



POWERMYLEARNING, INC.
Financial Statements
June 30, 2021 and 2020
With Independent Auditor's Report

PowerMyLearning, Inc.
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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
PowerMyLearning, Inc.:

We have audited the accompanying financial statements of PowerMyLearning, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 PowerMyLearning, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

December 10, 2021

PowerMyLearning, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 3,488,124	\$ 3,843,600
Short term investments - certificates of deposit	1,736,000	1,240,000
Receivables		
Contributions	1,039,450	2,298,150
Fee for service	96,092	241,579
Other receivables	401,053	226,037
Prepaid expenses and other assets	41,902	187,111
Property and equipment, net	-	178,970
Security deposits	6,460	13,100
	<u>6,809,081</u>	<u>8,228,547</u>
Total assets	<u>\$ 6,809,081</u>	<u>\$ 8,228,547</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 79,092	\$ 97,625
Accrued expenses	497,951	477,764
Refundable grant advances	135,823	624,862
Paycheck Protection Program and SBA loans	949,632	1,107,200
Other deferred revenues	5,000	202,107
Total liabilities	<u>1,667,498</u>	<u>2,509,558</u>
Net assets		
Without donor restrictions	4,096,765	3,335,780
With donor restrictions	1,044,818	2,383,209
Total net assets	<u>5,141,583</u>	<u>5,718,989</u>
	<u>\$ 6,809,081</u>	<u>\$ 8,228,547</u>
Total liabilities and net assets	<u>\$ 6,809,081</u>	<u>\$ 8,228,547</u>

The Notes to Financial Statements are an integral part of these statements.

PowerMyLearning, Inc.
Statements of Activities
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 3,230,290	\$ 739,208	\$ 3,969,498	\$ 4,558,437	\$ 2,940,519	\$ 7,498,956
Fee for service and government grants	653,507	-	653,507	1,423,687	-	1,423,687
Special event revenue	398,372	-	398,372	433,421	-	433,421
Less: Direct expenses	(58,215)	-	(58,215)	(73,457)	-	(73,457)
Other income	87,813	-	87,813	27,955	-	27,955
Gain from extinguishment of debt	1,107,200	-	1,107,200	-	-	-
In-kind donations						
Computer hardware	-	-	-	746,169	-	746,169
Computer software	108,000	-	108,000	757,554	-	757,554
Facilities	-	-	-	198,000	-	198,000
Advertising	454,290	-	454,290	371,660	-	371,660
Net assets released from restrictions	2,077,599	(2,077,599)	-	1,611,691	(1,611,691)	-
	<u>8,058,856</u>	<u>(1,338,391)</u>	<u>6,720,465</u>	<u>10,055,117</u>	<u>1,328,828</u>	<u>11,383,945</u>
Expenses						
Program services	6,104,318	-	6,104,318	8,588,450	-	8,588,450
Management and general	408,261	-	408,261	355,610	-	355,610
Fundraising	785,292	-	785,292	773,526	-	773,526
	<u>7,297,871</u>	<u>-</u>	<u>7,297,871</u>	<u>9,717,586</u>	<u>-</u>	<u>9,717,586</u>
Changes in operating revenues and expenses	760,985	(1,338,391)	(577,406)	337,531	1,328,828	1,666,359
Transfer to Inspiredu, Inc.	-	-	-	(1,662,691)	-	(1,662,691)
Changes in net assets	760,985	(1,338,391)	(577,406)	(1,325,160)	1,328,828	3,668
Net assets						
Beginning of year	<u>3,335,780</u>	<u>2,383,209</u>	<u>5,718,989</u>	<u>4,660,940</u>	<u>1,054,381</u>	<u>5,715,321</u>
End of year	<u>\$ 4,096,765</u>	<u>\$ 1,044,818</u>	<u>\$ 5,141,583</u>	<u>\$ 3,335,780</u>	<u>\$ 2,383,209</u>	<u>\$ 5,718,989</u>

The Notes to Financial Statements are an integral part of these statements.

PowerMyLearning, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ (577,406)	\$ 3,668
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Amortization	178,970	357,941
Gain from extinguishment of debt	(1,107,200)	-
Changes in assets and liabilities		
Receivables		
Contributions	1,258,700	(794,712)
Fee for service	145,487	40,986
Government grants	(175,016)	182,197
Inventory - computer systems	-	1,206,547
Prepaid expenses and other assets	145,209	37,733
Security deposits	6,640	800
Accounts payable	(18,533)	4,525
Accrued expenses	20,187	64,299
Refundable grant advances	(489,039)	288,086
Other deferred revenues	(197,107)	140,931
Net cash provided by (used in) operating activities	<u>(809,108)</u>	<u>1,533,001</u>
Investing activities		
Purchase of short term investments - certificates of deposit	(1,736,000)	(1,240,000)
Proceeds from maturity of short term investments - certificates of deposit	<u>1,240,000</u>	<u>1,736,000</u>
Net cash provided by (used in) investing activities	<u>(496,000)</u>	<u>496,000</u>
Financing activities		
Proceeds from EIDL loan	-	10,000
Proceeds from Paycheck Protection loans	<u>949,632</u>	<u>1,097,200</u>
Net cash provided by financing activities	<u>949,632</u>	<u>1,107,200</u>
Net change in cash and cash equivalents	(355,476)	3,136,201
Cash and cash equivalents		
Beginning of year	<u>3,843,600</u>	<u>707,399</u>
End of year	<u>\$ 3,488,124</u>	<u>\$ 3,843,600</u>
Supplemental disclosure of non-cash transactions		
Donated advertising services	<u>\$ 454,290</u>	<u>\$ 371,660</u>
Donated use of facilities	<u>\$ -</u>	<u>\$ 198,000</u>
Donated software	<u>\$ 108,000</u>	<u>\$ 757,554</u>
Donated equipment	<u>\$ -</u>	<u>\$ 746,169</u>

The Notes to Financial Statements are an integral part of these statements.

PowerMyLearning, Inc.
Statements of Functional Expenses
Year Ended June 30, 2021 with Comparative Totals for 2020

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 3,662,097	\$ 295,248	\$ 630,244	\$ 4,587,589	\$ 5,054,420
Payroll taxes and fringe benefits	507,564	86,058	80,602	674,224	712,074
Travel	420	550	892	1,862	50,879
Telecommunications	21,208	93	479	21,780	47,836
Office expense	175,953	6,608	16,800	199,361	241,502
Amortization	178,970	-	-	178,970	357,941
Occupancy	35,212	-	3,848	39,060	515,871
Insurance	17,073	1,234	2,263	20,570	25,055
In-kind advertising services	454,290	-	-	454,290	371,660
Professional fees					
Program-related contractors	736,305	-	-	736,305	588,388
Information technology	40,931	2,330	4,272	47,533	42,865
Legal and accounting	48,057	7,679	2,914	58,650	59,063
Other	61,149	5,899	8,068	75,116	81,975
Training	34,910	82	7,295	42,287	16,295
Program supplies	7,646	-	-	7,646	38,370
Computer hardware distributed	-	-	-	-	535,499
Computer software distributed	108,000	-	-	108,000	804,114
Change in inventory value	-	-	-	-	143,046
Computer systems handling costs	3,722	-	-	3,722	17,065
Direct expenses related to special events	-	-	58,215	58,215	73,457
Interest	-	2,480	-	2,480	6,771
Miscellaneous	10,811	-	27,615	38,426	6,897
Total expenses by function	6,104,318	408,261	843,507	7,356,086	9,791,043
Less: Expenses included with revenues on the statement of activities					
Direct expenses related to special events	-	-	(58,215)	(58,215)	(73,457)
	<u>\$ 6,104,318</u>	<u>\$ 408,261</u>	<u>\$ 785,292</u>	<u>\$ 7,297,871</u>	<u>\$ 9,717,586</u>

The Notes to Financial Statements are an integral part of this statement.

PowerMyLearning, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,154,848	\$ 276,582	\$ 622,990	\$ 5,054,420
Payroll taxes and fringe benefits	581,591	44,971	85,512	712,074
Travel	43,733	455	6,691	50,879
Telecommunications	42,014	1,616	4,206	47,836
Office expense	218,889	8,310	14,303	241,502
Amortization	357,941	-	-	357,941
Occupancy	473,028	13,034	29,809	515,871
Insurance	21,794	915	2,346	25,055
In-kind advertising services	371,660	-	-	371,660
Professional fees				
Program-related contractors	588,388	-	-	588,388
Information technology	37,877	1,384	3,604	42,865
Legal and accounting	54,386	1,251	3,426	59,063
Other	81,161	260	554	81,975
Training	16,198	61	36	16,295
Program supplies	38,321	-	49	38,370
Computer hardware distributed	535,499	-	-	535,499
Computer software distributed	804,114	-	-	804,114
Change in inventory value	143,046	-	-	143,046
Computer systems handling costs	17,065	-	-	17,065
Direct expenses related to special events	-	-	73,457	73,457
Interest	-	6,771	-	6,771
Miscellaneous	6,897	-	-	6,897
Total expenses by function	<u>8,588,450</u>	<u>355,610</u>	<u>846,983</u>	<u>9,791,043</u>
Less: Expenses included with revenues on the statement of activities				
Direct expenses related to special events	<u>-</u>	<u>-</u>	<u>(73,457)</u>	<u>(73,457)</u>
	<u>\$ 8,588,450</u>	<u>\$ 355,610</u>	<u>\$ 773,526</u>	<u>\$ 9,717,586</u>

The Notes to Financial Statements are an integral part of this statement.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

1. ORGANIZATION AND PURPOSE OF THE CORPORATION

PowerMyLearning, Inc. (“PowerMyLearning” or “Organization”) is a national non-profit that advances educational equity and accelerates student success with the goal of reversing the systematic denial of educational opportunity based on race, class, language, and learning differences. PowerMyLearning’s programs promote culturally relevant teaching practices, foster social-emotional learning, and help students reach rigorous learning standards. PowerMyLearning offers school- and district-level packages that include professional development for teachers and capacity-building workshops for families. PowerMyLearning also offers an award-winning innovation, Family Playlists®. What sets PowerMyLearning apart from other organizations is PowerMyLearning’s focus on activating the power of collaboration between students, teachers, and families.

PowerMyLearning, Inc. incorporated as a New York not-for-profit corporation in 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America which require PowerMyLearning to report information regarding its financial position and results of operation according to the following net asset classifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the PowerMyLearning. These net assets may be used at the discretion of PowerMyLearning’s management and, in some cases, the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of PowerMyLearning or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The vast majority of PowerMyLearning’s costs are deemed to be programmatic in nature and no allocations are required. The salaries of employees are allocated between program services, management and general and fundraising expenses based on time and effort. Other expenses related to PowerMyLearning are programmatic in nature as they are incurred in furtherance of PowerMyLearning’s program activities.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02 *Leases* (Topic 842), which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Gifts In-Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization is evaluating the impact this pronouncement will have on its financial statements.

Revenue Recognition, Receivables, Refundable Advances and Other Deferred Revenues

Contributions and Grants

Contributions are reported as revenue when they are received or unconditionally pledged and are recorded as net assets with donor restrictions or net assets without donor restrictions according to donor stipulations if the related assets are limited by donor-imposed time or purpose restrictions.

Conditional promises to give and grants are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are reflected at the present value of estimated future cash flows using a discount rate of .07% based on the daily treasury yield rates for contributions made in the fiscal year. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Government Grant and Contract Revenue

Revenue from government grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as deferred revenue. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the statements of financial position. The Organization receives funding from federal and state agencies under grants and contracts, of which some have a commitment spanning multiple years. The Organization had remaining available award balances on government conditional grants and contracts for sponsored projects of \$209,288. These awards are not recognized as assets and will be recognized as revenue as the projects progress and conditions are met, generally as expenses are incurred.

Other revenues are obtained from other miscellaneous income items. These revenues are not restricted in their use and are used to offset management and general expenses and program expenses. Revenues from these sources are recognized at the time the miscellaneous income is earned.

Revenue from Contracts with Customers

The Organization accounts for fee for service and government grants as exchange transactions in the statements of activities and changes in net assets. Revenue from contracts with customers are treated as revenues without donor restrictions. Performance obligations are satisfied at the point in time when the related services are provided to the customer. The Organization does not have any significant financing components as payment is received at or shortly after revenue is recognized. Funds received in advance from customers for work that has not been performed have been recorded as contract liabilities and are shown as deferred revenue in the statements of financial position. The Organization had deferred revenue of \$621,061 as of July 1, 2019.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

The following summarizes the Organization's performance obligations:

Special Events Fundraising Benefit

Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as revenue when received. For the exchange portion, funds received in advance of the event date are recorded as contract liabilities in the statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date of the event held.

Donated Income and Expenses

Donations of computer equipment and software licenses are recorded as contributions at their estimated fair value at the date of the donation. Inventory of computer systems is stated at the lower of cost or market value determined by the first-in, first-out method. The value of a distributed computer system is removed from inventory and is expensed when the equipment, along with the right to use the software, becomes the property of the recipient.

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.

Cash and Cash Equivalents

PowerMyLearning considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Short-term Investments

Short-term investments are made up of certificates of deposits that mature within one year. The interest rates on the certificates of deposit range from .02% to .05%.

Property and Equipment

Property and equipment are stated at the lower of cost or estimated fair value at the date of donation. PowerMyLearning capitalizes all expenditures for property and equipment in excess of \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Income Taxes

PowerMyLearning is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been recorded in the statements of financial position. In addition, PowerMyLearning qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

PowerMyLearning has no unrecognized tax benefits at June 30, 2021 and 2020. PowerMyLearning did not recognize any tax related interest and penalties for the periods reported in these financial statements.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

Concentration of Credit Risk

At June 30, 2021, one grantor accounted for more than 33% of PowerMyLearning's receivables. At June 30, 2020, two grantors accounted for 56% PowerMyLearning's receivables.

PowerMyLearning maintains its cash in federally insured certificates of deposit and in bank accounts which, at times, may exceed federally insured limits. PowerMyLearning has not experienced any losses in these accounts and considers its risk to be small.

Program-Related Contractors

Program-related contractors consist primarily of technology, design, content, and translation consultants working on the PowerMyLearning.org website, including Family Playlists, and content and translation consultants working on materials for PowerMyLearning's Professional Development and Family Workshop offerings.

Donated Rent and Services

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received. These contributions are reflected within the statements of activities as in-kind donations.

For the years ended June 30, in-kind donations consisted of the following:

	<u>2021</u>	<u>2020</u>
Donated advertising services	\$ 454,290	\$ 371,660
Donated use of facilities	-	198,000
Donated software	108,000	757,554
Donated equipment	-	746,169
	<u>\$ 562,290</u>	<u>\$ 2,073,383</u>

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have had no effect on the net assets of PowerMyLearning.

3. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Current	\$ 921,400	\$ 1,516,150
Between one and five years	118,050	782,000
	<u>\$ 1,039,450</u>	<u>\$ 2,298,150</u>

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2021 and 2020

4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2021, PowerMyLearning's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, fulfillment of payment of accounts payable and expenditures, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and equivalents	\$ 3,488,124	\$ 3,843,600
Short term investments - certificates of deposit	1,736,000	1,240,000
Contributions receivable	1,039,450	2,298,150
Other receivables	<u>497,145</u>	<u>467,616</u>
Total financial assets	6,760,719	7,849,366
Less: Restricted net assets tied to spending and elapse of time	(1,044,818)	(2,383,209)
Less: Non-current contributions receivable	<u>(118,050)</u>	<u>(782,000)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 5,597,851</u>	<u>\$ 4,684,157</u>

PowerMyLearning manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. PowerMyLearning's cash flows have fluctuations during the year attributable to the timing of program operations and collection of funds from donors and grantors. PowerMyLearning draws upon these investments, which have no donor restrictions against them, and other available financial resources to manage its cash flows.

5. PROPERTY AND EQUIPMENT

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

	<u>Estimated Useful Life (Years)</u>	<u>2021</u>	<u>2020</u>
Office software (received as in-kind donations)	3	\$ 2,564,895	\$ 2,564,895
Less: Accumulated amortization		<u>(2,564,895)</u>	<u>(2,385,925)</u>
Property and equipment, net		<u>\$ -</u>	<u>\$ 178,970</u>

Amortization expense amounted to \$178,970 for each of the years ended June 30, 2021 and 2020.

6. REFUNDABLE GRANT ADVANCES

Refundable grant advances were \$135,823 and \$624,862 for the years ended June 30, 2021 and 2020, respectively. These represent unspent grant funds received by PowerMyLearning and are restricted to PowerMyLearning's programmatic efforts.

PowerMyLearning, Inc.
Notes to Financial Statements
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7. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Restricted for future periods	\$ 830,500	\$ 2,011,769
Use of donated software	-	178,970
Restricted as to purpose	<u>214,318</u>	<u>192,470</u>
	<u>\$ 1,044,818</u>	<u>\$ 2,383,209</u>

Donor restricted net assets were released as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ 1,201,269	\$ 1,253,750
Use of donated software	178,970	357,941
Satisfaction of purpose restrictions	<u>697,360</u>	<u>-</u>
	<u>\$ 2,077,599</u>	<u>\$ 1,611,691</u>

8. OPERATING LEASES

Rental expense amounted to \$39,060 and \$515,871 for the years ended June 30, 2021 and 2020, respectively, of which \$16,003 and \$174,315 was paid to an organization in which a member of PowerMyLearning's board of directors has a small interest for both 2021 and 2020. Included in occupancy expense for the year ended June 30, 2020 is the fair value of contributed warehouse space from an unrelated third party in the amount of \$-0- and \$198,000, respectively.

9. RETIREMENT PLAN

PowerMyLearning sponsors a retirement plan under Section 403(b) of the Internal Revenue Code for its employees. Employees may contribute funds up to legal limits. Commencing in 2016, PowerMyLearning amended the plan to enable employer contributions. No employer contributions were made in 2021 or 2020.

10. PPP TERM NOTE PAYABLE AND SBA LOAN

In April 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$1,097,200 through programs established under the CARES Act (the "Loans") and administered by the U.S. Small Business Administration (the "SBA"). The PPP Loan was guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within a defined period, and otherwise satisfied PPP requirements. In April 2021, the Organization was informed that its application for forgiveness of \$1,097,200 of the PPP Loan was approved. Accordingly, the Organization recorded it as a gain from the extinguishment of debt in the accompanying statement of activities and changes in net assets.

PowerMyLearning, Inc.
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On March 25, 2021, the Organization issued an unsecured promissory note (the “PPP2 Loan”) for \$949,632 through the Paycheck Protection Program (“PPP”) established under the Consolidated Appropriations Act of 2021 and administered by the U.S. Small Business Administration (“SBA”). The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed (“Covered Period”), and otherwise satisfied PPP requirements.

The PPP2 Loan was made through the Dime Community Bank (the “Lender”), has a five-year term, bears interest at 1.00% per annum, and matures on March 25, 2026. If the PPP2 Loan is not forgiven, monthly principal and interest payments are deferred until ten months after the end of the Covered Period. The PPP2 Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the Organization has reflected the PPP2 Loan as debt in the accompanying statements of financial position. The Organization will record the forgiveness of the loan as a gain on extinguishment in the period in which legal release is received. There is no certainty that any or all of the PPP2 Loan will be forgiven.

Future maturities of the PPP2 Loan, assuming it is not forgiven, are as follows for the years ending June 30:

2022	\$	77,336
2023		186,925
2024		188,803
2025		190,700
2026		192,616
Thereafter		<u>113,252</u>
	\$	<u>949,632</u>

The Organization was also the recipient of a \$10,000 Economic Injury Disaster Loan (“EIDL”) advance during fiscal year 2020. The EIDL advance was forgiven and included as part of the gain from extinguishment of debt in the statement of activities during the year ended June 30, 2021.

11. TRANSFER OF ASSETS TO INSPIREDU, INC.

PowerMyLearning, Inc. signed a Grant, Transfer and Assumption agreement with Inspiredu, Inc. effective June 30, 2020, whereby PowerMyLearning, Inc. agreed to transfer all of its rights, title and interest in assets, business and properties used primarily in or specifically for the conduct of its affairs in Greater Atlanta. All relevant assets and liabilities were transferred to Inspiredu, Inc. on June 30, 2020. As a result, PowerMyLearning transferred assets consisting of \$380,174 in cash and \$1,282,517 in inventory as of June 30, 2020.

12. RISKS AND UNCERTAINTIES

The outbreak of a novel strain of coronavirus (“COVID-19”) continues to significantly impact businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected into 2022. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

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Many schools moved to fully or partially remote learning in response to the Coronavirus, and depending on the ongoing conditions related to the Coronavirus, they may do so again in the future. The Organization's particular products and services are well-suited to these remote learning modalities, especially given the Organization's digital program delivery methods and its emphasis on the importance of the triangle of learning relationships among teachers, families, and students. In response to the Coronavirus, the Organization has shifted to digital methods of accomplishing school outreach. The Organization has also been able to secure grant funding despite the impact of the Coronavirus.

13. SUBSEQUENT EVENTS

PowerMyLearning has evaluated subsequent events occurring after the statement of financial position date through the date of December 10, 2021, the date the financial statements were available to be issued. Based on this evaluation, PowerMyLearning has determined that there are no subsequent events that have occurred, that require disclosure in or adjustment to the financial statements.