



*Report of Independent Auditors and  
Financial Statements*

**AI4ALL**

*December 31, 2019 and 2018*



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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 comprises the statements of financial position as of December 31, 2019 and 2018, 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 audit 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 auditors' 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, 2019 and 2018, 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.

***Adoption of New Accounting Standard***

As discussed in Note 2 to the financial statements, the Organization adopted 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* using the modified prospective basis. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
October 1, 2020

## **Financial Statements**

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**AI4ALL**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,097,405	\$ 1,713,488
Contributions and grants receivable, net	335,066	865,772
Other receivables	105,121	-
Prepaid expenses	<u>16,339</u>	<u>157</u>
Total assets	<u><u>\$ 5,553,931</u></u>	<u><u>\$ 2,579,417</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 11,689	\$ 10,994
Accrued expenses	<u>83,375</u>	<u>46,200</u>
Total liabilities	95,064	57,194
<b>NET ASSETS</b>		
Without donor restrictions	1,921,622	905,739
With donor restrictions	<u>3,537,245</u>	<u>1,616,484</u>
Total net assets	<u><u>5,458,867</u></u>	<u><u>2,522,223</u></u>
Total liabilities and net assets	<u><u>\$ 5,553,931</u></u>	<u><u>\$ 2,579,417</u></u>

**AI4ALL**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions	\$ 933,945	\$ 3,629,927	\$ 4,563,872	\$ 675,738	\$ 2,315,739	\$ 2,991,477
Corporate sponsorship revenue	434,220	200,000	634,220	230,000	-	230,000
Release from restriction	1,909,166	(1,909,166)	-	699,255	(699,255)	-
Total revenue	3,277,331	1,920,761	5,198,092	1,604,993	1,616,484	3,221,477
Expenses:						
Program services	1,717,643	-	1,717,643	502,253	-	502,253
General and administrative	412,870	-	412,870	137,622	-	137,622
Fundraising	130,935	-	130,935	59,379	-	59,379
Total expenses	2,261,448	-	2,261,448	699,254	-	699,254
Change in net assets	1,015,883	1,920,761	2,936,644	905,739	1,616,484	2,522,223
Net assets, beginning of year	905,739	1,616,484	2,522,223	-	-	-
Net assets, end of year	<u>\$ 1,921,622</u>	<u>\$ 3,537,245</u>	<u>\$ 5,458,867</u>	<u>\$ 905,739</u>	<u>\$ 1,616,484</u>	<u>\$ 2,522,223</u>

**AI4ALL**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

	2019					2018				
	Supporting Services					Supporting Services				
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total
Payroll and payroll related expenses	\$ 1,014,895	\$ 213,342	\$ 123,310	\$ 336,652	\$ 1,351,547	\$ 289,260	\$ 82,801	\$ 56,441	\$ 139,242	\$ 428,502
Grants and awards	500,540	-	-	-	500,540	75,154	-	-	-	75,154
Direct program costs	8,232	-	-	-	8,232	2,042	-	-	-	2,042
Occupancy expense	26,929	25,474	6,407	31,881	58,810	7,223	10,707	2,938	13,645	20,868
Consultants and professional services	94,903	118,660	144	118,804	213,707	111,495	25,815	-	25,815	137,310
Travel, lodging, and meals	43,820	21,584	1,074	22,658	66,478	15,145	6,449	-	6,449	21,594
Technology and telecommunications	16,059	9,838	-	9,838	25,897	30	2,185	-	2,185	2,215
Advertising	2,196	989	-	989	3,185	121	410	-	410	531
Other expenses	10,069	22,983	-	22,983	33,052	1,783	9,255	-	9,255	11,038
Total Expenses	<u>\$ 1,717,643</u>	<u>\$ 412,870</u>	<u>\$ 130,935</u>	<u>\$ 543,805</u>	<u>\$ 2,261,448</u>	<u>\$ 502,253</u>	<u>\$ 137,622</u>	<u>\$ 59,379</u>	<u>\$ 197,001</u>	<u>\$ 699,254</u>



**AI4ALL****Statements of Cash Flows****For the Years Ended December 31, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,936,644	\$ 2,522,223
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Discount on contributions and grants receivable	8,359	(24,863)
Changes in operating assets and liabilities:		
Contributions and grants receivable	522,347	(840,909)
Other receivables	(105,121)	-
Prepaid expenses	(16,182)	(157)
Accounts payable	695	10,994
Accrued expenses	37,175	46,200
	<u>3,383,917</u>	<u>1,713,488</u>
Net cash provided by operating activities	<u>3,383,917</u>	<u>1,713,488</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>3,383,917</u>	<u>1,713,488</u>
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>1,713,488</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 5,097,405</u></u>	<u><u>\$ 1,713,488</u></u>

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

**Nature of Business** - AI4ALL's mission is to increase diversity and inclusion in AI education, research, development, and policy.

AI4ALL opens doors to the artificial intelligence industry for underrepresented talent through education and mentorship. We nurture a global community of students who learn AI fundamentals and who then apply those principles to solve society's most pressing problems in deeply innovative and ethical ways. By telling a new story about who can be a maker in AI, we're 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 2019, AI4ALL Summer Programs grew from 1 university partnership to 11 partnerships, allowing AI4ALL Summer Programs to serve a global audience of students from historically excluded groups, including black and brown students, women, and high school students with demonstrated financial need. These programs have directly served over 550 high school students between 2015 and 2019. Our data show that these students went on to educate, on average, another 13 of their peers, creating a global wave of change. In 2019, approximately 81% of alumni reported being interested in a career in 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 2019, approximately 88% of program graduates reported feeling like they're part of a community in computer science and AI, and approximately 85% of college students were majoring in or planning to major in AI or computer science.

In 2019, AI4ALL launched AI4ALL Open Learning. 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. Over 1,500 teachers and students have used the Open Learning curriculum.

In late 2019, AI4ALL piloted College Pathways, a new initiative designed to spark interest and increase persistence in AI-related careers for college students. The initiative is particularly designed to support black, indigenous, latinx students, first-generation college students, low income students, trans and cisgender women, and non-binary.

**Basis of presentation** – AI4ALL prepares its financial statements in accordance with generally accepted accounting standards and principles (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.

# AI4ALL

## Notes to Financial Statements

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**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, 2019, four donors accounted for approximately 73% of the Organization's contribution revenue. For the year ended December 31, 2018, four donors accounted for approximately 72% of the Organization's contribution revenue.

**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 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, 2019 and 2018, the discount on contributions and grants receivable was \$16,504 and \$24,863, respectively.

**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, 2019 and 2018, management has deemed all receivables to be collectible and has not provided a valuation allowance.

**Revenue recognition** – For the year ended December 31, 2019, AI4ALL has adopted 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.
- 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.

**Grants and contributions** – A contribution is an unconditional transfer of cash or other assets. Other assets include securities, land, buildings, use of facilities or utilities, materials and supplies, services, and unconditional promises to give those items in the future.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

There were no conditional contributions for the years ended December 31, 2019 and 2018.

There were no in-kind contributions received for the years ended December 31, 2019 and 2018.

**Advertising expense** – Advertising costs are expensed at the time they are incurred. Advertising expense for the years ended December 31, 2019 and 2018, was \$3,185 and \$531, respectively.

**Functional allocation of expenses** – The costs of providing program 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.

The COVID-19 outbreak in the United States is unprecedented. It has had a significant impact on the economy and businesses, and the future impact is unknown. AI4ALL's program teams have put in place virtual learning environments for all the programs, and the Organization is modeling financial contingency plans. Administrative and fundraising activities have also safely transitioned to a virtual environment. While this disruption is expected to be temporary, there is considerable uncertainty around its duration. The impact on AI4ALL's future financial position and operating results cannot be reasonably estimated at this time.

The Organization has evaluated subsequent events through October 1, 2020, which is the date the financial statements are available to be issued.

# AI4ALL

## Notes to Financial Statements

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### NOTE 2 – LIQUIDITY AND FUNDS AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2019 and 2018, 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.

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

	<b>2019</b>	<b>2018</b>
Financial assets		
Cash and cash equivalents	\$ 5,097,405	\$ 1,713,488
Contributions and grants receivable, net	335,066	865,772
Other receivables	105,121	-
Total financial assets	5,537,592	2,579,260
Less those unavailable for general expenditure within one year, due to:		
Programmatic and time restricted net assets	(3,537,245)	(1,616,484)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,000,347</u>	<u>\$ 962,776</u>

The Organization maintains cash in its checking account to meet at least 180 days of normal operating expenses. Grants are paid from the checking account, which maintains sufficient cash to cover future grant payments.

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

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

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 351,570	\$ 565,635
Between one and five years	-	325,000
Total contributions and grants receivables	351,570	890,635
Less: Discount from multi-year contributions and grants receivable	16,504	24,863
Net contributions and grants receivable	<u>\$ 335,066</u>	<u>\$ 865,772</u>

The estimated discount rates used are 2.64% for the years ended December 2019 and 2018.

### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<b>2019</b>	<b>2018</b>
Program use	<u>\$ 3,537,245</u>	<u>\$ 1,616,484</u>

All net assets with donor restrictions are expected to be released from restrictions by December 31, 2022.

**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, 2019 and 2018, amounted to:

	<u>2019</u>	<u>2018</u>
Program use	<u>\$ 1,909,166</u>	<u>\$ 699,255</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 2019 and 2018, 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, 2019 and 2018, AI4ALL contributed \$5,500 and \$1,592, respectively. These amounts are included in payroll and payroll related expenses in the accompanying statements of functional expenses.

**NOTE 7 – COMMITMENTS**

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 \$58,809 and \$20,868, in 2019 and 2018, 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.

In 2019, the Organization's Oakland office entered into a multi-year lease. This lease, which terminates at December 31, 2020, requires future payments as follows:

<u>Year Ending December 31,</u>	
2020	<u>\$ 72,000</u>

