



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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**COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
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, 2020, 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, 2020, 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, for the year ended June 30, 2020, Computer Science Teachers Association, LLC adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

Muller & Co., LLP

Orland Park, Illinois
December 14, 2020

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

Cash and cash equivalents	\$ 2,455,982
Accounts receivable	52,376
Prepaid conference expenses	212,791
Other assets	<u>69,216</u>
Total assets	<u><u>\$ 2,790,365</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 77,786
Accrued payroll and benefits	99,154
Deferred conference revenue	626,549
Deferred membership revenue	99,312
Due to related party	83,135
Paycheck protection program loan	<u>176,015</u>
Total liabilities	<u>1,161,951</u>
Net assets:	
Without donor restrictions	1,061,365
With donor restrictions	<u>567,049</u>
Total net assets	<u>1,628,414</u>
Total liabilities and net assets	<u><u>\$ 2,790,365</u></u>

The accompanying notes are an integral part of the financial statements.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Contributions and grants	\$ 933,298	\$ 1,012,954	\$ 1,946,252
Conferences	825,714	-	825,714
Membership dues	149,313	-	149,313
Other revenue	53,086	-	53,086
Net assets released from restrictions	<u>864,405</u>	<u>(864,405)</u>	<u>-</u>
Total revenue	<u>2,825,816</u>	<u>148,549</u>	<u>2,974,365</u>
Expenses:			
Program services:			
Program development and support	833,311	-	833,311
Chapter support and grants	310,075	-	310,075
Annual conference	534,000	-	534,000
Membership services	<u>147,857</u>	<u>-</u>	<u>147,857</u>
Total program services	<u>1,825,243</u>	<u>-</u>	<u>1,825,243</u>
Supporting services:			
Management and general	399,321	-	399,321
Fundraising	<u>130,422</u>	<u>-</u>	<u>130,422</u>
Total supporting services	<u>529,743</u>	<u>-</u>	<u>529,743</u>
Total expenses	<u>2,354,986</u>	<u>-</u>	<u>2,354,986</u>
Change in net assets	470,830	148,549	619,379
Net assets at beginning of year	<u>590,535</u>	<u>418,500</u>	<u>1,009,035</u>
Net assets at end of year	<u>\$ 1,061,365</u>	<u>\$ 567,049</u>	<u>\$ 1,628,414</u>

The accompanying notes are an integral part of the financial statements.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services				Total
	Program Development and Support	Chapter Support and Grants	Annual Conference	Membership Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries, payroll taxes and employee benefits	\$ 617,244	\$ 100,124	\$ -	\$ 101,813	\$ 819,181	\$ 217,744	\$ 105,845	\$ 323,589	\$ 1,142,770
Professional services	17,905	11,913	25,692	-	55,510	111,070	-	111,070	166,580
Meetings expense	94,232	99,354	393,782	-	587,368	4,034	-	4,034	591,402
Grant expense	-	64,054	-	-	64,054	-	-	-	64,054
Rent and occupancy	43,709	2,164	-	9,191	55,064	10,130	6,871	17,001	72,065
Information technology	15,680	16,420	20,622	29,500	82,222	2,815	3,282	6,097	88,319
Insurance	6,435	12,199	-	1,531	20,165	2,156	1,517	3,673	23,838
Travel	25,248	3,466	78,278	-	106,992	13,963	11,376	25,339	132,331
Office expenses	12,858	381	15,626	5,822	34,687	37,409	1,531	38,940	73,627
Total expenses	<u>\$ 833,311</u>	<u>\$ 310,075</u>	<u>\$ 534,000</u>	<u>\$ 147,857</u>	<u>\$ 1,825,243</u>	<u>\$ 399,321</u>	<u>\$ 130,422</u>	<u>\$ 529,743</u>	<u>\$ 2,354,986</u>

The accompanying notes are an integral part of the financial statements.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ 619,379
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Effects of changes in operating assets and liabilities:	
Accounts receivable	636,125
Prepaid conference expenses	327,016
Other assets	15,473
Accounts payable	(71,261)
Accrued payroll and benefits	41,489
Deferred conference revenue	(67,774)
Deferred membership revenue	<u>71,287</u>
Net cash provided by operating activities	1,571,734
 Cash flows from financing activities:	
Proceeds from paycheck protection program loan	<u>176,015</u>
 Net change in cash	1,747,749
 Cash at beginning of year	<u>708,233</u>
 Cash at end of year	<u>\$ 2,455,982</u>

The accompanying notes are an integral part of the financial statements.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1 - NATURE OF OPERATIONS

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 not-for-profits. Two levels of individual membership include:

Basic 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 - includes 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 94 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 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles applicable to not-for-profit organizations and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CSTA considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use in operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues 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 prepaid conference expenses.

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.

Unconditional contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Amounts received that are restricted by donors for future periods or for specific purposes are reported as net assets with donor restrictions.

When a restriction expires or qualifying expenses are incurred, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises (those with a measurable performance or other barrier and a right of return) is recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. The CSTA reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied.

As of June 30, 2020, CSTA has been awarded approximately \$3,572,200 from grants for which the conditions have not been satisfied.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Accounting 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 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 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 utilized 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 services 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.

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, 2020. 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.

Change in Accounting Principles – Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promissory's obligation to transfer assets. During the year ended June 30, 2020, CSTA adopted ASU No. 2018-08 and has adjusted the presentation in these financial statements accordingly. ASU No. 2018-08 has been applied using the modified prospective method.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

New Accounting Standard - Revenue from Contracts with Customers

In May, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The main principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU No. 2014-09 provides organizations with two implementation methods: (i) apply the standard retrospectively to each prior reporting period presented (full retrospective application); or (ii) apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of net assets of the annual reporting period that includes the date of initial application (modified retrospective application). This guidance is effective for annual reporting periods beginning after December 15, 2019. CSTA is currently evaluating the impact the pending adoption of ASU No. 2014-09 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

New Accounting Standard – Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statements of financial position and the liabilities for the obligations under the lease also be recognized on the statements of financial position. ASU No. 2016-02 requires disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. ASU No. 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The FASB has also provided a transition alternative under ASU No. 2018-11, *Leases, Targeted Improvements*, whereby CSTA will apply ASU No. 2016-02 as of the adoption date and recognize a cumulative effect adjustment to opening net assets as of that date and provides additional disclosures. CSTA is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and ASU No. 2018-11 and the effect that ASU No. 2016-02 is expected to have on its financial position, changes in net assets, cash flows and related disclosures.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about CSTA's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any conditions or events raising substantial doubt about CSTA's ability to continue as a going concern for the period from December 14, 2020 to December 14, 2021.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Subsequent Events

Management has evaluated subsequent events through December 14, 2020, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY

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. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,455,982
Accounts receivable	<u>52,376</u>
Total financial assets	2,508,358
Less: amounts not available for general expenditures within one year due to:	
Donor-restricted for a specific purpose	<u>567,049</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,941,309</u></u>

CSTA's goal is to maintain available financial assets sufficient to meet general expenditures, liabilities, and other obligations as they become due.

NOTE 4 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, pursuant to the Coronavirus Aid, Relief and Economic Security Act, CSTA received a \$176,015 Paycheck Protection Program (PPP) loan. The loan will be forgiven as long as the proceeds are used to cover payroll costs and most mortgage interest, rent and utility costs over a specific period after the loan is made. In addition, employee and compensation levels are required to be maintained. The interest rate on the loan is 1% and has a maturity date of April, 2022. CSTA intends to comply with all requirements to qualify for loan forgiveness.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of the year ended June 30, 2020:

Scholarships	\$ 61,000
Chapter support	310,143
Educational programs	194,906
Awards	<u>1,000</u>
Total	<u><u>\$ 567,049</u></u>

NOTE 6 - CONFERENCES AND OTHER MEETINGS

CSTA sponsors and co-sponsors conferences which amounted to approximately 28% and 23% of CSTA's total revenue and expenses, respectively, for the year ended June 30, 2020. The CSTA annual conference is the largest conference, with revenue and expenses recognized for the year ended June 30, 2020 of approximately \$825,000 and \$534,000, respectively.

NOTE 7 - 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 \$45,489 for the year ended June 30, 2020.

NOTE 8 - RENT EXPENSE

CSTA received free rent for the use of an office space. The estimated fair value of the free rent received for the year ended June 30, 2020 was \$50,000. In addition, CSTA rents office space on an as needed basis. Rent expense for the year ended June 30, 2020 was \$72,065.

NOTE 9 - MAJOR GRANTORS AND CONTRIBUTORS

CSTA received approximately 81% of contribution and grants revenue from five contributors during the year ended June 30, 2020. There are no receivables from these contributors as of June 30, 2020.

COMPUTER SCIENCE TEACHERS ASSOCIATION, LLC
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 10 - 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 11 - RELATED PARTY TRANSACTIONS

CSTA is a wholly-owned subsidiary of ACM. CSTA received contributions of \$250,000 from ACM for the year ended June 30, 2020. CSTA has a balance due to ACM of \$83,135 as of June 30, 2020, with no set repayment terms.

NOTE 12 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The extent of the impact of COVID-19 on CSTA's financial condition will depend on certain developments, including the duration and spread of the outbreak and impact on CSTA's funders, all of which are uncertain and cannot be predicted. It is not anticipated that the COVID-19 pandemic will materially affect the operations of CSTA.