



Audited Financial Statements

June 30, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New York City Foundation for Computer Science Education, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New York City Foundation for Computer Science Education, Inc. ("CSNYC"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 New York City Foundation for Computer Science Education, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CSNYC's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

March 12, 2018

NEW YORK CITY FOUNDATION FOR COMPUTER SCIENCE EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2017
(With comparative totals at June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Assets		
Cash and cash equivalents	\$957,908	\$386,609
Contributions and grants receivable	31,600	105,098
Security deposit	<u>14,500</u>	<u>14,500</u>
 Total assets	 <u><u>\$1,004,008</u></u>	 <u><u>\$506,207</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$11,500	\$100,899
Pass-through grants payable (Note 3)	<u>926,323</u>	<u>391,323</u>
 Total liabilities	 <u>937,823</u>	 <u>492,222</u>
Net assets:		
Unrestricted	16,185	13,985
Temporarily restricted (Note 4)	<u>50,000</u>	<u>0</u>
 Total net assets	 <u>66,185</u>	 <u>13,985</u>
 Total liabilities and net assets	 <u><u>\$1,004,008</u></u>	 <u><u>\$506,207</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK CITY FOUNDATION FOR COMPUTER SCIENCE EDUCATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u> (Note 4)	<u>Total 6/30/17</u>	<u>Total 6/30/16</u>
Public support and revenue:				
Contributions	\$1,018,993	\$50,000	\$1,068,993	\$666,010
Grant and contract income	293,429		293,429	138,498
Special event income (net of expenses with a direct benefit to donors) (Note 5)			0	162,669
Net assets released from restriction			<u>0</u>	<u>0</u>
Total public support and revenue	<u>1,312,422</u>	<u>50,000</u>	<u>1,362,422</u>	<u>967,177</u>
Expenses:				
Program services	983,858		983,858	1,011,105
Management and general	190,220		190,220	156,053
Fundraising	<u>136,144</u>		<u>136,144</u>	<u>147,630</u>
Total expenses	<u>1,310,222</u>	<u>0</u>	<u>1,310,222</u>	<u>1,314,788</u>
Change in net assets	2,200	50,000	52,200	(347,611)
Net assets - beginning	<u>13,985</u>		<u>13,985</u>	<u>361,596</u>
Net assets - ending	<u><u>\$16,185</u></u>	<u><u>\$50,000</u></u>	<u><u>\$66,185</u></u>	<u><u>\$13,985</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK CITY FOUNDATION FOR COMPUTER SCIENCE EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses 6/30/17</u>	<u>Total Expenses 6/30/16</u>
Leased employees	\$615,118	\$59,120	\$103,350	\$777,588	\$628,740
Payroll taxes and benefits	80,084	7,697	13,455	101,236	94,150
Total personnel services	<u>695,202</u>	<u>66,817</u>	<u>116,805</u>	<u>878,824</u>	<u>722,890</u>
Professional fees	12,000	68,963	4,800	85,763	17,100
CS Education program expenses	244,392			244,392	501,580
Travel and conferences	3,695	7,454	499	11,648	27,612
Occupancy	28,569	2,746	4,800	36,115	20,030
Office expenses		42,438		42,438	12,318
Insurance		1,163		1,163	3,325
Event expenses (Note 5)				0	1,537
Other expenses		639	9,240	9,879	8,396
Total expenses	<u><u>\$983,858</u></u>	<u><u>\$190,220</u></u>	<u><u>\$136,144</u></u>	<u><u>\$1,310,222</u></u>	<u><u>\$1,314,788</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK CITY FOUNDATION FOR COMPUTER SCIENCE EDUCATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(With comparative totals for the year ended June 30, 2016)

	<u>6/30/17</u>	<u>6/30/16</u>
Cash flows from operating activities:		
Change in net assets	\$52,200	(\$347,611)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Contributions and grants receivable	73,498	203,236
Security deposit	0	(8,500)
Accounts payable and accrued expenses	(89,399)	29,794
Pass-through grants payable	535,000	391,323
Total adjustments	<u>519,099</u>	<u>615,853</u>
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	571,299	268,242
Cash and cash equivalents - beginning	<u>386,609</u>	<u>118,367</u>
Cash and cash equivalents - ending	<u><u>\$957,908</u></u>	<u><u>\$386,609</u></u>
Interest and tax expense	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

NEW YORK CITY FOUNDATION FOR COMPUTER SCIENCE EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Note 1 - Organization

New York City Foundation for Computer Science Education, Inc. (“CSNYC”) is a nonprofit organization launched in 2013 to ensure that all children in local public schools have access to computer science education that will put them on a pathway to academic success and a 21st century career. By serving as New York City’s “center of gravity” for local industry, CSNYC fosters collaboration among technology companies, universities, funders and policy makers to ensure that every student has access to a high-quality computer science education. Revenue of CSNYC comes primarily from contributions.

CSNYC launched “Computer Science for All,” a 10-year, \$80 million plan to bring computer science to every student in the New York City public schools. “Computer Science For All” is a public/private partnership between the City of New York and the private sector, which are bearing project costs equally. Public dollars will support the infrastructure and human capital needed to pull off what will be the largest effort of its kind. Private dollars will support stipends for the nearly 5,000 teachers who will be trained over the next 10 years, as well as the efforts of programmatic partners and a rigorous program evaluation that includes regular reporting on progress and impact.

CSNYC has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (“Code”) and has not been determined to be a private foundation as defined under Section 509(a)(1) of the Code.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of CSNYC have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

CSNYC reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Unrestricted* – relates to all activity without donor-imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets’ restriction, either due to a program nature or by the passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby

the assets must remain intact due to restrictions placed by the donor. There was no activity in the permanently restricted class of net assets for the years ended June 30, 2017 or June 30, 2016.

c. Contributions

Contributions are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the same reporting period in which it was recognized.

Contributions receivable are recognized as revenue in the period that a promise to give is considered unconditional in nature. Contributions expected to be received within one year are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

d. Government Grants

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

e. Cash and Cash Equivalents

CSNYC considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

f. Significant Concentrations

Financial instruments which potentially subject CSNYC to concentration of credit risk consist of cash accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. CSNYC has not experienced any losses from these accounts due to bank failure.

g. Allowance for Doubtful Accounts

All receivables at June 30, 2017 are expected to be received within one year. Management reviews receivables for collectability based on various factors such as historical experience and subsequent collections. As of June 30, 2017, management deems all receivables to be collectible and, as such, has not established an allowance for doubtful accounts. Write-offs are charged to expense when all collection efforts have been exhausted.

h. Fixed Assets

Fixed assets that CSNYC retains title to and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation expense is recorded using the straight-line method over the estimated useful life of the asset. CSNYC's current rental of premises includes the use of furniture and equipment; therefore, there were no fixed asset purchases made for the years ended June 30, 2017 or June 30, 2016.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CSNYC.

k. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CSNYC's financial statements for the year ended June 30, 2016 from which the summarized information was derived.

l. Accounting for Uncertainty of Income Taxes

CSNYC does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2014 and later are subject to examination by applicable taxing authorities.

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through March 12, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

CSNYC has not yet evaluated the impact these standards will have on future financial statements.

Note 3 - Pass-through Grants Payable

CSNYC supports schools, non-profits, and other organizations that manage computer science education programs. As part of this support, CSNYC receives funding on behalf of certain organizations. Because CSNYC does not have variance power over these funds, they are treated as exchange transactions. The amounts collected by CSNYC that have yet to be passed through to these organizations are reflected as a liability.

Note 4 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 consist of a contribution that is time restricted for the following year.

Note 5 - Special Event Income

CSNYC had no special events during the year ended June 30, 2017.

During the year ended June 30, 2016, CSNYC hosted a May fundraising event and special event proceeds were as follows:

	<u>6/30/16</u>
Event income	\$207,504
Less: expenses where donors receive a direct benefit	<u>(44,835)</u>
	162,669
Less: other event expenses	<u>(1,537)</u>
Total	<u>\$161,132</u>

Note 6 - Related Party Transactions

During the years ended June 30, 2017 and 2016, one board member was a paid employee and consultant, providing expertise on nonprofit governance, and launched and led CSNYC's \$40 million capital campaign. Expenses related to the services provided by this board member totaled \$91,500 and \$135,000, for the years ended June 30, 2017 and 2016, respectively.

Note 7 - Commitments

CSNYC occupies office space in New York City on a month-to-month basis. Per the terms of this agreement, a security deposit of \$14,500 was paid. There are no long-term contracts.