



Report of Independent Auditors and  
Financial Statements

**AI4ALL**

December 31, 2023 and 2022

## Table of Contents

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	<b>Page</b>
<b>Report of Independent Auditors</b>	1
<b>Financial Statements</b>	
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, which comprise the statements of financial position as of December 31, 2023 and 2022, 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 AI4ALL as of December 31, 2023 and 2022, and the results of its operations 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 audits 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 AI4ALL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 AI4ALL'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 AI4ALL'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 AI4ALL'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.



San Francisco, California

August 30, 2024

## **Financial Statements**

**AI4ALL**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

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	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,910,272	\$ 3,991,023
Contributions and grants receivable	291,479	457
Prepaid and other assets	13,796	38,806
Total assets	\$ 4,215,547	\$ 4,030,286
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 17,416	\$ 112,404
Accrued expenses	132,819	165,077
Grants payable	3,518	32,425
Total liabilities	153,753	309,906
<b>NET ASSETS</b>		
Without donor restrictions	972,358	883,199
With donor restrictions	3,089,436	2,837,181
Total net assets	4,061,794	3,720,380
Total liabilities and net assets	\$ 4,215,547	\$ 4,030,286

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See accompanying notes.

**AI4ALL**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Contributions	\$ 577,410	\$ 1,617,596	\$ 2,195,006	\$ 98,863	\$ 1,733,557	\$ 1,832,420
Corporate sponsorship revenue	150,920	-	150,920	240,250	60,000	300,250
In-kind contributions	83,510	-	83,510	107,475	-	107,475
Other income	30,024	-	30,024	-	-	-
Release from restriction	1,365,341	(1,365,341)	-	2,537,100	(2,537,100)	-
Total revenue	<u>2,207,205</u>	<u>252,255</u>	<u>2,459,460</u>	<u>2,983,688</u>	<u>(743,543)</u>	<u>2,240,145</u>
Expenses						
Program services	1,001,528	-	1,001,528	2,369,445	-	2,369,445
General and administrative	1,033,767	-	1,033,767	893,559	-	893,559
Fundraising	82,751	-	82,751	377,413	-	377,413
Total expenses	<u>2,118,046</u>	<u>-</u>	<u>2,118,046</u>	<u>3,640,417</u>	<u>-</u>	<u>3,640,417</u>
Changes in net assets	<u>89,159</u>	<u>252,255</u>	<u>341,414</u>	<u>(656,729)</u>	<u>(743,543)</u>	<u>(1,400,272)</u>
Net assets, beginning of year	<u>883,199</u>	<u>2,837,181</u>	<u>3,720,380</u>	<u>1,539,928</u>	<u>3,580,724</u>	<u>5,120,652</u>
Net assets, end of year	<u>\$ 972,358</u>	<u>\$ 3,089,436</u>	<u>\$ 4,061,794</u>	<u>\$ 883,199</u>	<u>\$ 2,837,181</u>	<u>\$ 3,720,380</u>

See accompanying notes.

**AI4ALL**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2023 and 2022**

	2023				
	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administrative	Fundraising		
Payroll and payroll-related expenses	\$ 828,459	\$ 699,095	\$ 5,190	\$ 704,285	\$1,532,744
Grants and awards	48,492	-	-	-	48,492
Direct program costs	37,483	-	-	-	37,483
Occupancy expense	-	4,200	-	4,200	4,200
Consultants and professional services	41,509	240,744	60,169	300,913	342,422
Travel, lodging, and meals	16,763	23,383	12,275	35,658	52,421
Technology and telecommunications	24,249	44,930	5,117	50,047	74,296
Other expenses	4,573	21,415	-	21,415	25,988
	<u>\$ 1,001,528</u>	<u>\$ 1,033,767</u>	<u>\$ 82,751</u>	<u>\$ 1,116,518</u>	<u>\$2,118,046</u>
Total expenses					
	2022				
	Supporting Services			Total Supporting Services	Total
	Program Services	General and Administrative	Fundraising		
Payroll and payroll-related expenses	\$ 2,038,559	\$ 538,844	\$ 357,401	\$ 896,245	\$2,934,804
Grants and awards	94,502	-	-	-	94,502
Direct program costs	15,962	-	-	-	15,962
Occupancy expense	-	2,000	-	2,000	2,000
Consultants and professional services	155,473	302,688	11,412	314,100	469,573
Travel, lodging, and meals	9,251	9,660	1,483	11,143	20,394
Technology and telecommunications	53,914	34,408	7,117	41,525	95,439
Other expenses	1,784	5,959	-	5,959	7,743
	<u>\$ 2,369,445</u>	<u>\$ 893,559</u>	<u>\$ 377,413</u>	<u>\$ 1,270,972</u>	<u>\$3,640,417</u>

See accompanying notes.



**AI4ALL**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

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	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 341,414	\$ (1,400,272)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	1,417	2,833
Changes in operating assets and liabilities		
Contributions and grants receivable	(291,022)	10,743
Prepaid and other assets	23,593	(10,616)
Accounts payable	(94,988)	110,027
Accrued expenses	(32,258)	(66,243)
Grants payable	(28,907)	11,500
	(80,751)	(1,342,028)
Net cash used in operating activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(80,751)	(1,342,028)
CASH AND CASH EQUIVALENTS – beginning of year	3,991,023	5,333,051
CASH AND CASH EQUIVALENTS – end of year	\$ 3,910,272	\$ 3,991,023

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See accompanying notes.

# 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) mission is to establish the next generation of AI Changemakers that humanity needs by equipping diverse, emerging talent with the responsible AI skills and social capital needed for collective success.

AI4ALL is a national nonprofit that is transforming the pipeline of AI practitioners and creating a more inclusive, human-centered discipline. AI4ALL empowers students to be AI Changemakers by cultivating an environment where they develop skills in critical thinking and relationship-building, and expertise in responsible AI. AI4ALL champions the diverse next generation of AI changemakers through education, ethics, and relationship-driven networks.

In 2022, 83% of alumni of AI4ALL Summer Programs believed they could be successful in a career in AI or Computer Science, 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 2022, AI4ALL Summer Programs grew from one university partnership to fourteen 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 directly served over 1,500 high school students between 2015 and 2022. In 2022, approximately 73% of students reported after the program that they know people in the AI field like them after completing the Summer Program.

In 2022, College Pathways – an initiative designed to spark interest and increase persistence in AI-related careers for college students from historically excluded groups – grew from eight university partners to sixteen 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.

In late 2022, AI4ALL announced a strategic pivot to create more focus on where AI4ALL can have the most immediate impact: accelerating college students from historically excluded groups to attain internships and research opportunities in AI. As a result of the shift, all high school programming, including the Summer Programs, was put on hiatus. In 2023, College Pathways programs were running in partnership with sixteen partner institutions, including Texas A&M University, University of Illinois at Urbana.

In Spring 2024, AI4ALL launched the AI4ALL Ignite Accelerator. The AI4ALL Ignite Accelerator is a comprehensive program designed to equip students with the necessary skills and support to thrive in the AI/ML field. Structured around responsible AI principles and career readiness, the program comprises essential components such as a Portfolio Project, Symposium, Career Readiness Preparation, Internship Application Preparation, and Technical Interview Practice. This is the only program currently offered by AI4ALL.

# AI4ALL

## Notes to Financial Statements

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Students who completed the College Pathways programs, Summer Programs or Ignite Accelerator students are invited to join the AI4ALL alumni community. In 2023, over 1,700 students were members of the alumni community.

**Basis of presentation** – AI4ALL prepares its financial statements in accordance with generally accepted accounting principles 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, 2023 and 2022, 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 not experienced losses in such accounts in the past.

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, 2023, four donors accounted for approximately 86% of the Organization’s contribution revenue. For the year ended December 31, 2022, three donors accounted for approximately 80% 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, future conditions, 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.

## AI4ALL

### Notes to Financial Statements

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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.

**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, 2023 and 2022, management has deemed all contribution and grants receivable to be collectible and has not provided a valuation allowance.

**Revenue recognition** – 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. Corporate sponsorship revenues are considered to be conditional contributions and are recognized as without donor restrictions revenue when the conditions are met.

There were \$0 and \$287,417 in conditional contributions for the years ended December 31, 2023 and 2022, respectively.

**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 legal services and professional services from volunteers. The value of these in-kind donations are reflected in the accompanying financial statements. In-kind contributions received for the years ended December 31, 2023 and 2022, were \$83,510 and \$107,475, 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 were 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 the 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, 2023 and 2022, there were no conditional grants awarded.

## AI4ALL

### Notes to Financial Statements

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**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.

**Recently adopted accounting pronouncements** – In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU requires organizations to use a forward-looking approach based on current expected credit losses to estimate credit losses on certain types of financial instruments, including trade receivables. This may result in the earlier recognition of allowances for losses. AI4ALL adopted this standard on January 1, 2023. The impact of the adoption was not considered material to 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 August 30, 2024, 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, 2023 and 2022, 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

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

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 3,910,272	\$ 3,991,023
Contributions and grants receivable	291,479	457
Total financial assets	4,201,751	3,991,480
Less those unavailable for general expenditure within one year, due to		
Programmatic restricted net assets	(3,089,436)	(2,837,181)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,112,315	\$ 1,154,299

#### **Note 3 – Contributions and Grants Receivable, Net**

Contributions and grants receivable totaled \$291,479 and \$457 for the years ended December 31, 2023 and 2022, respectively, all of which were estimated by management to be collected within one year. As such, there was no discount of contributions and grants receivable the years ended December 31, 2023 and 2022.

#### **Note 4 – Net Assets with Donor Restrictions**

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

	2023	2022
Program use		
Summer Programs	\$ 39,422	\$ 74,621
Changemakers in AI	-	791,613
Open Learning	553,313	554,730
College Pathways	2,496,701	1,416,217
Total	\$ 3,089,436	\$ 2,837,181

All net assets with donor restrictions are expected to be released from restrictions by December 31, 2024.

**AI4ALL**  
**Notes to Financial Statements**

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**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, 2023 and 2022, amounted to:

	<u>2023</u>	<u>2022</u>
Program use		
Summer Programs	\$ 14,059	\$ 568,852
Changemakers in AI	791,613	521,951
Open Learning	1,417	229,087
College Pathways	<u>558,252</u>	<u>1,217,210</u>
Total	<u>\$ 1,365,341</u>	<u>\$ 2,537,100</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 2023 and 2022, 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, 2023 and 2022, AI4ALL contributed \$17,640 and \$47,927, respectively. These amounts are included in payroll and payroll-related expenses in the accompanying statements of functional expenses.

**Note 7 – Contingencies and Commitments**

The Organization did not enter any new leases or commitments for the years ended December 31, 2023 and 2022.