



CODE FOR AMERICA LABS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

**AND REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE
YEAR ENDED DECEMBER 31, 2021**

CODE FOR AMERICA LABS, INC.

Contents

December 31, 2021 and 2020

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3 - 5
FINANCIAL STATEMENTS	
Statements of Financial Position	6
Statements of Activities	7 – 8
Statements of Functional Expenses	9 - 10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 24
REPORTS AND SCHEDULES REQUIRED BY THE UNIFORM GUIDANCE	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26 - 27
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance	28 - 30
Schedule of Expenditures of Federal Awards	31
Notes to Schedule of Expenditures of Federal Awards	32
Schedule of Findings and Questioned Costs	33 - 34



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Code for America Labs, Inc.
San Francisco, California

Report on the Financial Statements

Opinion

We have audited the financial statements of Code for America Labs, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, 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 Code for America Labs, Inc. 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Code for America Labs, Inc. 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 Code for America Labs, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



Abbott, Stringham & Lynch

1901 S Bascom Avenue
Suite 105
Campbell, CA 95008

Main: 408-377-8700
Fax: 408-377-0821
Web: aslcpa.com

Member of
Allinial
GLOBAL®
An association of legally independent firms

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Code for America Labs, Inc.'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 Code for America Labs, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2022 on our consideration of Code for America Labs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Code for America Labs, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Code for America Labs, Inc.'s internal control over financial reporting and compliance.

Abbott, Stringham & Lynch

August 9, 2022

CODE FOR AMERICA LABS, INC.

STATEMENTS OF FINANCIAL POSITION

Assets

	December 31,	
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 45,648,194	\$ 12,862,930
Investments	-	9,012,393
Grants receivable	10,915,000	3,852,590
Donations receivable	50,000	10,643
Program fees receivable	899,934	2,593,385
Prepaid expenses	184,282	126,949
Total current assets	57,697,410	28,458,890
Investments	1,264,048	103,711
Long-term grants receivable, net of discounts	36,731,035	750,000
Property and equipment, net of accumulated depreciation and amortization	386,435	579,362
Security deposits	242,000	242,000
	<u>\$ 96,320,928</u>	<u>\$ 30,133,963</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 737,622	\$ 836,412
Accrued liabilities	-	247,725
Deferred rent obligation	101,250	122,809
Total current liabilities	838,872	1,206,946
Net assets:		
Without donor restrictions	18,012,094	20,519,738
With donor restrictions	77,469,962	8,407,279
Total net assets	95,482,056	28,927,017
	<u>\$ 96,320,928</u>	<u>\$ 30,133,963</u>

CODE FOR AMERICA LABS, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Donations:						
Individuals and foundations	\$ 221,726	\$ 340,000	\$ 561,726	\$ 86,837	\$ 687,784	\$ 774,621
Businesses	9,995	408,837	418,832	410,699	90,802	501,501
Marketable securities	436,794	12,001,156	12,437,950	278,177	-	278,177
Foundation grants	2,775,352	69,939,744	72,715,096	12,557,736	12,767,769	25,325,505
Grants from federal government agencies	4,573,638	-	4,573,638	5,417,533	-	5,417,533
Program services	437,564	-	437,564	1,273,259	-	1,273,259
Consulting	592,228	-	592,228	840,000	-	840,000
In-kind contributions	107,067	-	107,067	718,330	-	718,330
Event sponsorship and admission fees	294,527	-	294,527	132,914	-	132,914
Net investment income	2,420,931	-	2,420,931	23,986	-	23,986
Other income	1,939	-	1,939	1,063	-	1,063
Net assets released from restrictions	13,627,054	(13,627,054)	-	12,468,498	(12,468,498)	-
Total public support and revenue	\$ 25,498,815	\$ 69,062,683	\$ 94,561,498	\$ 34,209,032	\$ 1,077,857	\$ 35,286,889

(continued)

CODE FOR AMERICA LABS, INC.

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2021 and 2020 (continued)

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Safety Net	\$ 11,929,097	\$ -	\$ 11,929,097	\$ 9,577,001	\$ -	\$ 9,577,001
Criminal Justice	3,094,163	-	3,094,163	2,873,307	-	2,873,307
Code for America Network	1,784,224	-	1,784,224	1,707,324	-	1,707,324
Summit	223,998	-	223,998	317,646	-	317,646
Principles and Practices	1,842,482	-	1,842,482	954,225	-	954,225
Earned Income Tax Credit	4,703,259	-	4,703,259	4,309,465	-	4,309,465
Total program services	23,577,223	-	23,577,223	19,738,968	-	19,738,968
Supporting services:						
Management and general	2,859,637	-	2,859,637	2,624,752	-	2,624,752
Fundraising	1,569,599	-	1,569,599	1,022,939	-	1,022,939
Total supporting services	4,429,236	-	4,429,236	3,647,691	-	3,647,691
Total expenses	28,006,459	-	28,006,459	23,386,659	-	23,386,659
Change in net assets	(2,507,644)	69,062,683	66,555,039	10,822,373	1,077,857	11,900,230
Net assets, beginning of year	20,519,738	8,407,279	28,927,017	9,697,365	7,329,422	17,026,787
Net assets, end of year	<u>\$ 18,012,094</u>	<u>\$ 77,469,962</u>	<u>\$ 95,482,056</u>	<u>\$ 20,519,738</u>	<u>\$ 8,407,279</u>	<u>\$ 28,927,017</u>

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services							Supporting Services			
		Criminal	Code for		Principles	Earned	Total			Total	
	Safety Net	Justice	America	Summit	and	Income Tax	Program	Management	Fundraising	Supporting	Total
			Network		Practices	Credit	Services	and General		Services	
Salaries and related expenses	\$ 8,935,078	\$2,929,612	\$1,225,220	\$ -	\$ 493,606	\$3,294,941	\$16,878,457	\$ 1,379,181	\$1,408,022	\$2,787,203	\$19,665,660
Professional services	681,643	122,221	466,097	142,334	1,317,314	955,631	3,685,240	570,511	49,344	619,855	4,305,095
Marketing and advertising	1,402,493	2,849	3,448	18,362	-	263,473	1,690,625	490	800	1,290	1,691,915
Office and facilities	623,994	27,150	65,825	22,837	18,341	184,079	942,226	693,386	24,354	717,740	1,659,966
Grants	250,000	-	-	-	-	-	250,000	-	-	-	250,000
Other expenses	7,358	1,907	2,107	-	-	820	12,192	211,062	3,104	214,166	226,358
Travel and events	28,531	10,424	21,527	40,465	13,221	4,315	118,483	5,007	83,975	88,982	207,465
Total expenses	\$ 11,929,097	\$ 3,094,163	\$ 1,784,224	\$ 223,998	\$ 1,842,482	\$ 4,703,259	\$ 23,577,223	\$ 2,859,637	\$ 1,569,599	\$ 4,429,236	\$ 28,006,459

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	Program Services						Supporting Services				Total
	Safety Net	Criminal Justice	Code for America Network	Summit	Principles and Practices	Earned Income Tax Credit	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and related expenses	\$ 5,870,468	\$2,622,719	\$1,116,782	\$ 32,430	\$107,656	\$1,676,876	\$11,426,931	\$ 1,155,861	\$ 938,150	\$2,094,011	\$13,520,942
Professional services	1,126,307	69,176	357,307	98,212	812,468	869,678	3,333,148	452,365	42,917	495,282	3,828,430
Office and facilities	760,212	136,769	178,346	73,441	31,724	1,063,001	2,243,493	669,111	29,349	698,460	2,941,953
Marketing and advertising	1,690,045	3,236	10,888	8,455	9	680,342	2,392,975	1,483	-	1,483	2,394,458
Other expenses	944	239	430	-	-	-	1,613	333,129	4,400	337,529	339,142
Travel and events	54,835	41,168	43,571	105,108	2,368	19,568	266,618	12,803	8,123	20,926	287,544
Grants	74,190	-	-	-	-	-	74,190	-	-	-	74,190
Total expenses	<u>\$9,577,001</u>	<u>\$2,873,307</u>	<u>\$1,707,324</u>	<u>\$ 317,646</u>	<u>\$954,225</u>	<u>\$4,309,465</u>	<u>\$19,738,968</u>	<u>\$ 2,624,752</u>	<u>\$1,022,939</u>	<u>\$3,647,691</u>	<u>\$23,386,659</u>

See accompanying independent auditor's report and notes to financial statements.

CODE FOR AMERICA LABS, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 66,555,039	\$ 11,900,230
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	192,927	199,723
Realized/unrealized (gain) loss on investments	(2,385,571)	13,502
Changes in operating assets and liabilities:		
Grants receivable	(43,043,445)	(3,335,468)
Donations receivable	(39,357)	-
Program fees receivable	1,693,451	-
Prepaid expenses	(57,333)	(845)
Accounts payable	(98,790)	499,083
Accrued liabilities	(247,725)	52,725
Contract liabilities	-	171,715
Deferred rent obligation	(21,559)	(6,566)
Net cash provided by operating activities	22,547,637	9,494,099
Cash flows from investing activities:		
Purchases of investments	-	(32,565,368)
Proceeds from sale of investments	10,237,627	28,777,031
Net cash provided by (used in) investing activities	10,237,627	(3,788,337)
Net increase in cash and cash equivalents	32,785,264	5,705,762
Cash and cash equivalents, beginning of year	12,862,930	7,157,168
Cash and cash equivalents, end of year	\$ 45,648,194	\$ 12,862,930

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 1 - Nature of operations

Incorporated on September 24, 2009, Code for America Labs, Inc. (the "Organization" and "Code for America") is a national nonprofit organization established under the laws of the State of California that works shoulder to shoulder with community organizations and government to build digital tools and services, change policies, and improve programs. The Organization believes government can work for the people, by the people, in the digital age and that government at all levels can and should work well for all people. The Organization uses insights and ideas from real people to guide it to real solutions that break down barriers to meet community needs and improve government in meaningful ways. The Organization's goal is a resilient society that effectively and equitably serves all Americans.

Strengthening the Social Safety Net: Our vision is a human-centered safety net - one that is simple and easy for people to access. A human-centered safety net can transform lives in meaningful, measurable ways - making our systems and society more equitable and resilient.

GetCalfresh: We partner with communities and government to improve the delivery of food assistance in California. Our goal is to ensure that every Californian who needs Calfresh has an easy, dignified experience enrolling in and accessing their food benefits. GetCalfresh acts as a "digital enrollment assistant," supporting people through each step of the eligibility and enrollment process on their mobile phone or computer.

Promoting economic justice through tax benefits: At Code for America, we believe that financial stability should be equitable, inclusive, and guaranteed to everyone. Code for America is working with government to help individuals and families get the flexible cash they need to achieve financial stability.

GetYourRefund.org: At Code for America, we've combined our experience in service design at scale with the deep expertise and national reach of the IRS's volunteer income tax assistance (VITA) program. With technology, we're helping make VITA accessible to more people. Getyourrefund.org helps tax filers get connected with VITA from anywhere in the country providing the kind of free tax help people deserve.

GetCTC: Code for America created a new portal, GetCTC, that helps families access the Child Tax Credit and other tax benefits they might have missed, including stimulus payments. GetCTC makes it easy for families with low or no income to get the flexible cash they deserve. The portal is free, mobile-friendly, and available in English and Spanish.

Mobilizing a national network: We improve the way technology is leveraged for social good through an 85 brigade volunteer network in partnership with local government and community-based organizations.

Shrinking the Criminal Legal System: Our goal is to make automatic record clearance - where all eligible criminal records are cleared automatically and without burden - the standard across the country. With technology and people-centered design, automatic record clearance helps put people with criminal records and their families first-and is more efficient for states. Our services for states include technical evaluation, guidance on data infrastructure, support for bulk data processing, qualitative and quantitative research and analysis, digital service software development, business intelligence software, consulting, and more.

Integrated Benefits: We're breaking down barriers so that applying for benefits is easier and faster for applicants - and more effective and less costly for states. The Integrated Benefits program uses technology to design a more people-centered social safety net.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 2 - Summary of significant accounting policies

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include: the allowance for doubtful accounts; valuation of investments; estimated useful lives of property and equipment; the value of donated materials, property and equipment, and professional services; uncertain tax positions; and the allocation of functional expenses. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of balances on hand and on deposit in banks and other financial institutions, and short-term investments. The Organization considers all highly liquid investments with original maturities of three months or less on the date of purchase to be cash equivalents.

Donations, grants, and program fees receivable

Donations, grants, and program fees receivable are stated at the amount management expects to collect from outstanding balances after reserves for discounts and bad debts and allowances, taking into account past experience, contracts, history and the other organizations' ability to meet their obligations.

Management provides for probable uncollectible amounts through a charge to expense and an increase to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a reduction of grants, donations and program fees receivable.

Management has deemed all donations, grants, and program fees receivable collectible at December 31, 2021 and 2020.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 2 - Summary of significant accounting policies (continued)

Revenue and cost recognition

Donations are recognized when the donor makes a documented promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, and which are due in subsequent years, are recorded at their net realizable value.

Donated marketable securities are liquidated upon receipt. The net proceeds from these sales, net of fees and commissions, are recognized as support in accordance with the donor's intent.

Foundation grants that are considered to be contributions are recognized when the grant agreements are signed. The revenue is reported as without donor restrictions unless the grantor has restricted the use to a specific purpose or time period. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution.

Contributed professional services are recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or in the case of long-term assets, over the period benefited. Additionally, the Organization receives a significant amount of contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Periodically, the Organization acts as a fiscal sponsor for outside projects and maintains discretion and control of all funds until the completion of the project. Donations for these sponsored projects are recognized when the donor makes a documented promise to give to the Organization to support the specified project.

Revenue recognition - contracts with customers

Program services, event sponsorships and event admission fees, and speaker fees

Program service fee revenue relates to exchange transactions with state and local government agencies and is recognized at a point in time when invoices are issued for reimbursements for costs incurred during the period services are performed. The Organization has contracts with the state of California in 2021 and 2020.

Event sponsorships, admission fees and speaking fees are recognized as revenue at a point in time when the events or programs occur.

Program services, events and speaking engagements are held at various locations in the United States of America. All of these revenue streams are short-term in nature and do not have any significant financing components as payment is received before, at, or shortly after the related event. Accounts receivable at December 31, 2021 and 2020 for revenues earned during the year are insignificant to these financial statements. Accounts receivable at January 1, 2020, were also insignificant to these financial statements.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 2 - Summary of significant accounting policies (continued)

Revenue recognition - contracts with customers (continued)

Contract liabilities

Contract liabilities represent event sponsorships paid in advance for future events. Contract liabilities at January 1, 2020 was \$23,285.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reflected as increases or decreases in net assets without donor restriction unless their use has been restricted by donors. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Fair value measurements

The Organization measures and discloses fair value measurements as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification.

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, the FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - Includes other observable inputs, not included in Level 1, that are directly or indirectly observable in the marketplace.
- Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Financial instruments included in the Organization's statements of financial position are: cash and cash equivalents; investments; donations, grants, and program fees receivable; other assets; and liabilities. The carrying amount of these instruments approximates their fair values.

Property, equipment, depreciation and amortization

Property, equipment, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Donated property and equipment are recorded at their estimated fair value at the date of donation. The Organization capitalizes all fixed assets above \$3,000. Gifts of property and equipment are reported as support without donor restrictions unless the donor stipulates specifically how the donated asset must be used. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 2 - Summary of significant accounting policies (continued)

Property, equipment, depreciation and amortization (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to seven years. Leasehold improvements are amortized over the lesser of the useful life of the asset or the term of the lease.

Computers and equipment	3 - 5 years
Furniture and fixtures	7 years
Leasehold improvements	Remaining life of the lease

Impairment of long-lived assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair value. To date, the Organization has not recorded any impairment of its long-lived assets as a result of this analysis.

Tax-exempt status

The Organization is considered to be a public charity and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is exempt from state tax under State of California Revenue and Taxation Code Section 23701d. Only unrelated business income is subject to federal and state income tax. Since all the Organization's income is related to its exempt purpose, no provision for income taxes has been made in the accompanying financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Returns of Organization Exempt from Income Tax (Form 990) for years ended December 31, 2018 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended December 31, 2017 and after could be subject to examination by state (California) taxing authorities, generally for four years after they are filed.

Advertising

The Organization's policy is to expense advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 totaled \$1,374,141 and \$2,277,330, respectively.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 2 - Summary of significant accounting policies (continued)

Allocation of functional expenses

The costs of providing various program services and general and administrative expenses have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to the related program or supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated among program services and supporting services benefited based on management's estimates of percentage of costs attributable to each function.

New accounting pronouncements - not yet adopted

In 2016 and through subsequent amendments, the FASB issued new accounting guidance for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning with January 2022. The Organization is currently evaluating the impact of adopting this standard on its financial statements.

In 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year beginning January 1, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

Subsequent events

The Organization has evaluated subsequent events through August 9, 2022, which is the date these financial statements were available to be issued.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 3 - Liquidity and availability of resources

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 from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year are as follows:

	December 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 45,648,194	\$ 12,862,930
Investments	-	9,012,393
Donations, grants, and program fees receivable	48,595,969	7,206,618
Financial assets, at December 31, 2021 and 2020	94,244,163	29,081,941
Less:		
Donations, grants, and program fees receivable expected to be received beyond one year	36,731,035	750,000
Accounts payable and accrued liabilities	737,622	1,084,137
	37,468,657	1,834,137
Total financial assets and liquidity resources available within one year	\$ 56,775,506	\$ 27,247,804

During 2020, the Organization elected to invest non-working capital funds in an investment account to earn additional investment income (Note 5). All invested funds have no donor restrictions on the use of investment returns, which will be used at the discretion of the Organization.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 4 - Future collections on grants receivable

Grants receivable which will be received more than one year from the date the pledges are recorded after discounting the future cash flows to present value using the treasury bill rate (0.76%), established on the date of the grant, for the term of the grant. Maturities of these receivables are as follows:

For the Year Ending December 31,	Amount
2023	\$ 8,138,482
2024	6,238,482
2025	5,400,000
2026	4,800,000
2027	10,000,000
2028	4,000,000
	38,576,964
Less: discount for present value	(1,845,929)
Net grants receivable due after one year	<u>\$ 36,731,035</u>

Note 5 - Investments and fair value measurements

Financial instruments, consisting of cash and cash equivalents, are carried at cost, which approximates their fair value due to the short-term maturity of these instruments.

Following are the major categories of investments measured at fair value on a recurring basis and are all classified as Level 1 by the fair value hierarchy:

	December 31,	
	2021	2020
Available for sale debt securities:		
U.S. Treasury bills	\$ -	\$ 6,998,174
U.S. Treasury notes	-	2,014,219
	<u>\$ -</u>	<u>\$ 9,012,393</u>

At December 31, 2021, the Organization held stock in a company that is not publicly traded and is valued as a Level 3 asset since there is no active market for the stock. The fair market value of the Level 3 investment was \$1,264,048 at December 31, 2021.

There have been no changes in valuation techniques and related inputs between the years ended December 31, 2021 and 2020.

Investment income totaled \$2,420,931 and \$23,986 for the years ended December 31, 2021 and 2020, respectively, which included interest and dividends, net of investment fees, of \$35,360 and \$37,488 and net realized and unrealized gain (loss) of \$2,385,571 and (\$13,502) for the years ended December 31, 2021 and 2020, respectively.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 5 - Investments and fair value measurements (continued)

As of December 31, 2020, the Organization held investments in various U.S. government fixed income investments outlined above. During the fiscal year ended December 31, 2021, the Organization converted these balances into bank sweep accounts, which are included in cash and cash and equivalents on the accompanying statements of financial position.

Investment in privately held company

In 2014, the Organization assigned its trademark rights to a closely held company and executed an Office Services Agreement with the company in exchange for 185,567 shares of common stock as of the date of execution. The Organization's shares represent approximately 0.33% of the company's issued and outstanding shares as of December 31, 2021. The Organization's shares are considered to be illiquid with no secondary market to facilitate a sale and are carried at cost. The shares at the date of acquisition were valued at \$0.02 per share, and the total investment of \$3,711 is included in investments on the accompanying statements of financial position.

During 2016, the Organization also held a Simple Agreement for Future Equity (the "SAFE Agreement") with a cost basis of \$100,000, which as a result of an action taken by the issuing company, was converted into 300,120 shares (at an effective share price of \$0.3332 per share) of Series A-5 Preferred Stock (Preferred Stock). Upon conversion, the SAFE Agreement was extinguished. The Preferred Stock is was redeemable at the option of the holder, and could convert to shares of common stock at a ratio of 1:1. After conversion, the preferred stock owned by the Organization represented approximately 1.53% of the company's issued and outstanding shares as of December 31, 2021. On a fully converted basis, the Organization owns 485,687 common shares of the company, which represents a 2.47% ownership. The Organization performed a valuation, as of January 2020, in compliance with Internal Revenue Code 409A, which valued the common stock at \$0.91 per share. The Organization's shares were considered to be illiquid with no secondary market to facilitate a sale. The fair value of a cost-method investment is not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment. Management determined that it is not practicable to estimate the fair value of the investments as of December 31, 2020. Therefore, management chose to continue to carry the Preferred Stock at cost, or \$100,000. At December 31, 2020 the cost basis of the Preferred Stock totaled \$100,000 and is included in Investments on the accompany statements of financial position.

In March 2021, the Company the Organization is invested in was acquired by another private entity for approximately \$103 million. In exchange for the 485,687 fully converted common shares, the Organization received approximately \$1.2 million in cash (485,687 shares * \$2.55 per share) and 36,360 common shares (485,687 * \$2.60 / \$34.76 per share) from the acquiring entity, and recorded an investment gain of approximately \$2.4 million.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 6 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2021	2020
Leasehold improvements	\$ 897,400	\$ 897,400
Furniture and fixtures	88,817	88,817
Computers and equipment	62,558	62,558
	1,048,775	1,048,775
Accumulated depreciation and amortization	(662,340)	(469,413)
	<u>\$ 386,435</u>	<u>\$ 579,362</u>

Depreciation and amortization expense totaled \$192,927 and \$199,723 for the years ended December 31, 2021 and 2020, respectively.

Note 7 - In-kind contributions

In-kind contributions consisted of the following services:

	December 31,	
	2021	2020
Legal	\$ 107,067	\$ 109,521
Internet and web services	-	608,809
	<u>\$ 107,067</u>	<u>\$ 718,330</u>

The Organization receives contributed legal services and licensed software that are reported using current market rates, as provided by the service provider, for similar legal services and licensed software. These contributed services and licenses are for the benefit of the Organization's various program services.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 8 - Net assets released from restrictions and net assets

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose, generally related to the support of program services or by the expiration of time, are as follows for the years ended December 31, 2021 and 2020:

	December 31,	
	2021	2020
Time restrictions expired:		
Contributions - individuals and businesses	\$ 1,000,000	\$ 187,500
Purpose restrictions fulfilled:		
Brigades	147,165	-
Safety Net	3,831,777	4,681,569
Criminal Justice	3,056,157	3,190,692
Workforce Development	180,000	-
Code for America Network	980,000	1,624,003
Earned Income Tax Credit	4,431,955	2,784,734
	<u>\$ 13,627,054</u>	<u>\$ 12,468,498</u>

Net assets consisted of the following:

	December 31,	
	2021	2020
Net assets without donor restrictions:	\$ 18,012,094	\$ 20,519,738
Net assets with donor restrictions:		
Time restrictions:		
Contributions - individuals and foundations	750,000	1,750,000
Purpose restrictions - program services:		
Safety Net	67,725,380	1,305,733
Criminal Justice	3,086,179	5,117,336
Earned Income Tax Credit	5,747,521	15,000
Code for America Network	160,882	219,210
Total net assets with donor restrictions	<u>77,469,962</u>	<u>8,407,279</u>
Total net assets	<u>\$ 95,482,056</u>	<u>\$ 28,927,017</u>

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 9 - Operating leases

Effective December 2018, the Organization leases office space under a non-cancelable operating lease expiring February 2024. The lease agreement allows for annual escalating rent payments over the term of the lease beginning December 1, 2019 and, as such, facility rent expense is recognized by the Organization on a straight-line basis over the lease term. Facility rent expense in excess of the cash payments is recognized as a deferred rent liability on the accompanying statements of financial position. The total rent expense under this facility lease was \$493,000 for each of the years ended December 31, 2021 and 2020.

Future minimum facility lease payments required under the lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 530,202
2023	546,108
2024	93,515
	<u>\$ 1,169,825</u>

Note 10 - Retirement plan

The Organization maintains a 401(k) retirement plan for eligible employees. The Plan provides for voluntary contributions by eligible participants in accordance with Section 401(k) of the Internal Revenue Code, as well as discretionary matching contributions by the Organization. The Organization contributed approximately \$363,000 and \$304,000 to the Plan for the years ended December 31, 2021 and 2020, respectively.

Note 11 - Related-party transactions

During the years ended December 31, 2021 and 2020, certain members, or companies associated with members, of the Organization's Board of Directors made contributions to help fund the Organization's mission. This contribution revenue totaled approximately \$98,000 and \$25,000 for the years ended December 31, 2021 and 2020, respectively.

Note 12 - Reclassification

Certain reclassifications have been made to the December 31, 2020 financial statements to conform to the December 31, 2021 financial statement presentation, having no effect on previously reported net assets or change in net assets.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2021 and 2020

Note 13 - Concentrations, risks and uncertainties

The Organization maintains its cash and cash equivalents with high credit quality financial institutions that, at times, may be in excess of Federal Deposit Insurance Corporation insurance limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk with its cash accounts.

For the year ended December 31, 2021, the Organization received approximately 48% of its total public support and revenue from two funding sources. For the year ended December 31, 2020, the Organization received approximately 73% of its total public support and revenue from four funding sources. Additionally, the Organization received 74% of its total event sponsorship fees from three different organizations for the year ended December 31, 2021, and 68% from three different organizations for the year ended December 31, 2020.

Domestic and international economies face continuing uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's funders, employees and partners, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

**REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Code for America Labs, Inc.
San Francisco, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Code for America Labs, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 9, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Abbott, Stringham & Lynch

1901 S Bascom Avenue
Suite 105
Campbell, CA 95008

Main: 408-377-8700
Fax: 408-377-0821
Web: aslcpa.com

Member of
Allinial
GLOBAL®
An association of legally independent firms

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Abbott, Stringham & Lynch

August 9, 2022



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Code for America Labs, Inc.
San Francisco, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Code for America Labs, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Abbott, Stringham & Lynch

August 9, 2022

CODE FOR AMERICA LABS, INC.**Schedule of Expenditures of Federal Awards**

December 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures (\$)</u>
United States Department of Agriculture, Food and Nutrition Services			
SNAP Cluster:			
Passed through the State of California Department of Social Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP - GetCalFresh)	10.561	20-7003	\$ 3,959,514
Passed through the State of California Department of Social Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP - BenefitsCal)	10.561	20-3182	<u>614,124</u>
Total SNAP Cluster			<u>4,573,638</u>
Total United States Department of Agriculture, Food and Nutrition Services			<u>4,573,638</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,573,638</u></u>

CODE FOR AMERICA LABS, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2021

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect cost rate

The Organization has elected to utilize an indirect cost rate of 18.94% applied to total direct costs less equipment, rent, and subcontractors, which has been negotiated with and accepted by the grantor.

Note 4 - Payments to subrecipients

The Organization did not make any payments to subrecipients for the year ended December 31, 2021.

CODE FOR AMERICA LABS, INC.

Schedule of Findings and Questioned Costs

December 31, 2021

Section I - Summary of Auditor's Results

Financial statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

Federal awards

Internal control over major federal programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified

☐ yes ☒ none reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

☐ yes ☒ no

Identification of major federal programs:

Assistance Listing number(s) Name of federal program or cluster

10.561 Supplemental Nutrition Assistance Program (SNAP Cluster)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

CODE FOR AMERICA LABS, INC.

Schedule of Findings and Questioned Costs

December 31, 2021

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No federal award findings noted.