



*Report of Independent Auditors and
Financial Statements*

AI4ALL

December 31, 2021 and 2020

Table of Contents

REPORT OF INDEPENDENT AUDITORS	1
--------------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8

Report of Independent Auditors

The Board of Directors
AI4ALL

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AI4ALL (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 GAAS 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 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 GAAS, 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.

Moss Adams LLP

San Francisco, California
September 1, 2022

Financial Statements

AI4ALL
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 5,333,051	\$ 5,473,227
Contributions and grants receivable, net	11,200	205,413
Prepaid and other assets	<u>31,023</u>	<u>27,461</u>
Total assets	<u><u>\$ 5,375,274</u></u>	<u><u>\$ 5,706,101</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 2,377	\$ 108,200
Accrued expenses	231,320	229,120
Grants payable	<u>20,925</u>	<u>55,110</u>
Total liabilities	<u>254,622</u>	<u>392,430</u>
NET ASSETS		
Without donor restrictions	1,539,928	1,587,388
With donor restrictions	<u>3,580,724</u>	<u>3,726,283</u>
Total net assets	<u>5,120,652</u>	<u>5,313,671</u>
Total liabilities and net assets	<u><u>\$ 5,375,274</u></u>	<u><u>\$ 5,706,101</u></u>

AI4ALL

Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:						
Contributions	\$ 151,752	\$ 2,237,417	\$ 2,389,169	\$ 346,930	\$ 2,227,320	\$ 2,574,250
Corporate sponsorship revenue	283,550	100,000	383,550	210,000	75,000	285,000
In-kind contributions	131,788	-	131,788	113,782	-	113,782
Gain on debt extinguishment	356,273	-	356,273	-	-	-
Release from restriction	2,482,976	(2,482,976)	-	2,113,282	(2,113,282)	-
Total revenue	3,406,339	(145,559)	3,260,780	2,783,994	189,038	2,973,032
Expenses:						
Program services	2,375,005	-	2,375,005	2,357,665	-	2,357,665
General and administrative	784,097	-	784,097	599,597	-	599,597
Fundraising	294,697	-	294,697	160,966	-	160,966
Total expenses	3,453,799	-	3,453,799	3,118,228	-	3,118,228
Change in net assets	(47,460)	(145,559)	(193,019)	(334,234)	189,038	(145,196)
Net assets, beginning of year	1,587,388	3,726,283	5,313,671	1,921,622	3,537,245	5,458,867
Net assets, end of year	\$ 1,539,928	\$ 3,580,724	\$ 5,120,652	\$ 1,587,388	\$ 3,726,283	\$ 5,313,671

AI4ALL

Statements of Functional Expenses

For the Years Ended December 31, 2021 and 2020

	2021					2020				
	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	\$ 1,977,261	\$ 500,890	\$ 283,378	\$ 784,268	\$ 2,761,529	\$ 1,641,614	\$ 396,370	\$ 136,537	\$ 532,907	\$ 2,174,521
Grants and awards	156,012	-	-	-	156,012	417,181	-	-	-	417,181
Direct program costs	36,612	-	-	-	36,612	29,140	-	-	-	29,140
Occupancy expense	-	-	-	-	-	41,904	36,142	550	36,692	78,596
Consultants and professional services	143,286	219,346	9,500	228,846	372,132	171,576	126,527	22,800	149,327	320,903
Travel, lodging, and meals	1,375	827	-	827	2,202	7,737	255	-	255	7,992
Technology and telecommunications	44,232	41,569	1,031	42,600	86,832	41,441	21,593	995	22,588	64,029
Other expenses	16,227	21,465	788	22,253	38,480	7,072	18,710	84	18,794	25,866
Total expenses	<u>\$ 2,375,005</u>	<u>\$ 784,097</u>	<u>\$ 294,697</u>	<u>\$ 1,078,794</u>	<u>\$ 3,453,799</u>	<u>\$ 2,357,665</u>	<u>\$ 599,597</u>	<u>\$ 160,966</u>	<u>\$ 760,563</u>	<u>\$ 3,118,228</u>

AI4ALL
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (193,019)	\$ (145,196)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Discount on contributions and grants receivable	-	16,504
Gain on debt extinguishment	(356,273)	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	194,213	113,149
Other receivables	-	105,121
Prepaid and other assets	(3,562)	(11,122)
Accounts payable	(105,823)	96,511
Accrued expenses	2,200	145,745
Grants payable	(34,185)	55,110
	<u>(496,449)</u>	<u>375,822</u>
Net cash (used in) provided by operating activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>356,273</u>	<u>-</u>
Net cash provided by financing activities	<u>356,273</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(140,176)</u>	<u>375,822</u>
CASH AND CASH EQUIVALENTS - beginning of year	<u>5,473,227</u>	<u>5,097,405</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 5,333,051</u></u>	<u><u>\$ 5,473,227</u></u>

AI4ALL

Notes to Financial Statements

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 nurtures 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. In 2021, 79% of alumni of Summer Programs were interested in becoming a leader in AI, 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 2021, AI4ALL Summer Programs grew from one university partnership to sixteen 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 1,200 high school students between 2015 and 2021. In 2021, approximately 81% 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.

In 2021, College Pathways – an initiative designed to spark interest and increase persistence in AI-related careers for college students from historically excluded groups – grew from two university partners to eight partners. The initiative, piloted in 2019 and launched in 2020, 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.

College Pathways and Summer Programs students are invited to 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 2021, approximately 1,100 students were members of the Changemakers in AI community.

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 2021, AI4ALL Open Learning curriculum and resources reached over 855 high school teachers, who instructed over 4,275 students using AI4ALL’s approachable AI curriculum.

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. A portion of net assets without donor restrictions may be designated by the Organization's Board of Directors as a reserve to be used for core operations as needed. For the years ended December 31, 2021 and 2020, there were no board designated net assets.

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, 2021, five donors accounted for approximately 91% of the Organization's contribution revenue. For the year ended December 31, 2020, four donors accounted for approximately 79% of the Organization's contribution revenue. Approximately 100% of grants receivable are from two donors and one donor at December 31, 2021 and 2020, 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 discounted at rates commensurate with the risks involved. 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.

AI4ALL

Notes to Financial Statements

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, 2021 and 2020, management has deemed all receivables to be collectible and has not provided a valuation allowance.

Paycheck Protection Program loan – 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 principal amount totaling \$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. On December 10, 2021, the Organization was notified by the SBA that it had completed its review of the Organization's Paycheck Protection Program forgiveness application and that all principal and interest under the loan had been forgiven in full. The Organization has accounted for the loan forgiveness of the loan in accordance with ASC Subtopic 470-50-40 as a debt extinguishment.

Revenue recognition – Contributions, including unconditional promises to give (pledges), is 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. Corporate sponsorship 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.

There were no conditional contributions for the years ended December 31, 2021 and 2020.

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 accompanying financial statements. In-kind contributions received for the years ended December 31, 2021 and 2020, were \$131,788 and \$113,782, respectively.

Grants awarded – The Organization uses donated funds to issue grants to university and community partners for its 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.

Conditional grants are expensed and considered payable only in the period the conditions are satisfied in accordance with Accounting Standards Update (ASU) 2018-08, *clarifying the scope of the accounting guidance for contributions received and contributions made*. For the years ended December 31, 2021 and 2020, there were no conditional grants awarded.

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.

The Organization has evaluated subsequent events through September 1, 2022, 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, 2021 and 2020, 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:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 5,333,051	\$ 5,473,227
Contributions and grants receivable, net	<u>11,200</u>	<u>205,413</u>
Total financial assets	5,344,251	5,678,640
Less those unavailable for general expenditure within one year, due to:		
Programmatic restricted net assets	<u>(3,580,724)</u>	<u>(3,726,283)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,763,527</u></u>	<u><u>\$ 1,952,357</u></u>

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

NOTE 3 – CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable totaled \$11,200 and \$205,413 for the years ended December 31, 2021 and 2020, all of which were estimated by management to be collected within one year. As such, the discount of contributions and grants receivable were \$0 for the years ended December 31, 2021 and 2020.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Program use		
Summer Programs	\$ 562,333	\$ 572,196
Changemakers in AI	601,147	358,468
Open Learning	783,818	1,380,242
College Pathways	<u>1,633,426</u>	<u>1,415,377</u>
Total	<u><u>\$ 3,580,724</u></u>	<u><u>\$ 3,726,283</u></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, 2021 and 2020, amounted to:

	<u>2021</u>	<u>2020</u>
Program use		
Summer Programs	\$ 534,362	\$ 552,743
Changemakers in AI	568,804	491,877
Open Learning	597,860	594,614
College Pathways	<u>781,950</u>	<u>474,048</u>
Total	<u>\$ 2,482,976</u>	<u>\$ 2,113,282</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 2021 and 2020, AI4ALL made matching contributions of 3% of the first 100% of a participant's compensation contributed to the plan. For the years ended December 31, 2021 and 2020, AI4ALL contributed \$44,043 and \$19,546, 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's Oakland office lease ended on December 31, 2020, and the Organization did not enter any new leases or commitments in fiscal year 2021.

