



**POWERMYLEARNING, INC. Financial  
Statements  
June 30, 2023 and 2022  
With Independent Auditor's Reports**

**PowerMyLearning, Inc.**  
**Table of Contents**  
**June 30, 2023 and 2022**

---

<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8-14
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
<b>Reports on Internal Control and Compliance</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17-18
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	19-21
Schedule of Findings and Questioned Costs	22

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
PowerMyLearning, Inc.:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of PowerMyLearning, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PowerMyLearning, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 PowerMyLearning, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 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 PowerMyLearning, Inc.'s ability to continue as a going concern for 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PowerMyLearning, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PowerMyLearning, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards for the year ended June 30, 2023 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") is presented for the purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of financial responsibility data as of and for the year ended June 30, 2023 is required by the U.S. Department of Education and is not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards for the year ended June 30, 2023 and schedule of financial responsibility data as of and for the year ended June 30, 2023 are fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of PowerMyLearning, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PowerMyLearning, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Withum Smith & Brown, PC".

December 15, 2023

**PowerMyLearning, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 2,929,440	\$ 4,169,594
Short-term investments - certificates of deposit	949,321	742,401
Receivables		
Contributions	169,558	620,747
Employment Retention Tax Credit	-	590,868
Fee for service	1,183,270	855,614
Other receivables	54,592	-
Grant and contracts	393,051	1,123,479
Prepaid expenses and other assets	194,726	187,042
Security deposits	<u>8,255</u>	<u>13,450</u>
 Total assets	 <u>\$ 5,882,213</u>	 <u>\$ 8,303,195</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 123,646	\$ 274,993
Accrued expenses	442,708	382,780
Refundable grant advances	202,141	434,443
Deferred revenues	<u>10,250</u>	<u>-</u>
Total liabilities	<u>778,745</u>	<u>1,092,216</u>
Net assets		
Without donor restrictions	4,042,059	5,056,875
With donor restrictions	<u>1,061,409</u>	<u>2,154,104</u>
Total net assets	<u>5,103,468</u>	<u>7,210,979</u>
 Total liabilities and net assets	 <u>\$ 5,882,213</u>	 <u>\$ 8,303,195</u>

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

**PowerMyLearning, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues</b>						
Contributions of cash and other financial assets	\$ 1,919,526	\$ 1,211,900	\$ 3,131,426	\$ 2,327,597	\$ 3,285,000	\$ 5,612,597
Fee for service	1,713,580	-	1,713,580	1,119,836	-	1,119,836
Government grants	1,002,088	-	1,002,088	654,745	-	654,745
Employee Retention Tax Credit grant revenue	-	-	-	590,868	-	590,868
Special event revenue	355,024	-	355,024	400,966	-	400,966
Less: Direct expenses	(114,138)	-	(114,138)	(141,944)	-	(141,944)
Investment income	82,800	-	82,800	1,211	-	1,211
Unrealized loss on investments	(6,771)	-	(6,771)	(2,547)	-	(2,547)
Payroll Protection Program Loan forgiveness	-	-	-	949,632	-	949,632
Contributions of nonfinancial assets						
Computer software	118,800	-	118,800	108,000	-	108,000
Advertising	308,973	-	308,973	382,761	-	382,761
Net assets released from restrictions	2,304,595	(2,304,595)	-	2,175,714	(2,175,714)	-
	<u>7,684,477</u>	<u>(1,092,695)</u>	<u>6,591,782</u>	<u>8,566,839</u>	<u>1,109,286</u>	<u>9,676,125</u>
<b>Expenses</b>						
Program services	7,731,476	-	7,731,476	6,320,868	-	6,320,868
Management and general	695,503	-	695,503	810,832	-	810,832
Fundraising	272,314	-	272,314	475,029	-	475,029
	<u>8,699,293</u>	<u>-</u>	<u>8,699,293</u>	<u>7,606,729</u>	<u>-</u>	<u>7,606,729</u>
<b>Changes in net assets</b>	(1,014,816)	(1,092,695)	(2,107,511)	960,110	1,109,286	2,069,396
<b>Net assets</b>						
Beginning of year	<u>5,056,875</u>	<u>2,154,104</u>	<u>7,210,979</u>	<u>4,096,765</u>	<u>1,044,818</u>	<u>5,141,583</u>
End of year	<u>\$ 4,042,059</u>	<u>\$ 1,061,409</u>	<u>\$ 5,103,468</u>	<u>\$ 5,056,875</u>	<u>\$ 2,154,104</u>	<u>\$ 7,210,979</u>

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

**PowerMyLearning, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets	\$ (2,107,511)	\$ 2,069,396
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Payroll Protection Program Loan forgiveness	-	(949,632)
Unrealized loss on short term investments	6,771	2,547
Realized loss on donated stock	135	-
Contributed stock	(2,521)	-
Bad debt expense	35,000	108,000
Changes in assets and liabilities:		
Receivables		
Contributions	451,189	348,009
Fee for service	(327,656)	(759,522)
Other receivables	(54,592)	(722,426)
Grant and contracts	695,428	-
Employee retention tax credit receivable	590,868	(590,868)
Prepaid expenses and other assets	(7,684)	(182,446)
Security deposits	5,195	(6,990)
Accounts payable	(151,347)	195,901
Accrued expenses	59,928	(115,171)
Refundable grant advances	(232,302)	298,620
Deferred revenues	10,250	(5,000)
Net cash used in operating activities	<u>(1,028,849)</u>	<u>(309,582)</u>
<b>Investing activities</b>		
Purchase of short term investments - certificates of deposit	(1,687,690)	(744,948)
Proceeds from maturity of short term investments - certificates	1,474,000	1,736,000
Sale of contributed stock	2,385	-
Net cash (used in) provided by investing activities	<u>(211,305)</u>	<u>991,052</u>
Net change in cash and cash equivalents	(1,240,154)	681,470
<b>Cash and cash equivalents</b>		
Beginning of year	<u>4,169,594</u>	<u>3,488,124</u>
End of year	<u>\$ 2,929,440</u>	<u>\$ 4,169,594</u>
<b>Supplemental disclosure of non-cash transactions</b>		
Donated advertising services	<u>\$ 308,973</u>	<u>\$ 382,761</u>
Donated software	<u>\$ 118,800</u>	<u>\$ 108,000</u>

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

**PowerMyLearning, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2023 with Comparative Totals for 2022**

	<b>2023</b>				<b>2022</b>
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries and wages	\$ 4,781,286	\$ 386,645	\$ 223,586	\$ 5,391,517	\$ 4,567,302
Payroll taxes and fringe benefits	758,853	49,431	27,244	835,528	672,809
Travel	120,238	8,184	-	128,422	26,042
Telecommunications	7,457	-	473	7,930	8,840
Office expense	334,805	13,505	9,321	357,631	357,930
Occupancy	2,941	322	191	3,454	2,531
Insurance	17,187	-	3,406	20,593	11,532
Advertising	4,612	-	-	4,612	52,261
In-kind advertising services	308,973	-	-	308,973	382,761
Professional fees					
Program-related contractors	797,231	-	-	797,231	943,042
Information technology	28,672	3,108	2,363	34,143	37,196
Legal and accounting	32,992	3,545	2,899	39,436	47,253
Other	388,778	193,860	197	582,835	239,776
Training	2,848	-	-	2,848	13,110
Program supplies	7,167	-	-	7,167	7,283
In-kind software	118,800	-	-	118,800	108,000
Direct expenses related to special events	-	-	114,138	114,138	141,944
Interest	-	-	-	-	(2,220)
Bad debt expense	-	35,000	-	35,000	108,000
Miscellaneous	18,636	1,903	2,634	23,173	23,281
	7,731,476	695,503	386,452	8,813,431	7,748,673
Direct expenses special events, netted with income	-	-	(114,138)	(114,138)	(141,944)
	<u>\$ 7,731,476</u>	<u>\$ 695,503</u>	<u>\$ 272,314</u>	<u>\$ 8,699,293</u>	<u>\$ 7,606,729</u>

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



**PowerMyLearning, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 3,684,311	\$ 581,309	\$ 301,682	\$ 4,567,302
Payroll taxes and fringe benefits	549,237	81,650	41,922	672,809
Travel	25,206	836	-	26,042
Telecommunications	7,355	855	630	8,840
Office expense	267,297	74,878	15,755	357,930
Occupancy	2,129	221	181	2,531
Insurance	9,650	1,022	860	11,532
Advertising	52,261	-	-	52,261
In-kind advertising services	382,761	-	-	382,761
Professional fees				
Program-related contractors	943,042	-	-	943,042
Information technology	30,600	3,629	2,967	37,196
Legal and accounting	27,939	16,823	2,491	47,253
Other	214,360	24,897	519	239,776
Training	4,061	9,027	22	13,110
Program supplies	7,283	-	-	7,283
In-kind software	108,000	-	-	108,000
Direct expenses related to special events	-	-	141,944	141,944
Interest	(2,480)	260	-	(2,220)
Bad debt expense	-	-	108,000	108,000
Miscellaneous	7,856	15,425	-	23,281
Total expenses by function	6,320,868	810,832	616,973	7,748,673
Direct expenses special events, netted with income	-	-	(141,944)	(141,944)
	<u>\$ 6,320,868</u>	<u>\$ 810,832</u>	<u>\$ 475,029</u>	<u>\$ 7,606,729</u>

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

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

---

**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 ("U.S. GAAP"), which require PowerMyLearning to report information regarding its financial position and activities 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 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. When restrictions are satisfied, they are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Revenue and Support Recognition**

*Contributions, Grants and Promises to Give*

Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. 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 the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Conditional promises to give, that is those with a measurable performance or other barrier and a right of return and governmental 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.

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

---

*Contributed nonfinancial assets* – The Organization receives various forms of gifts-in-kind including donated advertising and software. These gifts-in-kind have no donor restrictions and are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The gifts-in-kind are valued based upon the estimated fair value in the financial statements based on current rates or prices for similar services and goods. Donated gifts-in-kind are not sold and are used in program activities or supporting services based on the type of service or goods received.

*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 incurring expenditures 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 approximately \$2,843,096. 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.

*Revenue from Contracts with Customers*

The Organization accounts for fee for service 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. 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.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization performs the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation.

The following summarizes the Organization's performance obligations:

*Fee for Service*

Fee for service income consists of revenues recorded under contracts with customers that include both reimbursement of costs and contracts with stated benchmarks. Performance obligations are satisfied when the related services are provided to the customer or expenses are incurred over the course of the contract. The Organization does not have any significant financing components as payment is received at or shortly after revenue is recognized. Accounts receivable were \$1,183,270 and \$855,614 as of June 30, 2023 and 2022, respectively and \$96,092 as of July 1, 2021.

The timing of revenue recognition, billings and cash collections resulted in contract liabilities, which are shown as deferred revenue in the statement of financial position. Contract liabilities were \$10,250 and \$0 at June 30, 2023 and 2022. Deferred revenue as of July 1, 2021 was \$5,000.

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

---

*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.

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.

**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.

**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. 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows:

<u>Expense Category</u>	<u>Method of allocation</u>
Salaries and fringe benefits	Time and effort
Telecommunications	FTE per location
Office expense	FTE per location
Occupancy	FTE per location
Program-related contractors	Directly charged
Information technology	FTE organization wide

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates include the value of contributed non-financial assets.

**Cash and Cash Equivalents**

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

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

---

**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 4.40% to 5.35%. Short term investments are carried at cost plus accrued interest which approximates fair value.

**Receivables and Credit Policies**

In the normal course of business, the Organization extends credit directly to customers, after a credit analysis based on financial and other criteria, and generally requires no collateral, nor is interest charged on overdue accounts. Payments are applied to the oldest invoice outstanding. The Organization reviews the receivables and has determined that an allowance for uncollectible accounts of \$35,000 is needed for the year ended June 30, 2023. Promises to give are reviewed for collectability based on prior years' experience with the individual donors and management's analysis of pledges made. An allowance for uncollectible accounts is established for any pledges which are determined to be uncollectible. Promises to give to be received after one year are discounted using a risk-free rate.

**Property and Equipment**

Property and equipment are recorded at cost when purchased or estimated fair value at the date of donation when donated. 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. Management has determined that there are no uncertain tax positions at the Organization as of June 30, 2023 and 2022 and there are no income tax related penalties or interest for the years reported in these financial statements.

**Concentration of Credit Risk**

At June 30, 2023, one grantor accounted for more than 16% of PowerMyLearning's receivables. At June 30, 2022, one grantor accounted for more than 14% of PowerMyLearning's receivables.

The Organization maintains its cash in various bank accounts which, at times, may regularly exceed federally insured limits of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

**Accounting Pronouncements Adopted in the Current Year**

In February 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") amending the accounting for leases. The Organization adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the Organization utilized the practical expedient available under the guidance. Further, the Organization elected to implement the package of practical expedients, whereby the Organization did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs. The implementation of this standard did not have a material impact to statements of income or cash flows and our debt-covenants calculations under the Organization's current agreements.

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

---

**New Accounting Pronouncements Issued Not Yet Implemented**

In December 2019, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates.

The Organization will continue to evaluate the effect that this pronouncement may have on future financial statements and related disclosures.

**3. CONTRIBUTIONS RECEIVABLE**

Unconditional promises to give at June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Current	\$ 169,558	\$ 483,747
Between one and five years	<u>-</u>	<u>137,000</u>
	<u>\$ 169,558</u>	<u>\$ 620,747</u>

**4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of June 30, 2023 and 2022, the Organization'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>2023</u>	<u>2022</u>
Financial assets		
Cash and equivalents	\$ 2,929,440	\$ 4,169,594
Short-term investments - certificates of deposit	949,321	742,401
Contributions receivable	169,558	620,747
Employee retention tax credit receivable	-	590,868
Grant and contract receivables	393,051	1,123,479
Other receivables	54,592	-
Short-term investments - certificates of deposit	<u>1,237,862</u>	<u>855,614</u>
Total financial assets	5,733,824	8,102,703
Less: Restricted net assets tied to spending and elapse of time	<u>(1,061,409)</u>	<u>(2,154,104)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 4,672,415</u>	<u>\$ 5,948,599</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.

**PowerMyLearning, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**5. CONTRIBUTIONS OF NONFINANCIAL ASSETS**

The Organization received contributed nonfinancial assets, comprised of services and materials during the years ended June 30, 2023 and 2022 in support of its programs and operations, which are recognized in the statements of activities and changes in net assets and included:

<b>Nonfinancial Contributions Category</b>	<b>Type of Contributions</b>	<b>Valuation</b>	<b>2023</b>	<b>2022</b>
Donated advertising services	Social media advertising	Third party estimate using billing rates in like circumstances	\$ 308,973	\$ 382,761
Donated software	Software	Standard industry pricing for software license	118,800	108,000
			<u>\$ 427,773</u>	<u>\$ 490,761</u>

**6. RESTRICTIONS ON NET ASSETS**

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

	<b>2023</b>	<b>2022</b>
Restricted for future periods	\$ 100,000	\$ 152,480
Restricted as to purpose	961,409	2,001,624
	<u>\$ 1,061,409</u>	<u>\$ 2,154,104</u>

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

	<b>2023</b>	<b>2022</b>
Expiration of time restrictions	\$ 191,100	\$ 1,447,695
Satisfaction of purpose restrictions	2,113,495	728,019
	<u>\$ 2,304,595</u>	<u>\$ 2,175,714</u>

**7. 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, however, there were no employer contributions made for the years ended June 30, 2023 and 2022.

**8. EMPLOYEE RETENTION TAX CREDIT**

The Organization applied for the employee retention credit in the amount of \$590,868. The credit was claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations. For the year ended June 30, 2022, the Organization recorded revenue totaling \$590,868 which is included in revenue in the accompanying statement of activities and changes in net assets. During the year ended June 30, 2023, the full balance of \$590,868 was received.

**9. SUBSEQUENT EVENTS**

PowerMyLearning has evaluated subsequent events occurring after the statement of financial position date through the date of December 15, 2023, 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.



## **SUPPLEMENTARY INFORMATION**

**PowerMyLearning, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2023**

---

<b><u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u></b>	<b><u>Federal Assistance Listing Number</u></b>	<b><u>Pass-through Entity Identifying Number</u></b>	<b><u>Provided to Sub-recipients</u></b>	<b><u>Total Federal Expenditures</u></b>
<u>U.S. Department of Education</u>				
Education Innovation and Research	84.411C	N/A	\$ <u>-</u>	\$ <u>887,087</u>

See Independent Auditor's Report.

**PowerMyLearning, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2023**

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "schedule") presents the activities in all the federal award programs of PowerMyLearning, Inc. for the year ended June 30, 2023. All financial awards received directly from federal agencies as well as financial awards passed through other governmental agencies or nonprofit organizations are included on the schedule and are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of PowerMyLearning, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of PowerMyLearning, Inc.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COSTS**

PowerMyLearning, Inc. does not have a federally negotiated indirect cost rate on its federal contracts. PowerMyLearning, Inc. has made an election pursuant the Uniform Guidance to utilize the 10% de minimis cost rate.

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
PowerMyLearning, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of PowerMyLearning, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2023.

#### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PowerMyLearning, Inc.'s internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PowerMyLearning, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of PowerMyLearning, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PowerMyLearning, Inc.'s financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over compliance and the results of that testing, and not to provide an opinion on the effectiveness of PowerMyLearning Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Withum Smith & Brown, PC*

December 15, 2023

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
PowerMyLearning, Inc.:

#### Report on Compliance for the Major Federal Program

##### Opinion on the Major Federal Program

We have audited PowerMyLearning, Inc.'s (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on PowerMyLearning, Inc.'s major federal program for the year ended June 30, 2023. PowerMyLearning, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, PowerMyLearning, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

##### Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

##### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal program.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control Over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Withum Smith & Brown, PC*

December 15, 2023



**PowerMyLearning, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

---

**Section 1 - Summary of Auditor's Results**

**Financial statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major program:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? No

Identification of major federal program:

**Assistance Listing Number**

**Name of Federal Program or Cluster**

Various

Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section 2 - Financial Statement Findings**

None.

**Section 3 - Federal Award Findings and Questioned Costs**

None.

**Section 4 - Follow-Up of Prior Year Audit Findings and Questioned Costs**

None.