

Computer Science Teachers Association, LLC

**Financial Statements and
Independent Auditor's Report
June 30, 2019**

Computer Science Teachers Association, LLC

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Independent Auditor's Report

To the Board of Directors
Computer Science Teachers Association, LLC

We have audited the accompanying financial statements of Computer Science Teachers Association, LLC, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Computer Science Teachers Association, LLC as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 2 to the financial statements, Computer Science Teachers Association, LLC adopted the Financial Accounting Standards Board Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively as applicable. Our opinion is not modified with respect to this matter.

CohnReznick LLP

New York, New York
January 7, 2020

Computer Science Teachers Association, LLC
Statement of Financial Position
June 30, 2019

Assets

Cash and cash equivalents	\$	708,233
Deferred conference expenses		539,807
Accounts receivable and other assets		773,190
Total assets	\$	2,021,230

Liabilities and Net Assets

Liabilities:

Accounts payable, accrued expenses and other liabilities	\$	206,712
Deferred conference revenue		694,323
Deferred membership revenue		28,025
Due to related party		83,135
Total liabilities		1,012,195

Commitments

Net assets:

Without donor restrictions		590,535
With donor restrictions		418,500
Total net assets		1,009,035
Total	\$	2,021,230

See Notes to the Financial Statements.

Computer Science Teachers Association, LLC
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Contributions and grants	\$ 843,446	\$ 168,500	\$ 1,011,946
Conferences	561,129	-	561,129
Membership Dues	52,394	-	52,394
Other revenue	69,575	-	69,575
Net assets released from restrictions	415,069	(415,069)	-
	<u>1,941,613</u>	<u>(246,569)</u>	<u>1,695,044</u>
Expenses:			
Program services:			
Program development and support	232,659	-	232,659
Chapter support and grants	198,867	-	198,867
Annual conference	414,024	-	414,024
Membership services	135,879	-	135,879
Total program services	<u>981,429</u>	<u>-</u>	<u>981,429</u>
Supporting services:			
Management and general	513,781	-	513,781
Fundraising	218,921	-	218,921
Total supporting services	<u>732,702</u>	<u>-</u>	<u>732,702</u>
Total expenses	<u>1,714,131</u>	<u>-</u>	<u>1,714,131</u>
Change in net assets	227,482	(246,569)	(19,087)
Net assets, beginning of year	<u>363,053</u>	<u>665,069</u>	<u>1,028,122</u>
Net assets, end of year	<u>\$ 590,535</u>	<u>\$ 418,500</u>	<u>\$ 1,009,035</u>

See Notes to the Financial Statements.

Computer Science Teachers Association, LLC
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program services				Supporting services			Total
	Program development and support	Chapter support and grants	Annual conference	Membership services	Total Program Services	Management and general	Fundraising	
Salaries, payroll taxes and employee benefits	\$ 171,322	\$ 84,649	\$ -	\$ 85,064	\$ 341,035	\$ 292,665	\$ 171,990	\$ 805,690
Professional services	21,894	1,550	-	12,275	35,719	106,244	25,616	167,579
Meetings expense	5,505	41,911	414,024	-	461,440	5,331	-	466,771
Grant expense	-	51,351	-	-	51,351	-	-	51,351
Rent and occupancy	10,480	1,335	-	12,138	23,953	13,474	9,509	46,936
Information technology	4,867	-	-	26,321	31,188	13,670	-	44,858
Insurance	2,683	6,158	-	-	8,841	1,598	1,128	11,567
Travel	9,981	5,863	-	-	15,844	43,637	8,041	67,522
Office expenses	5,927	1,273	-	-	7,200	9,862	2,637	19,699
Miscellaneous	-	4,777	-	81	4,858	27,300	-	32,158
Total expenses	\$ 232,659	\$ 198,867	\$ 414,024	\$ 135,879	\$ 981,429	\$ 513,781	\$ 218,921	\$ 1,714,131

See Notes to the Financial Statements.

Computer Science Teachers Association, LLC
Statement of Cash Flows
For the Year Ended June 30, 2019

Operating activities:	
Change in net assets	\$ (19,087)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts receivable and other assets	255,198
Deferred conference expenses	(422,959)
Due to related party	35,776
Accounts payable, accrued expenses and other liabilities	163,243
Deferred membership revenue	28,025
Deferred conference revenue	364,334
Net cash provided by operating activities	404,530
Net increase in cash	404,530
Cash and cash equivalents, beginning of year	303,703
Cash and cash equivalents, end of year	\$ 708,233

See Notes to the Financial Statements.

Computer Science Teachers Association, LLC
Notes to the Financial Statements
June 30, 2019

Note 1 - Organization

Originally founded as a program of the Association for Computing Machinery ("ACM") in 2004, Computer Science Teachers Association, LLC ("CSTA") was later recognized as a not-for-profit corporation founded to empower, engage, and advocate for Computer Science teachers grades Kindergarten ("K") through 12 worldwide. CSTA commenced program operations as a not-for-profit corporation on March 1, 2017.

CSTA is a membership organization that includes elementary, middle and high school teachers, college and university faculty, supportive members of industry and government, school administrators, and other non-profits. Two levels of individual membership include:

Basic membership – membership allows members to connect with the computer science community, including joining a local chapter. There is no cost to join as a basic member.

CSTA+ membership - membership provides members with all the benefits of a basic membership, plus access to additional member only discounts, events, and resources. There is a \$50 annual fee to become a CSTA+ member.

CSTA supports over 75 local North American CSTA chapters, which is comprised of local members. These local groups build community among computer science teachers who are often isolated in their schools, provide professional development to help teachers improve their craft, and connect local teacher voices to the national computer science education community.

CSTA has developed and continues to maintain the CSTA K-12 computer science standards, which delineate a core set of learning objectives designed to provide the foundation for a complete computer science curriculum and its implementation at the K-12 level.

Note 2 - Summary of significant accounting policies

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Basis of presentation

CSTA's net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CSTA and changes therein are classified and reported as follows:

Without donor restrictions - net assets that are not subject to donor-imposed stipulations.

With donor restrictions - net assets that are subject to donor-imposed stipulations that will be met either by actions of CSTA and/or passage of time.

Computer Science Teachers Association, LLC
Notes to the Financial Statements
June 30, 2019

Other donor-imposed restrictions on net assets included in this category are permanent in nature resulting from contributions and other inflows of assets whose use by CSTA is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of CSTA. CSTA has no net assets with donor restrictions that are permanent in nature as of June 30, 2019.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Changes in other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions; however, it is CSTA's policy to record with donor restricted contributions received and expended in the same year in the net assets without donor restrictions category.

Cash and cash equivalents

Cash equivalents include certificates of deposit with maturity dates of 90 days or less from the date of purchase.

Income taxes

CSTA has been classified by the Internal Revenue Service as exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

There are no unrecognized tax benefits at June 30, 2019. CSTA management continually evaluates existing statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. If applicable, CSTA would recognize interest and penalties with the related tax liability in the statement of financial position.

Revenue and expenses

Revenue and expenses for conferences are recorded in the year the conference is held. Revenue received in advance is included in deferred conference revenue. Expenses incurred and paid in advance are included in deferred conference expenses.

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Revenue for membership dues are recognized as earned on a monthly basis over the period of membership services. The unearned portion of such membership dues is deferred to the period in which the services are to be rendered.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

Computer Science Teachers Association, LLC
Notes to the Financial Statements
June 30, 2019

assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Expenses are applied to program or supporting services based on the department that directly utilizes that expense. Certain salaries, payroll taxes and related benefits that are attributable to one or more program or supporting function of CSTA are allocated based on time studies. Shared insurance, office expenses, rent, and certain professional fees are allocated by function based on the percentage of time attributed to each employee across all programs and the number of months each employee spent in the CSTA office.

Concentrations of credit risk

During 2019, 18% of total contribution revenue and 85% of total receivables were from one donor. Subsequent to year end, 65% of the related receivables have been collected.

Adoption of new accounting pronouncement

For the year ended June 30, 2019, CSTA adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The following are the significant changes to the financial statements:

- Three classes of net assets were changed into two classes, with donor restrictions and without donor restrictions;
- Net investment return is reported net of investment fees;
- Expanded disclosures reporting liquidity and availability of financial assets; and
- Presentation of expenses by both their natural and functional classification.

Subsequent events

CSTA has evaluated subsequent events through January 7, 2020, the date the financial statements were available to be issued.

Note 3 - Conferences and other meetings

CSTA sponsors and co-sponsors conferences which amounted to approximately 34% and 24% of CSTA's fiscal 2019 revenue and expenses, respectively. The CSTA Annual Conference is the largest conference, with revenue and expenses recognized in fiscal year

Computer Science Teachers Association, LLC
Notes to the Financial Statements
June 30, 2019

2019 of approximately \$561,000 and \$414,000, respectively. This year's CSTA Annual Conference attracted over 700 attendees who attended workshops and sessions over four days with a curated program selected by fellow computer science educators.

Note 4 - Retirement plan

CSTA offers a voluntary defined contribution retirement plan covering all eligible employees. Those electing to participate are required to contribute 5% of their normal compensation, subject to certain limitations, with CSTA contributing 8%. Expenses relating to the plan amounted to approximately \$15,000 for the year ended June 30, 2019.

Note 5 - Commitments

In the ordinary course of business, CSTA enters into contracts with third parties for conference sites, conference management and other conference activities. Management believes that all conferences will be held for which outstanding commitments exist.

Note 6 - Related party transactions

CSTA is a wholly-owned subsidiary of ACM. ACM provided CSTA with accounting, administrative and human resources support. During 2019, ACM also provided monetary support in the amount of \$250,000.

Note 7 - Net assets with donor restrictions

Net assets with donor restrictions at June 30, 2019 are restricted by donors for the following purposes:

Time restrictions	\$ 250,000
Scholarship	46,000
Chapter support	12,500
Educational programs	80,000
Awards	30,000
	<u>\$ 418,500</u>

Net assets of \$415,069 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time specified by the donors.

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Notes to the Financial Statements
June 30, 2019

Note 8 - Liquidity and availability of financial assets

CSTA regularly monitors liquidity required to meet its operating needs and other contractual commitments and strives to maintain liquid assets sufficient to fund 30 to 60 days of general expenditures. Excess funds are invested in money market funds and certificates of deposit that do not exceed 180 days of maturity.

As of June 30, 2019, CSTA's liquidity resources and financial assets available within one year for general expenditures were as follows:

Financial assets at year end	
Cash and cash equivalents	\$ 708,233
Accounts receivable and other assets	<u>773,190</u>
Total financial assets	<u>1,481,423</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(418,500)
Prepays, security deposits and inventory included in other assets	<u>(82,841)</u>
Financial assets not available to be used within one year	<u>(501,341)</u>
Financial assets available to meet general expenditures over the next 12 months	<u><u>\$ 980,082</u></u>



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