



*Report of Independent Auditors and  
Financial Statements*

**AI4ALL**

*December 31, 2020 and 2019*



MOSSADAMS

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## **Report of Independent Auditors**

To the Board of Directors  
AI4ALL

### **Report on the Financial Statements**

We have audited the accompanying financial statements of AI4ALL (the Organization), which comprise the statements of financial position as of December 31, 2020, and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors consider internal control relevant to the Organization'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 Organization'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 AI4ALL 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.

*Mass Adams LLP*

San Francisco, California  
September 24, 2021

## **Financial Statements**

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**AI4ALL**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,473,227	\$ 5,097,405
Contributions and grants receivable, net	205,413	335,066
Other receivables	-	105,121
Prepaid expenses	<u>27,461</u>	<u>16,339</u>
Total assets	<u><u>\$ 5,706,101</u></u>	<u><u>\$ 5,553,931</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 108,200	\$ 11,689
Accrued expenses	229,120	83,375
Grants payable	<u>55,110</u>	<u>-</u>
Total liabilities	392,430	95,064
<b>NET ASSETS</b>		
Without donor restrictions	1,587,388	1,921,622
With donor restrictions	<u>3,726,283</u>	<u>3,537,245</u>
Total net assets	<u>5,313,671</u>	<u>5,458,867</u>
Total liabilities and net assets	<u><u>\$ 5,706,101</u></u>	<u><u>\$ 5,553,931</u></u>

**AI4ALL**

**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2020 and 2019**

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	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions	\$ 346,930	\$ 2,227,320	\$ 2,574,250	\$ 933,945	\$ 3,629,927	\$ 4,563,872
Corporate sponsorship revenue	210,000	75,000	285,000	434,220	200,000	634,220
In-kind contributions	113,782	-	113,782	-	-	-
Release from restriction	2,113,282	(2,113,282)	-	1,909,166	(1,909,166)	-
Total revenue	2,783,994	189,038	2,973,032	3,277,331	1,920,761	5,198,092
Expenses:						
Program services	2,357,665	-	2,357,665	1,717,643	-	1,717,643
General and administrative	599,597	-	599,597	412,870	-	412,870
Fundraising	160,966	-	160,966	130,935	-	130,935
Total expenses	3,118,228	-	3,118,228	2,261,448	-	2,261,448
Change in net assets	(334,234)	189,038	(145,196)	1,015,883	1,920,761	2,936,644
Net assets, beginning of year	1,921,622	3,537,245	5,458,867	905,739	1,616,484	2,522,223
Net assets, end of year	\$ 1,587,388	\$ 3,726,283	\$ 5,313,671	\$ 1,921,622	\$ 3,537,245	\$ 5,458,867

# AI4ALL

## Statements of Functional Expenses

### For the Years Ended December 31, 2020 and 2019

	2020					2019				
	Supporting Services			Total Supporting Services	Total	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administrative	Fundraising			Program Services	General and Administrative	Fundraising		
Payroll and payroll-related expenses	\$ 1,641,614	\$ 396,370	\$ 136,537	\$ 532,907	\$ 2,174,521	\$ 1,014,895	\$ 213,342	\$ 123,310	\$ 336,652	\$ 1,351,547
Grants and awards	417,181	-	-	-	417,181	500,540	-	-	-	500,540
Direct program costs	29,140	-	-	-	29,140	8,232	-	-	-	8,232
Occupancy expense	41,904	36,142	550	36,692	78,596	26,929	25,474	6,407	31,881	58,810
Consultants and professional services	171,576	126,527	22,800	149,327	320,903	94,903	118,660	144	118,804	213,707
Travel, lodging, and meals	7,737	255	-	255	7,992	43,820	21,584	1,074	22,658	66,478
Technology and telecommunications	41,441	21,593	995	22,588	64,029	16,059	9,838	-	9,838	25,897
Advertising	-	-	-	-	-	2,196	989	-	989	3,185
Other expenses	7,072	18,710	84	18,794	25,866	10,069	22,983	-	22,983	33,052
Total expenses	<u>\$ 2,357,665</u>	<u>\$ 599,597</u>	<u>\$ 160,966</u>	<u>\$ 760,563</u>	<u>\$ 3,118,228</u>	<u>\$ 1,717,643</u>	<u>\$ 412,870</u>	<u>\$ 130,935</u>	<u>\$ 543,805</u>	<u>\$ 2,261,448</u>

**AI4ALL**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2020 and 2019**

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	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (145,196)	\$ 2,936,644
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Discount on contributions and grants receivable	16,504	8,359
Changes in operating assets and liabilities:		
Contributions and grants receivable	113,149	522,347
Other receivables	105,121	(105,121)
Prepaid expenses	(11,122)	(16,182)
Accounts payable	96,511	695
Accrued expenses	145,745	37,175
Grants payable	55,110	-
	<u>375,822</u>	<u>3,383,917</u>
Net cash provided by operating activities	<u>375,822</u>	<u>3,383,917</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>375,822</u>	<u>3,383,917</u>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>5,097,405</u>	<u>1,713,488</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 5,473,227</u></u>	<u><u>\$ 5,097,405</u></u>

# AI4ALL

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of business** – AI4ALL’s (the Organization’s) mission is to increase diversity and inclusion in AI education, research, development, and policy.

AI4ALL is a national nonprofit that opens doors to the artificial intelligence industry for historically excluded talent through education and mentorship. AI4ALL nurture a global community of students who learn AI fundamentals and who then apply those principles to influence AI in a positive direction. AI4ALL has empowered thousands of people in all 50 states and globally with AI education. Seventy-nine percent of alumni in AI4ALL Changemakers in AI are interested in a career in AI after completing an initial AI4ALL program, and many are already making significant impacts in the field, from educating their peers to winning “best paper” at top AI conferences. By telling a new story about who can be a leader in AI, the Organization is creating tomorrow’s AI leaders and changing technology’s future.

AI4ALL launched on June 20, 2017, and incorporated on September 12, 2017.

Between 2015 and 2020, AI4ALL Summer Programs grew from one university partnership to 16 partnerships, allowing AI4ALL Summer Programs to serve a global audience of students from historically excluded groups, including Black, Latinx, and Indigenous students, women, and high school students with demonstrated financial need. These programs have directly served over 900 high school students between 2015 and 2020. In 2020, approximately 82% of students reported after the program that they feel like they’re part of a community in CS or AI after completing the Summer Program.

These students join the AI4ALL alumni community, Changemakers in AI, through which they access lifelong support, free mentorship programs, leadership opportunities, and other encouragement to increase their participation in AI. In 2020, approximately 88% of Changemakers in AI in college were majoring in or planning to major in AI, computer science, or another STEM field.

AI4ALL Open Learning empowers high school teachers of all subjects to bring AI education to their classrooms through a free, adaptable AI curriculum, and teacher resources. This approachable, easy-to-use curriculum focuses on social impact, ethics, and interdisciplinary uses for AI, and makes it easy for high school teachers to equip their students with future-proof skills. As of 2020, AI4ALL Open Learning curriculum and resources reached over 3,700 high school teachers, students, and classrooms.

In 2020, after a small successful pilot in 2019, AI4ALL officially launched College Pathways, an initiative designed to spark interest and increase persistence in AI-related careers for college students from historically excluded groups. The initiative ran in partnership with two universities and provides community, builds on the academic experiences students are having in the classroom, and prepares students to enter an AI career or pursue further AI education after their bachelor’s degree with a nuanced understanding of the ethical and societal implications of AI.

**Basis of presentation** – AI4ALL prepares its financial statements in accordance with generally accepted accounting standards in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

**Use of estimates** – The preparation of financial statements in conformity with U.S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Net assets** – Net assets and revenue, gains, and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

***Without donor restrictions*** – Represent resources that are not subject to donor-imposed restrictions and are available to support all activities of AI4ALL.

***With donor restrictions*** – Resources whose use by AI4ALL is limited by donor-imposed stipulations that either expire by passage of time or fulfillment of programmatic purpose. When the purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

**Concentrations of credit risk** – Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash and cash equivalents. At times, the Organization has cash in financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC).

The Organization has a concentration of credit risk with respect to the volume of business transacted with certain donors. For the year ended December 31, 2020, four donors accounted for approximately 79% of the Organization's contribution revenue. For the year ended December 31, 2019, four donors accounted for approximately 73% of the Organization's contribution revenue. Approximately 100% and 92% of grants receivable are from one donor at December 31, 2020 and 2019, respectively.

**Cash and cash equivalents** – Cash and cash equivalents are held in a checking account. Cash and cash equivalents have initial maturities at date of purchase of three months or less.

**Receivables** – Receivables are stated at the amount management expects to collect from outstanding balances after reserves for discounts, bad debts, and allowances, taking into account past experience, contracts, history, and individuals' and organizations' ability to meet their obligations.

Grants represent uncollateralized obligations relating to AI4ALL's grant contracts. Grants receivable are due under the terms of the grant agreements. Grants receivable are recorded at their net realizable value. Grants that are expected to be collected after one year from the end of the fiscal year ended are discounted.

Unconditional promises to give are recorded in the financial statements as contributions receivable, and contribution revenue in the period the promise is received. Unconditional promises to give that are expected to be collected in excess of one year are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free rates applicable to the number of years the contribution is expected to remain outstanding. An additional discount is added to the present value of contributions, which represents an additional factor due to market, credit, and other risks in the fair value measurements. For the years ended December 31, 2020 and 2019, the discount on contributions and grants receivable was \$0 and \$16,504, respectively.

## AI4ALL

### Notes to Financial Statements

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**Allowance for doubtful accounts** – Allowance for doubtful accounts is recorded based on management's analysis of specific accounts and the estimate of additional amounts that may become uncollectible. Accounts are written off against the allowance when they are determined to be uncollectible. As of December 31, 2020 and 2019, management has deemed all receivables to be collectible and has not provided a valuation allowance.

**Revenue recognition** – In accordance with FASB Accounting Standards Update (ASU) No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Contributions, including unconditional promises to give (pledges), are recognized as revenue at the time such commitments are made and confirmed. Contribution revenue is considered without donor restrictions unless a donor-imposed restriction limits the use of such contributions. Contributions with time and/or programmatic restrictions are recorded as revenue with donor restrictions and reclassified as without donor restrictions when time and/or programmatic restrictions are met. When a 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 statements of activities and changes in net assets as net assets released from restrictions. Contract and grant revenues are considered to be conditional contributions and are recognized as without donor restrictions revenue when the conditions are met as services are performed and/or expenses are incurred.

**In-kind contributions** – The Organization recognized the value of donated equipment and/or supplies at the fair value for similar items. Donated services are recognized at fair value if the services meet the recognition criteria prescribed by U.S GAAP, which include a) requiring specialized skills, b) being provided by someone with those skills, and c) having to be purchased if they were not donated. The Organization receives contributed consultation services. The value of these in-kind donations are reflected in the accompany financial statements. In-kind contributions received for the years ended December 31, 2020 and 2019, were \$113,782 and \$0, respectively.

There were no conditional contributions for the years ended December 31, 2020 and 2019.

**Advertising expense** – Advertising costs are expensed at the time they are incurred. Advertising expense for the years ended December 31, 2020 and 2019, was \$0 and \$3,185, respectively.

**Grants awarded** – The Organization uses donated funds to issue grants to university and community partners for our programs. Grants include financial support to offset the cost of implementing the programs and are recorded as grant expense when issued. The annual budgets at the program level was reviewed and approved by the Board of Directors.

**Functional allocation of expenses** – The costs of providing programs and other activities of AI4ALL have been summarized on a functional basis in the accompanying statements of functional expenses, which includes all operating expenses incurred during the year. Accordingly, certain costs have been allocated among the program and supporting services benefited. Expenses directly related to a program are distributed to that program. Salaries, fringe benefits and taxes, occupancy, and other costs are allocated among program and supporting services benefited based on full-time equivalent ratios.

**Income taxes** – AI4ALL is tax exempt under the provisions of the Internal Revenue Service Code Section 501(c)(3) and the California Franchise Tax Board Section 23701d. Accordingly, no provision for income taxes has been reflected in these financial statements. The Organization is not considered to be a private foundation under the Internal Revenue Service Code and could be subject to tax on unrelated business activities, if any, generated by certain activities.

Management evaluated the Organization's tax positions and concluded that they had maintained their tax-exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

**Subsequent events** – Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including any estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide additional evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are available to be issued.

In March 2021, the Organization was granted a loan under the Paycheck Protection Program (PPP) offered by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), for \$353,600 with a maturity date of April 1, 2026. The loan bears interest at 1% with no payments for the period of 10 months after the end of the borrower's loan forgiveness covered period. The loan is subject to partial or full forgiveness if the Organization uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and rules, regulations and guidance. The Organization submitted an application for full loan forgiveness in August 2021.

The Organization has evaluated subsequent events through September 24, 2021, which is the date the financial statements are available to be issued.

## **NOTE 2 – LIQUIDITY AND FUNDS AVAILABILITY**

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid, not convertible to cash within one year, time restricted, or purpose restricted.

# AI4ALL

## Notes to Financial Statements

Financial assets available to meet cash needs for general expenditures within one year as of December 31:

	<b>2020</b>	<b>2019</b>
Financial assets		
Cash and cash equivalents	\$ 5,473,227	\$ 5,097,405
Contributions and grants receivable, net	205,413	335,066
Other receivables	-	105,121
Total financial assets	5,678,640	5,537,592
Less those unavailable for general expenditure within one year, due to:		
Programmatic restricted net assets	(3,726,283)	(3,537,245)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,952,357</u>	<u>\$ 2,000,347</u>

The Organization maintains cash in its checking account to meet at least 180 days of normal operating expenses.

### NOTE 3 – CONTRIBUTIONS AND GRANTS RECEIVABLES, NET

The Organization expects to receive contributions and grants as of December 31:

	<b>2020</b>	<b>2019</b>
Less than one year	\$ 205,413	\$ 351,570
Between one and five years	-	-
Total contributions and grants receivables	205,413	351,570
Less: Discount from multi-year contributions and grants receivable	-	16,504
Net contributions and grants receivable	<u>\$ 205,413</u>	<u>\$ 335,066</u>

The estimated discount rates used are 0% and 2.64% for the years ended December 2020 and 2019, respectively.

### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31:

	<b>2020</b>	<b>2019</b>
Program use		
Summer Programs	\$ 572,196	\$ 189,270
Changemakers in AI	358,468	783,870
Open Learning	1,380,242	1,674,681
College Pathways	1,415,377	889,424
Total	<u>\$ 3,726,283</u>	<u>\$ 3,537,245</u>

All net assets with donor restrictions are expected to be released from restrictions by December 31, 2023.

#### **NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions by the incurrence of expense satisfying the restricted purposes specified by the donors or by the passage of time during the years ended December 31, 2020 and 2019, amounted to:

	<u>2020</u>	<u>2019</u>
Program use		
Summer Programs	\$ 552,743	\$ 715,063
Changemakers in AI	491,877	355,514
Open Learning	594,614	728,014
College Pathways	474,048	110,575
Total	<u>\$ 2,113,282</u>	<u>\$ 1,909,166</u>

#### **NOTE 6 – RETIREMENT PLAN**

AI4ALL has a SIMPLE IRA plan covering eligible employees. Participants can make an elective deferral for any plan year of their eligible compensation, not to exceed the annual dollar limit as permitted by law. AI4ALL elects to make a matching contribution. During 2020 and 2019, AI4ALL made matching contributions of 100% of the first 3% of a participant's compensation contributed to the plan. For the years ended December 31, 2020 and 2019, AI4ALL contributed \$19,546 and \$5,500, respectively. These amounts are included in payroll and payroll-related expenses in the accompanying statements of functional expenses.

#### **NOTE 7 – CONTINGENCIES AND COMMITMENTS**

In March 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization's operations are primarily located in California, which has restricted gatherings of people due to the COVID-19 outbreak. Given the dynamic nature of these circumstances and business disruption, it is too early to tell what effect these changes will have on the Organization's activities in the short term. The Organization will continue to monitor the situation closely, but given the uncertainty about the ongoing situation, an estimate of the impact to the financial statements cannot be made at this time.

The Organization leases office under operating leases. The Organization is responsible for the annual operating expenses associated with the leased space. These amounts, which totaled \$78,596 and \$58,810 in 2020 and 2019, respectively, are included in occupancy expenses in the accompanying statements of functional expenses. Occupancy expense is recorded following a straight-line basis for AI4ALL's operating leases.

The Organization's Oakland office lease ended on December 31, 2020 and the Organization did not enter any new leases or commitments in fiscal year 2020.

