261	158,374
Temporarily restricted	505,676	747,892
Permanently restricted	-	-
Total net assets	824,937	906,266
Total liabilities and net assets	\$ 884,478	\$ 929,756

See accompanying notes to financial statements.

**ALL STAR CODE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Support and Revenues:		
Unrestricted:		
Contributions	\$ 380,805	\$ 678,953
Contributions in-kind	28,368	76,604
Program service revenue	30,825	-
Special events:		
Event income	603,543	78,528
Less: related direct costs	(247,325)	(77,178)
Net special event income	<u>356,218</u>	<u>1,350</u>
Release of prior year's restricted contributions	260,000	-
Temporarily restricted:		
Contributions	17,784	747,892
Release of prior year's restricted contributions	(260,000)	-
Total support and revenues	<u>814,000</u>	<u>1,504,799</u>
Expenses:		
Program Expenses:		
Summer intensive	389,522	279,454
Introductory workshops	129,357	75,023
Research & other activities	129,651	72,504
Total program expenses	<u>648,530</u>	<u>426,981</u>
Management and general	33,748	126,046
Fundraising	213,051	101,029
Total expenses	<u>895,329</u>	<u>654,056</u>
Increase/(Decrease) In Net Assets:		
Unrestricted	160,887	102,851
Temporarily restricted	(242,216)	747,892
Permanently restricted	-	-
Increase/(decrease) in net assets	<u>(81,329)</u>	<u>850,743</u>
Net assets, beginning of year	<u>906,266</u>	<u>55,523</u>
Net assets, end of year	<u>\$ 824,937</u>	<u>\$ 906,266</u>

See accompanying notes to financial statements.

**ALL STAR CODE, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015, AND 2014**

	2015	2014
Cash flows from operating activities:		
Increase/(decrease) in net assets	\$ (81,329)	\$ 850,743
Adjustments for non-cash items included in operating activities:		
Discount on pledges	-	12,108
Amortization of discount	(7,784)	-
Changes in assets and liabilities:		
Contributions receivable	182,790	(770,000)
Prepaid expenses	(5,673)	-
Security deposits & other assets	291	(462)
Accounts payable and accrued expenses	19,051	23,427
Deferred revenue	17,000	-
Net cash provided/(used) by operating activities	124,346	115,816
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	124,346	115,816
Cash at beginning of year	170,981	55,165
Cash at end of year	\$ 295,327	\$ 170,981

See accompanying notes to financial statements.

ALL STAR CODE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015						2014	
	Program Expenses			Supporting Services			Total Expenses	
	Summer Intensive	Introductory Workshops	Research & Other Activities	Total Program	Management and General	Fundraising		
Personnel costs:								
Salaries	\$ 150,691	\$ 57,334	\$ 52,618	\$ 260,643	\$ 14,912	\$ 82,438	\$ 357,993	\$ 174,964
Payroll taxes and benefits	31,200	14,722	12,889	58,811	3,675	20,794	83,280	32,946
Outside contractors	61,259	17,678	22,647	101,584	86,265	32,019	219,868	202,419
Total personnel costs	<u>243,150</u>	<u>89,734</u>	<u>88,154</u>	<u>421,038</u>	<u>104,852</u>	<u>135,251</u>	<u>661,141</u>	<u>410,329</u>
Direct expenses:								
Equipment purchases	9,691	-	-	9,691	-	773	10,464	25,017
Insurance	1,529	573	529	2,631	3,303	849	6,783	2,135
Office supplies and expenses	1,973	250	482	2,705	3,519	20,386	26,610	7,255
Postage & delivery	121	97	-	218	791	5,306	6,315	1,234
Printing	2,349	1,083	693	4,125	2,353	10,428	16,906	9,771
Professional fees	2,257	1,785	1,554	5,596	242	1,281	7,119	77,448
Recruitment and training	2,740	500	2,952	6,192	12,400	-	18,592	5,770
Rent and utilities	15,700	3,940	4,850	24,490	31,650	-	56,140	46,651
Supplies	11,185	1,867	2,329	15,381	506	252	16,139	21,602
Travel and meetings	47,824	4,465	6,414	58,703	851	9,566	69,120	36,496
Website	-	-	-	-	-	-	-	10,348
Overhead allocated	51,003	25,063	21,694	97,760	(126,719)	28,959	-	-
Total direct expenses	<u>146,372</u>	<u>39,623</u>	<u>41,497</u>	<u>227,492</u>	<u>(71,104)</u>	<u>77,800</u>	<u>234,188</u>	<u>243,727</u>
Total expenses	<u>\$ 389,522</u>	<u>\$ 129,357</u>	<u>\$ 129,651</u>	<u>\$ 648,530</u>	<u>\$ 33,748</u>	<u>\$ 213,051</u>	<u>\$ 895,329</u>	<u>\$ 654,056</u>

See accompanying notes to financial statements.

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Organization

All Star Code, Inc. (Organization), a not-for-profit organization, was incorporated in the State of Delaware on March 18, 2013. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements contain any uncertain tax positions. The Organization primarily receives its support from contributions from foundations, corporations, individuals and from fundraising events.

The Organization's mission is to prepare qualified young men of color for full-time employment in the technology industry by providing mentorship, industry exposure, and intensive training in computer science. To accomplish its mission, the Organization provides the following programs: Summer Intensive - an elite 6-week program designed to educate, inspire, and equip high school boys of color with the knowledge, skills, and resources needed to pursue paths leading to academics and/or careers in the technology and engineering sectors; Introductory Workshops - workshops are aimed at recruiting more than 100 All Star applicants who are excited about careers in coding, technology, computer science, programming, engineering and gaming and providing them with experiential, applied, and project-based learning techniques to give them a sense of the excitement and possibilities that await them in a career in technology; and Research & Other Activities - encouraging new recruitment and continuing engagement by organizing student-centered activities, summer instruction, and other components that include presentations, demonstrations, and talks led by inspiring entrepreneurs, CEOs, developers, designers, and college students majoring in computer science.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

In accordance with GAAP the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For the purposes of the statements of financial position and the statements of cash flows, the Organization considers as cash equivalents money market funds and all highly liquid resources, such as investments in certificates of deposit, with an original maturity of three months or less. At December 31, 2015 and 2014, the Organization did not have any resources that were considered cash equivalents.

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Equipment purchases below a threshold are expensed as incurred. Expenditures for repairs and maintenance are expensed as incurred and major renewals and betterments are capitalized.

Revenue Recognition

Contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increases in the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets.

Program service revenue relates to fees received in exchange for program services. Revenue is recognized when the program service is provided. Any revenue received which has not been earned is recorded as deferred income.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries are allocated on the basis of amount of time spent on each activity cost center by each employee. Other expenses are allocated based on percentage of total salary allocated to each activity cost center. The Organization classifies expenses, which are not directly related to a specific program, as Management and General expenses.

Receivables

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received and as such there is no allowance for uncollectable debt recorded.

**ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 2 - Contributions Receivable

Total contributions receivable at December 31, 2015, discounted to fair value using a discount rate of 1.76%, is as follows:

<u>Scheduled Collection</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
Due in less than one year	\$ 337,210	\$ -	\$ 337,210
Due in one to five years	<u>250,000</u>	<u>(4,324)</u>	<u>245,676</u>
	<u>\$ 587,210</u>	<u>\$ (4,324)</u>	<u>\$ 582,886</u>

Total contributions receivable at December 31, 2014, discounted to fair value using a discount rate of 1.65%, is as follows:

<u>Scheduled Collection</u>	<u>Future Value of Promise</u>	<u>Discount</u>	<u>Present Value of Promise</u>
Due in less than one year	\$ 270,000	\$ -	\$ 270,000
Due in one to five years	<u>500,000</u>	<u>(12,108)</u>	<u>487,892</u>
	<u>\$ 770,000</u>	<u>\$ (12,108)</u>	<u>\$ 757,892</u>

Note 3 - Restrictions on Net Assets

Total temporarily restricted net assets are available in future years for the following purposes:

	<u>2015</u>	<u>2014</u>
2015 Summer Intensive	\$ -	\$ 10,000
2015 operations	-	250,000
2016 operations	260,000	245,942
2017 operations	<u>245,676</u>	<u>241,950</u>
	<u>\$ 505,676</u>	<u>\$ 747,892</u>

ALL STAR CODE, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Donated Services

Significant services and use of facilities were donated to the Organization by various organizations and meet the criteria for being recognized as contributions in accordance with GAAP. Amounts are recorded at their estimated fair market values at the date of donation using published rates and prices.

Total contributions in-kind reported on the accompanying statements of activities for the years ended December 31, 2015 and 2014 amounted to \$28,368 and \$76,604, respectively. Contributions in-kind mainly consisted of donated legal services and workshop space.

Note 5 - Concentrations

The Organization maintains its bank accounts with financial institutions. Institutional balances do not include transactions which are outstanding and have not cleared their accounts. No balances exceed the Federal Deposit Insurance Corporation insurance coverage at December 31, 2015 and 2014.

During the year ended December 31, 2015, the Organization received approximately 42% of its total revenue from a single fundraising event. The future level of the Organization's remaining operations and program services depends upon successful fundraising events and/or diversification of its income sources.

During the year ended December 31, 2014, the Organization received approximately 66% of its total revenue from a single donor. Excluding contributions in-kind, that percentage increased to 69%. It is always possible that benefactors, grantors or contributors might be lost in the near term. In the event funding is terminated, the Organization's ability to continue as a going concern would be greatly diminished

Note 6 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through May 23, 2016, which is the date the financial statements were available to be issued.