

CODE *for* **AMERICA**

CODE FOR AMERICA LABS, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

**AND REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE
YEAR ENDED DECEMBER 31, 2023**

CODE FOR AMERICA LABS, INC.

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December 31, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2023, Code for America Labs, Inc. adopted new accounting guidance Accounting Standards Codification Topic 326, *Financial Instruments - Credit Losses*. Our opinion is not modified with respect to this matter.

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.



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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 September 6, 2024 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

September 6, 2024

CODE FOR AMERICA LABS, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,951,313	\$ 9,766,272
Investments	2,315,870	2,312,085
Grants receivable, net of allowance for doubtful accounts	16,240,667	12,763,482
Grants receivable from federal government agencies	2,376,324	1,559,660
Donations receivable	2,221	75,000
Program fees receivable	50,637	15,387
Prepaid expenses	257,900	245,977
Total current assets	28,194,932	26,737,863
Long-term investments	21,642,616	26,318,372
Long-term grants receivable, net of discounts	35,768,802	37,783,738
Property and equipment, net of accumulated depreciation and amortization	4,250	194,803
Operating lease right-of-use asset	403,934	571,746
Security deposits	80,667	242,000
	<u>\$ 86,095,201</u>	<u>\$ 91,848,522</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 414,726	\$ 728,750
Accrued liabilities	169,350	303,284
Operating lease liability	201,986	542,574
Total current liabilities	786,062	1,574,608
Operating lease liability, net of current portion	109,833	93,409
Net assets:		
Without donor restrictions	11,435,861	10,356,384
With donor restrictions	73,763,445	79,824,121
Total net assets	85,199,306	90,180,505
	<u>\$ 86,095,201</u>	<u>\$ 91,848,522</u>

CODE FOR AMERICA LABS, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Donations:						
Individuals and foundations	\$ 764,325	\$ -	\$ 764,325	\$ 152,929	\$ -	\$ 152,929
Businesses	380,306	60,326	440,632	224,562	2,949,674	3,174,236
Marketable securities	-	-	-	518,895	-	518,895
Foundation grants	1,275,276	24,514,861	25,790,137	10,458	22,794,581	22,805,039
Grants from federal government agencies	7,471,449	-	7,471,449	4,859,147	-	4,859,147
Program services	237,073	-	237,073	530,774	60,000	590,774
Consulting	1,882,497	-	1,882,497	1,513,735	-	1,513,735
In-kind contributions	762,146	-	762,146	778,379	-	778,379
Event sponsorship and admission fees	518,814	-	518,814	381,297	-	381,297
Net investment income (loss)	1,326,410	-	1,326,410	(685,768)	-	(685,768)
Other income	500	-	500	6,532	-	6,532
Net assets released from restrictions	30,635,863	(30,635,863)	-	23,450,096	(23,450,096)	-
Total public support and revenue	<u>\$ 45,254,659</u>	<u>\$ (6,060,676)</u>	<u>\$ 39,193,983</u>	<u>\$ 31,741,036</u>	<u>\$ 2,354,159</u>	<u>\$ 34,095,195</u>

(continued)

CODE FOR AMERICA LABS, INC.

STATEMENTS OF ACTIVITIES

(continued)

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Safety Net	\$ 22,040,117	\$ -	\$ 22,040,117	\$ 16,467,872	\$ -	\$ 16,467,872
Criminal Justice	2,365,802	-	2,365,802	2,715,370	-	2,715,370
Local Initiatives	2,110,966	-	2,110,966	4,004,098	-	4,004,098
Summit	1,298,003	-	1,298,003	951,790	-	951,790
Tax Benefits	5,479,432	-	5,479,432	6,232,461	-	6,232,461
Total program services	33,294,320	-	33,294,320	30,371,591	-	30,371,591
Supporting services:						
Management and general	9,547,766	-	9,547,766	7,149,267	-	7,149,267
Fundraising	1,333,096	-	1,333,096	1,875,888	-	1,875,888
Total supporting services	10,880,862	-	10,880,862	9,025,155	-	9,025,155
Total expenses	44,175,182	-	44,175,182	39,396,746	-	39,396,746
Change in net assets	1,079,477	(6,060,676)	(4,981,199)	(7,655,710)	2,354,159	(5,301,551)
Net assets, beginning of year	10,356,384	79,824,121	90,180,505	18,012,094	77,469,962	95,482,056
Net assets, end of year	<u>\$ 11,435,861</u>	<u>\$ 73,763,445</u>	<u>\$ 85,199,306</u>	<u>\$ 10,356,384</u>	<u>\$ 79,824,121</u>	<u>\$ 90,180,505</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, 2023

	Program Services					Supporting Services				
		Criminal	Local			Total	Management		Total	
	Safety Net	Justice	Initiatives	Summit	Tax Benefits	Program Services	and General	Fundraising	Supporting Services	Total
Salaries and related expenses	\$ 17,616,832	\$ 2,140,531	\$ 1,694,746	\$ 324,052	\$ 4,404,899	\$ 26,181,060	\$ 5,985,515	\$ 1,077,063	\$ 7,062,578	\$ 33,243,638
Professional services	1,283,134	56,392	30,987	198,066	455,223	2,023,802	2,172,568	133,966	2,306,534	4,330,336
Office and facilities	1,723,380	112,754	134,011	52,476	483,465	2,506,086	428,505	89,563	518,068	3,024,154
Travel and events	230,448	31,898	104,217	660,399	37,502	1,064,464	561,064	18,077	579,141	1,643,605
Marketing and advertising	943,675	252	121	49,571	4,856	998,475	231,219	82	231,301	1,229,776
Other expenses	242,648	23,975	146,884	13,439	93,487	520,433	168,895	14,345	183,240	703,673
Total expenses	\$ 22,040,117	\$ 2,365,802	\$ 2,110,966	\$ 1,298,003	\$ 5,479,432	\$ 33,294,320	\$ 9,547,766	\$ 1,333,096	\$ 10,880,862	\$ 44,175,182

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

CODE FOR AMERICA LABS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services					Supporting Services				
		Criminal	Local			Total	Management		Total	
	Safety Net	Justice	Initiatives	Summit	Tax Benefits	Program Services	and General	Fundraising	Supporting Services	Total
Salaries and related expenses	\$ 12,242,571	\$ 2,388,219	\$ 2,183,468	\$ 62,850	\$ 4,294,162	\$ 21,171,270	\$ 4,725,825	\$ 1,618,542	\$ 6,344,367	\$ 27,515,637
Professional services	1,109,268	69,535	816,215	240,473	1,031,566	3,267,057	1,588,564	70,896	1,659,460	4,926,517
Office and facilities	1,611,138	163,401	280,263	68,954	750,216	2,873,972	367,804	140,391	508,195	3,382,167
Travel and events	207,393	65,009	129,363	551,544	74,434	1,027,743	296,276	20,995	317,271	1,345,014
Marketing and advertising	1,079,868	-	19,436	27,050	12,135	1,138,489	19,061	-	19,061	1,157,550
Other expenses	217,634	29,206	575,353	919	69,948	893,060	151,737	25,064	176,801	1,069,861
Total expenses	\$ 16,467,872	\$ 2,715,370	\$ 4,004,098	\$ 951,790	\$ 6,232,461	\$ 30,371,591	\$ 7,149,267	\$ 1,875,888	\$ 9,025,155	\$ 39,396,746

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

CODE FOR AMERICA LABS, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (4,981,199)	\$ (5,301,551)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	190,553	191,632
Non-cash operating lease expense	389,756	493,188
Realized/unrealized (gain) loss on investments	(299,942)	794,238
Changes in operating assets and liabilities:		
Grants receivable	(1,462,249)	(2,901,185)
Grants receivable from federal government agencies	(816,664)	(747,744)
Donations receivable	72,779	(25,000)
Program fees receivable	(35,250)	72,631
Prepaid expenses	(11,923)	(61,695)
Security deposits	161,333	-
Accounts payable	(314,024)	(8,872)
Accrued liabilities	(133,934)	303,284
Operating lease liability	(546,108)	(530,201)
Net cash used in operating activities	(7,786,872)	(7,721,275)
Cash flows from investing activities:		
Purchases of investments	(324,277)	(28,160,647)
Proceeds from sale of investments	5,296,190	-
Net cash provided by (used in) investing activities	4,971,913	(28,160,647)
Net decrease in cash and cash equivalents	(2,814,959)	(35,881,922)
Cash and cash equivalents, beginning of year	9,766,272	45,648,194
Cash and cash equivalents, end of year	\$ 6,951,313	\$ 9,766,272
Non-cash financing activities:		
Non-cash lease liability arising from operating lease right-of-use asset	\$ 221,626	\$ -

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

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.

What we do

Our goal is to build a resilient government that effectively and equitably serves all Americans, starting with those who have been marginalized and excluded. America is one of the most resourced countries in the world - yet 37 million residents live in poverty, with millions more struggling to get by. Government can meet this problem at scale, and technology is the best tool we have to make sure it can do so efficiently, effectively, and equitably. Too often, people face major burdens when trying to access government services - especially those who are already most marginalized. At Code for America, we're changing these systems. In 2023, we focused on four program areas.

1. **Transforming the social safety net:** We're modernizing the digital delivery of benefits for equitable outcomes with the goal of facilitating the delivery of \$30 billion in public benefits to 13 million people across 15 states. In 2023, we:
 - a. Continued our first cohort of the Safety Net Innovation Lab and secured commitments for our second cohort, representing 10 out of 15 total state partnerships. We completed discovery and identified effective delivery interventions for the first cohort and kicked off discovery for the second cohort.
 - b. Launched resources to advance government adoption of safety net best practices, including priorities for farm bill policy that impact nutrition assistance programs and the Benefits Enrollment Field Guide, a public asset that offers a comprehensive look at the online enrollment experience for Medicaid (MAGI), SNAP, TANF, WIC, and childcare assistance (CCAP) in each state.
 - c. Supported federal and state government as it launched the first new permanent social safety net program in nearly 50 years: Summer EBT, a monthly grocery benefit provided to families during the summer months when children are not receiving meals at school. We created the Summer EBT Playbook, which is a comprehensive, free resource designed to help state agencies plan for and implement a human-centered Summer EBT program.
2. **Promoting economic opportunity through tax benefits:** Our tax benefits portfolio seeks to fundamentally change how Americans with low or no incomes access the tax credits and flexible cash owed to them. Our goal is to close the \$40 billion tax benefits uptake gap and simplify the tax filing process. In 2023, we:
 - a. Simplified the tax filing process and helped people achieve the financial stability they deserve by continuing to provide *GetYourRefund*. *GetYourRefund* is a free, trustworthy tax filing service developed in partnership with the IRS and VITA volunteer tax preparation partners as a digital platform for VITA-assisted filing.
 - b. Developed an integrated state filing strategy to complement federal Direct File, in response to the IRS's Direct File announcement. We're partnering with state tax departments to implement tax filing for Direct File users in Arizona and New York, two of the three states that are providing integrated state tax filing during the Direct File pilot year.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of operations (continued)

What we do (continued)

2. Promoting economic opportunity through tax benefits (continued)

- c. Advocated for policies that simplify the tax process. Shaped the national conversation about simplifying tax filing, publishing hundreds of pages of research and recommendations based on our experience running GetCTC, the only simplified filing tool for the entire federal government from 2020–2022 when simplified filing was allowed for the Child Tax Credit and other tax benefits. These included our marquee publication outlining what an IRS direct filing tool could look like; our detailed data on the importance of waiving income reporting requirements for low-income households; thorough analysis of outreach avenues for tax benefits.
- d. Celebrated the IRS's historic step announced in May to build a free, public, easy-to-use Direct File tool that would let people file their taxes directly with the government. We co-launched the Coalition for Free and Fair Filing with other leading national organizations, where we have helped organize the support of 203 organizations around the country, 99 members of Congress, 134 leading tax researchers and experts, and leaders in the VITA field; and published critical explainers on Direct File progress.

- 3. **Removing barriers resulting from the criminal legal system:** 70-100M people in America have a criminal record holding them back from opportunity. We work to fundamentally transform the process of clearing records to eliminate barriers for people trying to move forward with their lives. In 2023, we:
 - a. Supported a new record clearance law in Minnesota along with ongoing legislative campaigns in eight states. We're integrating technical best practices for implementation into legislation and designing policy solutions that take into account government's existing technology and data availability, so that government agencies can successfully implement policy once passed. Once implemented, 296,000 records will be cleared, removing the burden from justice-impacted individuals.
 - b. Continued to partner with the state of Utah to clear convictions of eligible people. Utah has adopted the code and technical process we built to identify and continually clear records as they meet eligibility requirements. Code for America is supporting the state in adopting the software required to successfully automate its expungement process for qualifying misdemeanor records. Utah's automatic process will be fully operational in 2024 - clearing records automatically as soon as they become eligible.
 - c. Developed a tool to analyze criminal justice data in all 50 states efficiently and effectively. The tool can aggregate and format state criminal justice data, transform it to diagnose and problem-solve implementation challenges, and evaluate the prospective impacts of new policies to increase equity and reduce barriers in implementing automatic record clearance. We plan to share these outputs and results with our policy partners in state government and advocacy organizations.
 - d. Made it easier for the government to implement automation. Using processes we helped co-create, Michigan, Connecticut, and California launched automatic record clearance implementation. These states were able to adapt their systems and operations to implement successfully. To date, the processes we helped co-create in these states have allowed millions of people to have their eligible records cleared.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 1 - Nature of operations (continued)

What we do (continued)

4. **Advancing economic mobility with Local Initiative:** We're helping local governments and allied organizations achieve better outcomes for residents and improve local capability to use equitable digital services. In 2023, we:
 - a. Partnered with Shelby County and the City of Memphis to demonstrate how to strengthen communities by empowering those who have been most disconnected. We provided technical assistance for a City of Memphis program intended to remove barriers and connect the gap between preparation and opportunity for young people disconnected from employment and education opportunities. This led to Shelby County funding a Youth Participatory Action Research pilot. It will train and compensate young adults to lead community research and co-design recommendations for supporting Opportunity Youth in the region.
 - b. Enriched the data in San Antonio needed to evaluate and improve childcare services for Latina women living in poverty. The city's Ready to Work program will use the findings to advocate for more funding to support childcare for residents with low incomes going through their workforce development program.
 - c. Supported the City of Albuquerque's efforts to expand homeownership for Black residents between the ages of 18 and 45 by evaluating the pain points in the home-buying journey. We conducted interviews with Black residents to understand perceptions and challenges around the home-buying journey and provided recommendations to the city to increase Black homeownership.

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.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

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 of grants receivable; valuation of investments; estimated useful lives of property and equipment; the value of donated materials, property and equipment, and professional services; uncertain tax positions; the lease term and risk-free rate used in the calculation of the operating lease liability and operating lease right-of-use-asset; 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.

Allowance for credit losses - recently adopted accounting guidance

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance, Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through changes in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered significant to the financial statements and primarily resulted in new and enhanced disclosures. At December 31, 2023 and 2022, management determined no allowance for credit losses was necessary. Donations and grants receivable are financial assets that are not impacted by the new standard, the allowance for which is considered below.

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.

At December 31, 2022, the Organization recorded an allowance for doubtful accounts for donations and grants receivable in the amount of \$525,000. Management determined no allowance was necessary at December 31, 2023.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

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, speaker fees, and consulting services

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 2023 and 2022.

Consulting service fee revenue relates to exchange transactions with other organizations and is recognized at a point in time when costs are incurred during the period the services are performed.

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 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, 2023 and 2022 for revenues earned during the year are insignificant to these financial statements.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

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.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. 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.

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.

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	Lesser of the useful life of the asset or the term of the lease

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

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, 2020 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, 2019 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, 2023 and 2022 totaled \$1,163,450 and \$1,103,419, respectively.

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.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Leases

The Organization measures and records lease transactions in accordance with Accounting Standards Codification (ASC) Topic 842, *Leases*. The standard was adopted on January 1, 2022.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$1,157,816, which represents the present value of the remaining operating lease payments of \$1,068,575, discounted using the discount rate of 0.91%, and a right-of-use asset of \$1,056,566, which represents the operating lease liability of \$1,157,816 adjusted for deferred rent of \$101,250. The effect of adopting the new standard did not require any adjustment to net assets as of January 1, 2022.

Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Organization's leases do not provide an implicit rate, management uses the risk-free interest rate based on the information available at the commencement date in determining the present value of the lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Subsequent events

The Organization has evaluated subsequent events through September 6, 2024, which is the date these financial statements were available to be issued.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 3 - Liquidity and availability of resources

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 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,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 6,951,313	\$ 9,766,272
Investments	23,958,486	28,630,457
Donations, grants, and program fees receivable, net of allowance for doubtful accounts	54,438,651	52,197,266
Financial assets	85,348,450	90,593,995
Less:		
Donations, grants, and program fees receivable expected to be received beyond one year net of discount	35,768,802	37,783,738
Investment in privately held company	1,264,048	1,264,048
Accounts payable and accrued liabilities	584,076	1,032,034
	37,616,926	40,079,820
Total financial assets and liquidity resources available within one year	<u>\$ 47,731,524</u>	<u>\$ 50,514,175</u>

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 4 - Future collections on grants receivable

Grants receivable which will be received more than one year from the date of the pledges are recorded after discounting the future cash flows to present value using the treasury bill rate (which ranged from 0.76% to 4.72%), 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
2025	\$ 11,975,000
2026	11,575,000
2027	11,025,000
2028	4,000,000
	38,575,000
Less: discount for present value	(2,806,198)
Net grants receivable due after one year	<u>\$ 35,768,802</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.

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value at December 31, 2023:

	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 1,807,027	\$ -	\$ -	\$ 1,807,027
Corporate bonds	20,177,450	-	-	20,177,450
Exchange traded funds	71,499	-	-	71,499
Mutual funds	638,462	-	-	638,462
Investment in privately held company	-	-	1,264,048	1,264,048
	<u>\$ 22,694,438</u>	<u>\$ -</u>	<u>\$ 1,264,048</u>	<u>\$ 23,958,486</u>

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 5 - Investments and fair value measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investment assets at fair value at December 31, 2022:

	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 4,692,818	\$ -	\$ -	\$ 4,692,818
Corporate bonds	22,669,601	-	-	22,669,601
Exchange traded funds	3,990	-	-	3,990
Investment in privately held company	-	-	1,264,048	1,264,048
	<u>\$ 27,366,409</u>	<u>\$ -</u>	<u>\$ 1,264,048</u>	<u>\$ 28,630,457</u>

There have been no changes in valuation techniques and related inputs between the years ended December 31, 2023 and 2022.

Investment gain (loss) totaled \$1,326,410 and (\$685,768) for the years ended December 31, 2023 and 2022, respectively, which included interest and dividends, net of investment fees, of \$1,026,468 and \$108,470, and net realized and unrealized gain (loss) of \$299,942 and (\$794,238) for the years ended December 31, 2023 and 2022, respectively.

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 were 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 for a total investment of \$3,711.

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 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. On a fully converted basis, the Organization owned 485,687 common shares of the company, which represented a 2.47% ownership. A valuation was performed as of January 2020, in compliance with Internal Revenue Code 409A, which valued the common stock at \$0.91 per share.

In March 2021, the company the Organization was 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 preferred shares (485,687 * \$2.60 / \$34.76 per share) from the acquiring entity and recorded an investment gain of approximately \$2.4 million. The investment in preferred shares is reported at cost of \$1,264,048 on the statements of financial position.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 5 - Investments and fair value measurements (continued)

As of December 31, 2023 and 2022, the preferred stock owned by the Organization represents approximately 0.05% of the company's issued and outstanding shares. A valuation was performed as of March 2023, in compliance with Internal Revenue Code 409A, which valued the preferred stock at \$45.51 per share. The Organization's shares are 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.

Note 6 - Property and equipment

Property and equipment consisted of the following:

	December 31,	
	2023	2022
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	(1,044,525)	(853,972)
	<u>\$ 4,250</u>	<u>\$ 194,803</u>

Depreciation and amortization expense totaled \$190,553 and \$191,632 for the years ended December 31, 2023 and 2022, respectively.

Note 7 - In-kind contributions

In-kind contributions consisted of the following services:

	December 31,	
	2023	2022
Legal	\$ 272,491	\$ 245,034
Internet and web services	489,655	533,345
	<u>\$ 762,146</u>	<u>\$ 778,379</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 utilized by the Organization in various program services.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022:

	December 31,	
	2023	2022
Time restrictions expired:		
Contributions - individuals and foundations	\$ 560,245	\$ 750,000
Purpose restrictions fulfilled:		
Safety Net	21,809,001	14,574,784
Criminal Justice	2,833,414	3,442,406
Local Initiatives	445,972	355,895
Tax Benefits	4,754,822	4,327,011
Brigades	140,091	-
Summit	13,902	-
Network	78,416	-
	<u>\$ 30,635,863</u>	<u>\$ 23,450,096</u>

Net assets consisted of the following:

	December 31,	
	2023	2022
Net assets without donor restrictions:	\$ 11,435,861	\$ 10,356,384
Net assets with donor restrictions:		
Time restrictions:		
Contributions - individuals and foundations	139,755	-
Purpose restrictions - program services:		
Safety Net	60,142,632	71,593,547
Criminal Justice	3,086,256	3,859,345
Local Initiatives	254,028	898,384
Tax Benefits	10,123,680	3,472,845
Brigades	17,094	-
Total net assets with donor restrictions	<u>73,763,445</u>	<u>79,824,121</u>
Total net assets	<u>\$ 85,199,306</u>	<u>\$ 90,180,505</u>

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 9 - Operating leases

Effective December 2018, the Organization leases office space under a non-cancelable operating lease which was amended in July 2023 to extend the expiration through May 2025. The amendment reduced the security deposit from \$242,000 to \$80,667, and also reduced the monthly rent for the final 15 months of the lease, while offering abated rent for 5 of those months. The lease agreement calls for operating lease payments of \$45,395 per month through November 2023, \$46,757 per month through February 2024, and 10 payments of \$22,000 through May 2025. Operating lease expense is recognized by the Organization on a straight-line basis over the lease term. The total operating lease expense under this facility lease was \$390,000, and \$493,000 for each of the years ended December 31, 2023 and 2022, respectively.

Other information related to this operating lease is as follows:

	December 31,	
	2023	2022
Operating cash flows from operating leases	\$ 546,108	\$ 530,202
ROU assets obtained in exchange for operating lease liabilities	\$ 221,626	\$ 1,157,816
Weighted-average remaining lease term in years for operating leases	1.42	1.17
Weighted-average discount rate for operating leases	0.91%	0.91%

Future minimum payments for operating lease obligations at December 31, 2023 are as follows:

For the Years Ending December 31,	Amount
2024	\$ 203,515
2025	110,000
Total future minimum lease payments	313,515
Less: present value discount	(1,696)
Total lease liability	311,819
Less: current portion of operating lease liability	(201,986)
	<u>\$ 109,833</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 \$693,000 and \$521,000 to the Plan for the years ended December 31, 2023 and 2022, respectively.

CODE FOR AMERICA LABS, INC.

Notes to Financial Statements

December 31, 2023 and 2022

Note 11 - Related-party transactions

During the year ended December 31, 2022, certain members, or companies associated with members, of the Organization's Board of Directors made contributions of \$1,000 to help fund the Organization's mission. There were no such contributions made during the year ended December 31, 2023.

Note 12 - 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, 2023, the Organization received approximately 48% of its total public support and revenue from three funding sources. For the year ended December 31, 2022, the Organization received approximately 42% of its total public support and revenue from two funding sources. Additionally, the Organization received 35% of its total event sponsorship fees from one organization for the year ended December 31, 2023, and 69% from three different organizations for the year ended December 31, 2022.

The Organization has 40% of its labor force in a union that is subject to a collective bargaining agreement, which will expire on January 1, 2026.

Various uncertainties exist in the current global, economic, and political environment. Domestic and international economies continue to face uncertainty related to geopolitical tensions and economic and financial market instability. The extent of the impact of these uncertainties on the Organization's operational and financial performance and on its employees and vendors, many of which are exposed to foreign activities, will depend on future developments that cannot be predicted. At this point, the extent to which such uncertainties 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, 2023, 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 September 6, 2024.

Report on 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.



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Report on 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

September 6, 2024



INDEPENDENT AUDITOR'S 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, 2023. 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, 2023.

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 Code for America Labs, Inc. 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 Code for America Labs, Inc.'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.



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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 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

September 6, 2024

CODE FOR AMERICA LABS, INC.

Schedule of Expenditures of Federal Awards

December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)
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	\$ 5,759,542
Passed through the State of California Department of Social Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP - Pandemic Electronic Benefit Transfer)	10.561	21-3105	1,312,614
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	187,108
Total SNAP Cluster			7,259,264
Total United States Department of Agriculture, Food and Nutrition Services			7,259,264
National Science Foundation			
Passed through the Administrators of the Tulane Education Fund	47.070	2322214	212,185
Total National Science Foundation			212,185
Total Expenditures of Federal Awards			\$ 7,471,449

CODE FOR AMERICA LABS, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2023

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, 2023. 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 13.80% 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, 2023.

CODE FOR AMERICA LABS, INC.

Schedule of Findings and Questioned Costs

December 31, 2023

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 X no

Significant deficiency(ies) identified?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal awards

Internal control over major federal programs:

Material weakness(es) identified?

___ yes X no

Significant deficiency(ies) identified?

___ yes X 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 X 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?

X yes ___ no

CODE FOR AMERICA LABS, INC.

Schedule of Findings and Questioned Costs

December 31, 2023

Section II - Financial Statement Findings

No financial statement findings noted.

Section III - Federal Award Findings and Questioned Costs

No federal award findings or questioned costs noted.