



**San Diego Squared**  
Financial Statements

**June 30, 2021**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
San Diego Squared

### Opinion

We have audited the accompanying financial statements of San Diego Squared (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Diego Squared as of June 30, 2021, and the changes in their net assets and 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. 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 San Diego Squared and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Squared's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### 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 auditors' 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 generally accepted 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, including omissions, 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 generally accepted 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 San Diego Squared'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 San Diego Squared'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.

SWENSON ADVISORS, LLP  
San Diego, CA  
November 12, 2021

**San Diego Squared**  
**Statement of Financial Position**  
**June 30, 2021**



	<b>2021</b>
<b>Assets</b>	
Cash & cash equivalents	\$ 1,326,428
Prepaid grants	34,997
Prepaid expenses	4,360
<b>Total current assets</b>	<b>1,365,785</b>
Prepaid grants, long-term	64,997
Property and equipment	46,195
<b>Total assets</b>	<b>\$ 1,476,977</b>
<b>Liabilities and Net Assets</b>	
Accounts payable and accrued expenses	\$ 10,556
Deferred revenue	540,000
Grants payable	34,997
<b>Total current liabilities</b>	<b>585,553</b>
Grants payable, long-term	64,997
<b>Total liabilities</b>	<b>650,550</b>
<b>Net assets</b>	
Net assets without donor restrictions	412,683
Net assets with donor restrictions	413,744
<b>Total net assets</b>	<b>826,427</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,476,977</b>

See accompanying notes to the financial statements

**San Diego Squared  
Statement of Activities  
For the Year Ended June 30, 2021**



	2021
<b>Changes in net assets without donor restrictions</b>	
Revenues	
Grants	\$ 366,872
Contributions	265,389
Scholarships	30,000
Other	(4,345)
Total revenues without donor restrictions	657,916
 Net assets released from restrictions	 -
Expenses	
Program services	173,587
Support services:	
Management and general	38,294
Fundraising and development	33,352
Total expenses	245,233
<b>Increase in net assets without donor restrictions</b>	<b>412,683</b>
 <b>Changes in net assets with donor restrictions</b>	
Designated grants and contributions	413,744
<b>Increase in net assets with donor restrictions</b>	<b>413,744</b>
<b>Increase in net assets</b>	<b>826,427</b>
 Net assets at beginning of period	 -
<b>Net assets at end of period</b>	<b>\$ 826,427</b>

See accompanying notes to the financial statements

**San Diego Squared  
Statement of Cash Flows  
For the Year Ended June 30, 2021**



	<b>2021</b>
<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 826,427
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in assets:	
Prepaid grants	(99,994)
Prepaid expenses and other assets	(4,360)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	10,556
Deferred revenues	540,000
Grants payable	99,994
<b>Net cash provided by operating activities</b>	<b>1,372,623</b>
 <b>Cash flows from investing activities:</b>	
Purchase of property and equipment	(46,195)
<b>Net cash used in investing activities</b>	<b>(46,195)</b>
 <b>Net increase in cash &amp; cash equivalents</b>	<b>1,326,428</b>
 <b>Cash &amp; cash equivalents - beginning of year</b>	<b>-</b>
 <b>Cash &amp; cash equivalents - end of year</b>	<b>\$ 1,326,428</b>

See accompanying notes to the financial statements



## **NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

### **Organization**

San Diego Squared (the “Organization”) was established in October 2020 and has applied for exempt status under section 501(c)(3) of the Internal Revenue Code exclusively for charitable purposes.

The Organization was incorporated under the nonprofit public benefit corporation laws of the State of California. The specific purposes of the Organization are to increase diversity in the science, technology, engineering, and mathematics (“STEM”) driven corporate sectors and academic disciplines by promoting STEM education, opportunities, and resources in underrepresented or underprivileged communities. The Organization is supported through contributions and grants. The following is a list of descriptions of the Organization’s programs:

#### **Squared Fellows**

A five-week, rotation-based mentorship program for underrepresented high school juniors in San Diego County who are interested in STEM. In this immersive program, students connect with a network of advocates and have front row access to some of San Diego’s most innovative companies, all to help students design their unique roadmap to get where they want to go in STEM.

#### **Squared Scholars**

San Diego Squared invests directly in the success of underrepresented high school and college students and their educators. The Organization partners with innovative companies, foundations, and community leaders who take action and send a clear message: You belong in STEM. The Organization’s scholarships are either direct financial support or pay for the fees to STEM-centered programs offered throughout San Diego County by one of the Organization’s partners.

#### **Squared Interns**

Internships can provide a gateway to full-time employment in STEM-driven companies. The Organization has identified opportunities for interns and has recruited champions within some of San Diego County’s most innovative companies that are ready to help interns succeed. San Diego Squared matches promising underrepresented undergraduate, graduate, and PhD students pursuing STEM-centered degrees to paid internships.

#### **STEM Capsules**

The San Diego Squared STEM Capsules are short videos that aim to build awareness, inspiration, and STEM representation for underrepresented students. Working in partnership with a video production company, the Organization created a display of videos highlighting committed STEM professionals sharing their stories, challenges, and advice with the aim to strengthen the STEM identity in students.

#### **Innovation Summit**

A spring event beginning in 2022 where students, parents, educators, and the broader community can come to connect with industry leaders and engage with some of the most cutting-edge technology in San Diego that will build awareness and inspire the next generation of iconic STEM professionals.

#### **Educational Events**

In partnership with other organizations, San Diego Squared hosts life science camps, coding camps, panel discussions, and other opportunities for students, educators, and their families to engage in STEM-related fields.



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Presentation**

The financial statements of San Diego Squared have been prepared on the accrual basis. Net assets and revenues, expenses, gains and losses are classified on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported in the following two classes:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations, including those resources currently available for use in the Organization's operations and those designated by the board for specific future uses.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations which have not yet been met, including those that have been restricted in perpetuity, such that they are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The fiscal year of the Organization is the twelve months ending each June 30.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Cash**

The Organization's accounts at each financial institution are insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times during the year cash balances may exceed the amount of insurance provided by the FDIC, which provides basic deposit coverage with limits up to \$250,000 per account holder. Generally, these deposits may be redeemed upon demand and, therefore, are believed to bear minimal risk.

**Property, Equipment, and Depreciation**

Property and equipment are carried at cost if purchased or at fair value at the date of gift if donated, less accumulated depreciation. Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. The Organization capitalizes items with a value in excess of \$2,000 and an expected life of three years or more. Depreciation will be computed using the straight-line method over the estimated useful lives, starting July 1, 2021, the date on which the capitalized fixed assets at June 30, 2021 are placed into service (Note 2). The useful life of the Organization's capitalized software is 5 years.

Routine repairs are charged to operations as incurred. Upon sale or disposition of property and equipment, the asset and the related accumulated depreciation taken prior to the sale are removed from the Organization's records and any resultant gain or loss is credited or charged to earnings.

**Grants Payable**

The Organization awards grants directly to students or to other organizations for students participating in certain programs. Grants promised on an unconditional basis but not yet paid are recorded as grants payable and prepaid grants in the statement of financial position. Grants paid to recipients are expensed when disbursed.





**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Revenue Recognition**

When monies or other assets are received, the Organization classifies the transaction as either a contribution (i.e. a nonreciprocal transaction) or an exchange (i.e. a reciprocal transaction).

**Contributed Revenue:**

In accordance with ASU 2016-14, *Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”), when a transaction is determined to be a contribution, the Organization then determines whether it is conditional or unconditional. According to ASU 2018-08, *Not for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”), conditional contributions contain i) donor-imposed barrier(s) that must be overcome before the Organization is entitled to the assets transferred or promised and ii) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets. When the condition(s) are substantially met, the contribution becomes unconditional. Unconditional contributions are those that are absent of any indication that the Organization is only entitled to the transfer of assets or a future transfer of assets if it has overcome a barrier, or that the agreement does not contain a right of return of assets transferred or a right of release from obligation. Unconditional contributions are classified as either net assets with donor restrictions or net assets without donor restrictions and are recorded in accordance with the guidelines outlined in Subtopic 958-605, *Not-for-Profit Entities – Revenue Recognition*. Unconditional contributions are recognized when the donor makes a promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions. Contributions received with restrictions that are met in the same reporting period as received are reported as unrestricted support and increase net assets without donor restrictions.

Scholarship revenue is recognized in the period that the related work is performed, or when the Organization provides scholarships to recipients. Deferred scholarship revenue is recorded when cash received under a scholarship donation exceeds the revenue earned, i.e. exceeds the amount of scholarship funds the Organization has provided to scholarship recipients. Deferred scholarship revenue amounted to \$540,000 as of June 30, 2021.

**Exchange Transactions:**

When exchange transactions occur for the Organization, San Diego Squared will account for exchange transactions in accordance with ASU No. 2014-09 (ASC Topic 606), *Revenue from Contracts with Customers* (“Topic 606”).

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and 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. Actual results could differ from those estimates.

**Income Tax**

The Organization has applied for exempt status from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California and is classified as a public charity under IRS codes 170(b)(1)(A)(vi).

The Organization uses a loss contingencies approach for evaluating uncertain tax positions and continually evaluates changes in tax law and new authoritative rulings.



**NOTE 1 – SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Advertising Costs**

The Organization expenses advertising costs as they are incurred. Advertising expenses for the year ended June 30, 2021 were \$13,865 and are disclosed in the statement of functional expenses for the year then ended.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The statement of functional expenses is presented in Appendix A to the financial statements.

**Fair Value of Financial Instruments**

The carrying amounts of cash, accounts payable, and accrued liabilities approximate fair market value because of the short maturity of those instruments.

**Recent Authoritative Guidance – Not yet adopted**

In February 2016, the FASB issued new lease accounting guidance in ASU No. 2016-02, *Leases* (“Topic 842”). This new guidance was initiated as a joint project with the IASB to simplify lease accounting and improve the quality of and comparability of financial information for users. This new guidance would eliminate the concept of off-balance sheet treatment for “operating leases” for lessees for the vast majority of lease contracts. Under Topic 842, at inception, a lessee must classify all leases with a term of over one year as either finance or operating, with both classifications resulting in the recognition of a defined “right-of-use” asset and a lease liability on the balance sheet. However, recognition in the income statement will differ depending on the lease classification, with finance leases recognizing the amortization of the right-of-use asset separate from the interest on the lease liability and operating leases recognizing a single total lease expense. Lessor accounting under ASU No. 2016-02 would be substantially unchanged from the previous lease requirements under U.S. GAAP. On April 8, 2020, in response to the coronavirus pandemic, the FASB voted to defer the effective date for Topic 842 for private companies and private nonprofit companies to fiscal years beginning after December 15, 2021. Early adoption is permitted and for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, lessees and lessors must apply a modified retrospective transition approach. The Organization is evaluating ASU No. 2016-02 and its effect on the presentation of its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities* for Contributed Nonfinancial Assets, to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The ASU does not, however, change existing recognition and measurement requirements for contributed nonfinancial assets. This guidance requires that contributed nonfinancial assets are separately stated in the statement of activities, distinct from contributions of cash or other financial assets. Additionally, the contributed nonfinancial assets must be disaggregated in a footnote by category and the valuation methods and inputs used to determine the fair value at initial recognition must be disclosed. The ASU should be applied retrospectively to all periods presented and is effective for annual reporting periods commencing after June 15, 2021 and interim periods within annual periods starting after June 15, 2022. Early adoption is permitted. The Organization is evaluating ASU No. 2020-07 and its effect on the presentation of its financial statements.

**San Diego Squared**  
**Notes to Financial Statements**  
**June 30, 2021**



**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<b>2021</b>
Software	\$ <b>46,195</b>
	<b>46,195</b>
Less: accumulated amortization	-
	<b>\$ 46,195</b>

Since fixed assets were placed into service effective July 1, 2021, there was no depreciation or amortization expense for the year ended June 30, 2021.

**NOTE 3 – GRANTS PAYABLE**

During the year ended June 30, 2021, the Organization awarded two grants to other organizations. The first was for a total of \$120,000, paid out in \$30,000 increments over four years to fund scholarships for students. During the year ended June 30, 2021, San Diego Squared paid the awardee \$30,000, which is included in direct program expenses in the statement of functional expenses for the year then ended. The remaining \$90,000 due over the next three fiscal years is broken out between current and long-term grants payable in the statement of financial position as of June 30, 2021. The second grant was for a total of \$13,984 and is to be used by the awardee to further expose middle and high school students to high-impact STEM experiences. During the year ended June 30, 2021, San Diego Squared paid the awardee \$3,990, which is included in direct program expenses in the statement of functional expenses for the year then ended. The remaining \$9,994 is due over the next two fiscal years and is broken out between current and long-term grants payable in the statement of financial position as of June 30, 2021.

The future grant payments are as follows:

Years ending June 30,		
2022	\$	34,997
2023		34,997
2024		30,000
	\$	<b>99,994</b>
	\$	<b>99,994</b>

**NOTE 4 – RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions at June 30, 2021 are restricted for the following purposes:

	<b>2021</b>
Grants, time restricted	\$ <b>413,744</b>
	<b>\$ 413,744</b>



**NOTE 5 – EFFECTS OF THE CORONAVIRUS PANDEMIC**

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) occurred in Asia and has since spread worldwide. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S., including California, where the Organization is headquartered, have declared a state of emergency. COVID-19 has caused a severely negative impact on the world economy, and has contributed to significant declines and volatility in financial markets.

Since the Organization incorporated in the midst of the COVID-19 pandemic, there was no change in the Organization’s operations. Employees work in a remote environment, and programs were not impacted. Additionally, many of the in-person programs had not yet begun as of June 30, 2021, and thus were not affected by lockdowns. Since San Diego Squared began its operations months after the beginning of the pandemic’s, the Organization is able to ensure proper safeguards are in place before in-person meetings and events are ever held.

**NOTE 6 – LIQUIDITY AND FUNDS AVAILABLE**

The following table reflects the Organization’s financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets include assets that are considered unavailable when illiquid or not convertible to cash within one year and receivables not available for general expenditure.

	<b>2021</b>
Financial assets:	
Cash and cash equivalents	\$ <b>1,326,428</b>
Financial assets, at year-end	<b>1,326,428</b>
Less those unavailable for general expenditure within one year:	-
Financial assets available to meet cash needs for general expenditures within one year	<b>\$ 1,326,428</b>

**NOTE 7 – SUBSEQUENT EVENTS (UNAUDITED)**

**Continued effects of health epidemics including the recent coronavirus outbreak**

The COVID-19 pandemic (Note 5) has continued to have little effect on the Organization’s programs and operations through November 12, 2021. It is possible that new lockdown mandates may impact event scheduling, and the Organization’s targeted beneficiaries may decrease if college attendance by underrepresented students decreases. If the pandemic causes liquidity issues, the Organization is able to obtain additional funds through Board loans, Board contributions, and reducing expenses.

In July 2021, the Organization received a grant for \$100,000, paid over 4 years in \$25,000 increments, all of which is earmarked to be used to fund scholarships to high school students seeking a degree in STEM over a 5-year period.

The Organization evaluated subsequent events through November 12, 2021, which is the date the financial statements were available to be issued and has determined that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes thereto.



## Appendix A

**San Diego Squared**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2021**



	Program Services	Management and General	Fundraising and Development	Total Expenses
Salaries and benefits	\$ 96,750	\$ 30,236	\$ 18,662	\$ 145,648
Direct program expenses	48,740	-	-	48,740
Travel and meetings expenses	23	-	68	91
Supplies - office	64	32	11	107
Outside computer services	226	113	113	452
Advertising expenses	11,785	-	2,080	13,865
Conferences, conventions, meetings	20	88	88	196
Finance / bank charges	9,658	4,828	9,658	24,144
Insurance	5,345	2,672	2,672	10,689
Dues and subscriptions	976	325	-	1,301
	<b>\$ 173,587</b>	<b>\$ 38,294</b>	<b>\$ 33,352</b>	<b>\$ 245,233</b>