



POWERMYLEARNING, INC.
Financial Statements
June 30, 2020 and 2019
With Independent Auditor's Report

PowerMyLearning, Inc.
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June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 in the notes to the financial statements, during 2019 the Organization adopted new accounting guidance in accordance with Financial Accounting Standards Board Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958), FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), ASU 2016-18, *Restricted Cash* (Topic 230) and ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (Topic 825). Our opinion is not modified with respect to this matter.

Withum Smith + Brown, PC

December 30, 2020

PowerMyLearning, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 3,843,600	\$ 707,399
Short term investments - certificates of deposit	1,240,000	1,736,000
Receivables		
Contributions	2,298,150	1,503,438
Fee for service	241,579	282,565
Other receivables	226,037	408,234
Inventory - computer systems	-	1,206,547
Prepaid expenses and other assets	196,535	234,268
Property and equipment, net	178,970	536,911
Security deposits	13,100	13,900
	<u> </u>	<u> </u>
Total assets	<u>\$ 8,237,971</u>	<u>\$ 6,629,262</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 97,625	\$ 93,100
Accrued expenses	477,764	413,465
Refundable grant advances	634,286	346,200
Paycheck Protection Program and SBA loans	1,107,200	-
Other deferred revenues	202,107	61,176
	<u> </u>	<u> </u>
Total liabilities	<u>2,518,982</u>	<u>913,941</u>
Net assets		
Without donor restrictions	3,335,780	4,660,940
With donor restrictions	2,383,209	1,054,381
	<u> </u>	<u> </u>
Total net assets	<u>5,718,989</u>	<u>5,715,321</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 8,237,971</u>	<u>\$ 6,629,262</u>

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

PowerMyLearning, Inc.
Statements of Activities
Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Contributions	\$ 4,558,437	\$ 2,940,519	\$ 7,498,956	\$ 5,407,729	\$ 120,000	\$ 5,527,729
Fee for service and government grants	1,423,687	-	1,423,687	1,955,705	-	1,955,705
Special event revenue	433,421	-	433,421	500,550	-	500,550
Less: Direct expenses	(73,457)	-	(73,457)	(83,603)	-	(83,603)
Other income	27,955	-	27,955	43,415	-	43,415
In-kind donations						
Computer hardware	746,169	-	746,169	1,664,735	-	1,664,735
Computer software	757,554	-	757,554	1,029,315	-	1,029,315
Facilities	198,000	-	198,000	198,000	-	198,000
Product services	371,660	-	371,660	454,187	-	454,187
Net assets released from restrictions	1,611,691	(1,611,691)	-	838,441	(838,441)	-
	<u>10,055,117</u>	<u>1,328,828</u>	<u>11,383,945</u>	<u>12,008,474</u>	<u>(718,441)</u>	<u>11,290,033</u>
Expenses						
Program services	8,588,450	-	8,588,450	10,715,522	-	10,715,522
Management and general	355,610	-	355,610	356,279	-	356,279
Fundraising	773,526	-	773,526	920,628	-	920,628
	<u>9,717,586</u>	<u>-</u>	<u>9,717,586</u>	<u>11,992,429</u>	<u>-</u>	<u>11,992,429</u>
Changes in operating revenues and expenses	337,531	1,328,828	1,666,359	16,045	(718,441)	(702,396)
Transfer to Inspiredu, Inc.	(1,662,691)	-	(1,662,691)	-	-	-
Changes in net assets	(1,325,160)	1,328,828	3,668	16,045	(718,441)	(702,396)
Net assets						
Beginning of year	4,660,940	1,054,381	5,715,321	4,644,895	1,772,822	6,417,717
End 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>

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

PowerMyLearning, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating activities		
Changes in net assets	\$ 3,668	\$ (702,396)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Amortization	357,941	357,941
Changes in assets and liabilities		
Receivables		
Contributions	(794,712)	(7,417)
Fee for service	40,986	63,673
Government grants	182,197	(94,954)
Inventory - computer systems	1,206,547	22,282
Prepaid expenses and other assets	37,733	(19,217)
Security deposits	800	100
Accounts payable	4,525	(51,095)
Accrued expenses	64,299	(8,633)
Refundable grant advances	288,086	(681,762)
Other deferred revenues	140,931	(37,465)
Net cash provided by (used in) operating activities	<u>1,533,001</u>	<u>(1,158,943)</u>
Investing activities		
Purchase of short term investments - certificates of deposit	(1,240,000)	(1,736,000)
Proceeds from maturity of short term investments - certificates of deposit	<u>1,736,000</u>	<u>2,478,605</u>
Net cash provided by investing activities	<u>496,000</u>	<u>742,605</u>
Financing activities		
Proceeds from EIDL loan	10,000	-
Proceeds from Paycheck Protection loan	<u>1,097,200</u>	<u>-</u>
Net cash provided by financing activities	<u>1,107,200</u>	<u>-</u>
Net change in cash and cash equivalents	3,136,201	(416,338)
Cash and cash equivalents		
Beginning of year	<u>707,399</u>	<u>1,123,737</u>
End of year	<u>\$ 3,843,600</u>	<u>\$ 707,399</u>
Supplemental disclosure of non-cash transactions		
Donated product services	<u>\$ 371,660</u>	<u>\$ 454,187</u>
Donated use of facilities	<u>\$ 198,000</u>	<u>\$ 198,000</u>
Donated software	<u>\$ 757,554</u>	<u>\$ 1,029,315</u>
Donated equipment	<u>\$ 746,169</u>	<u>\$ 1,664,735</u>

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

PowerMyLearning, Inc.
Statements of Functional Expenses
Year Ended June 30, 2020 with Comparative Totals for 2019

	2020				2019
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	\$ 4,154,848	\$ 276,582	\$ 622,990	\$ 5,054,420	\$ 5,725,309
Payroll taxes and fringe benefits	581,591	44,971	85,512	712,074	877,455
Travel	43,733	455	6,691	50,879	59,887
Telecommunications	42,014	1,616	4,206	47,836	49,421
Office expense	218,889	8,310	14,303	241,502	152,272
Amortization	357,941	-	-	357,941	357,941
Occupancy	473,028	13,034	29,809	515,871	526,846
Insurance	21,794	915	2,346	25,055	22,444
Professional fees					
Program-related contractors	588,388	-	-	588,388	732,325
Information technology	37,877	1,384	3,604	42,865	37,348
Legal and accounting	54,386	1,251	3,426	59,063	36,857
Other	81,161	260	554	81,975	70,920
Training	16,198	61	36	16,295	24,060
Program supplies	38,321	-	49	38,370	33,647
Computer hardware distributed	535,499	-	-	535,499	895,524
Computer software distributed	804,114	-	-	804,114	1,078,515
Change in inventory value	143,046	-	-	143,046	795,289
Computer systems handling costs	17,065	-	-	17,065	49,996
Direct expenses related to special events	-	-	73,457	73,457	83,603
Interest	-	6,771	-	6,771	-
Miscellaneous	378,557	-	-	378,557	466,373
Total expenses by function	8,588,450	355,610	846,983	9,791,043	12,076,032
Less: Expenses included with revenues on the statement of activities					
Direct expenses related to special events	-	-	(73,457)	(73,457)	(83,603)
	<u>\$ 8,588,450</u>	<u>\$ 355,610</u>	<u>\$ 773,526</u>	<u>\$ 9,717,586</u>	<u>\$ 11,992,429</u>

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

PowerMyLearning, Inc.
Statements of Functional Expenses
Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,752,586	\$ 244,532	\$ 728,191	\$ 5,725,309
Payroll taxes and fringe benefits	728,137	37,857	111,461	877,455
Travel	57,339	-	2,548	59,887
Telecommunications	42,092	1,735	5,594	49,421
Office expense	108,079	32,676	11,517	152,272
Amortization	357,941	-	-	357,941
Occupancy	474,348	10,910	41,588	526,846
Insurance	19,050	745	2,649	22,444
Professional fees				
Program-related contractors	722,725	9,600	-	732,325
Information technology	31,530	1,295	4,523	37,348
Legal and accounting	28,820	3,997	4,040	36,857
Other	53,102	11,028	6,790	70,920
Training	23,622	42	396	24,060
Program supplies	33,395	-	252	33,647
Computer hardware distributed	895,524	-	-	895,524
Computer software distributed	1,078,515	-	-	1,078,515
Change in inventory value	795,289	-	-	795,289
Computer systems handling costs	49,996	-	-	49,996
Direct expenses related to special events	-	-	83,603	83,603
Miscellaneous	<u>463,432</u>	<u>1,862</u>	<u>1,079</u>	<u>466,373</u>
Total expenses by function	10,715,522	356,279	1,004,231	12,076,032
Less: Expenses included with revenues on the statement of activities				
Direct expenses related to special events	<u>-</u>	<u>-</u>	<u>(83,603)</u>	<u>(83,603)</u>
	<u>\$ 10,715,522</u>	<u>\$ 356,279</u>	<u>\$ 920,628</u>	<u>\$ 11,992,429</u>

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

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

1. ORGANIZATION AND PURPOSE OF THE CORPORATION

PowerMyLearning, Inc. (“PowerMyLearning” or “Organization”) is a national non-profit that partners with schools and districts to strengthen the triangle of learning relationships between teachers, families, and students so every student succeeds. With PowerMyLearning’s professional learning services and tools, teachers advance their instructional practices and channel the exponential power that occurs when the trio of teachers, families, and students collaborate on the same learning goals. PowerMyLearning’s distinctive approach advances educational equity and accelerates students’ social-emotional learning and academic achievement.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as net assets with donor restriction. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restriction. For the years ended June 30, 2020 and 2019, PowerMyLearning had accounting transactions in both the with and without donor restriction net asset categories. The net assets without donor restriction category represents net assets that are not subject to donor imposed restrictions; and those in the with donor restriction net asset category represents net assets that are subject to time or purpose donor imposed restrictions. PowerMyLearning's policy on donations of long-lived assets is to restrict temporarily, those assets (whether or not the donor restricted them), assign an appropriate useful life to those assets and amortize the release of the donated asset accordingly.

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.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Accounting Pronouncements Adopted in the Current Year

Revenue Recognition - Contracts with Customers

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Account Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (“ASC 606”) which outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. The guidance supersedes most current revenue recognition guidance, including industry-specific guidance, and ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. The Organization adopted the requirements of the new guidance as of July 1, 2019, utilizing the modified retrospective method of transition. PowerMyLearning applied the new guidance using the practical expedient provided in ASC 606 that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019. Adoption of the new guidance resulted in changes to the Organization’s accounting policies for revenue recognition, grants and contracts receivable, and contract liabilities as detailed above and classification changes to the statement of activities.

Revenue Recognition - Contributions

Effective July 1, 2019, the Organization adopted FASB ASU 2018-08, *Not-for-Profit Entities* (Topic 958). The amendments in this update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provided additional guidance about how to determine whether a contribution is conditional. The Organization adopted this ASU on July 1, 2019 using the modified prospective approach. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

Financial Instruments

Effective July 1, 2019, the Organization adopted FASB ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (Topic 825), which addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The adoption of this accounting pronouncement had no impact on the PowerMyLearning’s investments.

Restricted Cash

Effective July 1, 2019, the Organization adopted FASB ASU 2016-18, *Restricted Cash* (Topic 230). ASU 2016-18 requires that a statement of cash flows explains the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The adoption of this ASU changed investing cash flows and opening balance cash, cash equivalents, and restricted cash on the cash flow statement.

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued 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, 2020 and 2019

Fair Value Measurements

In August 2018, the FASB issued ASU 2018-13, *Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). This ASU amends ASC Topic 820, *Fair Value Measurement*, by removing and modifying certain disclosure requirements related to fair value measurements, including Level 3 fair value measurement disclosures. ASU 2018-13 is effective for all entities for annual reporting periods beginning after December 15, 2019 and early adoption is permitted. The Organization expects this pronouncement to remove and/or modify certain fair value disclosures upon adoption.

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. Management is evaluating the impact these pronouncements will have on the Organization's financial statements.

Revenue Recognition, Receivables, Refundable Advances and Other Deferred Revenues

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right to return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private 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 refundable grant advances. Grant funds expended in advance of reimbursement from the funding source are classified as grants and contracts receivable in the statements of financial position.

Fee for service income is recorded when earned. Contributions, government grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Management closely monitors outstanding balances throughout the year and does not believe an allowance for uncollectable balances is needed. Restricted contributions received and fully utilized or expires within the same year are classified as net assets without donor restriction.

Special events revenues are recognized when earned, net of direct costs related to the staging of such events. Proceeds from ticket sales or event sponsorship received in advance are recorded as deferred revenues until such that the event occurs.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

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.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and certificates of deposit, accounts and contributions receivable, accounts payable and loans payable approximate their fair values because of the relatively short maturity of these instruments.

Inventories

Inventories are stated at market based on the median value of a market sample.

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.

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.

Concentration of Credit Risk

At June 30, 2020 and 2019, two grantors, each of which accounted for more than 10% of PowerMyLearning's receivables, accounted for 56% and 48%, respectively, of total receivables in aggregate.

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 are primarily consultants working on the PowerMyLearning.org website.

In-Kind Donations of Product Services

PowerMyLearning received in-kind donations of Google Ad Words to promote its learning platform and program services valued at \$371,660 and \$454,187 for the years ended June 30, 2020 and 2019, respectively.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2020, 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>2020</u>	<u>2019</u>
Financial assets		
Cash and equivalents	\$ 3,843,600	\$ 707,399
Short term investments - certificates of deposit	1,240,000	1,736,000
Contributions receivable	2,298,150	1,503,438
Other receivables	<u>467,616</u>	<u>690,799</u>
Total financial assets	7,849,366	4,637,636
Less: Restricted net assets tied to spending and elapse of time	(2,383,209)	(517,470)
Less: Non-current contributions receivable	<u>(782,000)</u>	<u>(250,000)</u>
Total financial assets and liquidity resources available within one year	<u>\$ 4,684,157</u>	<u>\$ 3,870,166</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.

4. REFUNDABLE GRANT ADVANCES

Refundable grant advances were \$634,286 and \$346,200 for the years ended June 30, 2020 and 2019, respectively. These represent unspent grant funds received by PowerMyLearning and are restricted to PowerMyLearning's programmatic efforts.

5. PROPERTY AND EQUIPMENT

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

	Estimated Useful Life (Years)	<u>2020</u>	<u>2019</u>
Office software (received as in-kind donations)	3	\$ 2,564,895	\$ 2,564,895
Less: Accumulated amortization		<u>(2,385,925)</u>	<u>(2,027,984)</u>
Property and equipment, net		<u>\$ 178,970</u>	<u>\$ 536,911</u>

Amortization expense amounted to \$357,941 for each of the years ended June 30, 2020 and 2019.

PowerMyLearning, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

6. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Current	\$ 1,516,150	\$ 1,253,438
Between one and five years	782,000	250,000
	<u>\$ 2,298,150</u>	<u>\$ 1,503,438</u>

7. RESTRICTIONS ON NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Restricted for future periods	\$ 2,011,769	\$ 325,000
Use of donated software	178,970	536,911
Restricted as to purpose	192,470	192,470
	<u>\$ 2,383,209</u>	<u>\$ 1,054,381</u>

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

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	\$ 1,253,750	\$ 360,500
Use of donated software	357,941	357,941
Expiration of purpose restrictions	-	120,000
	<u>\$ 1,611,691</u>	<u>\$ 838,441</u>

8. OPERATING LEASES

PowerMyLearning has four rental agreements for office and warehouse facilities. As of June 30, 2020, minimum lease payments are as follows:

2021	\$ 71,148
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Rental expense amounted to \$473,028 and \$473,478 for the years ended June 30, 2020 and 2019, respectively, of which \$174,315 was paid to an organization in which a member of PowerMyLearning's board of directors has a small interest for both 2020 and 2019. Included in occupancy expense for each of the years ended June 30, 2020 and 2019 is the fair value of contributed warehouse space from an unrelated third party in the amount of \$198,000.

PowerMyLearning, Inc.
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9. 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, 2020 and 2019. PowerMyLearning did not recognize any tax related interest and penalties for the periods reported in these financial statements.

10. 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 2020 or 2019.

11. 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 the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is 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 the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through BNB Bank (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on April 16, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments shall be payable in eighteen (18) equal consecutive installments commencing on the seventh month anniversary of the note date. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties.

The Organization was also the recipient of a \$10,000 Economic Injury Disaster Loan ("EIDL") advance during fiscal year 2020. The EIDL advance is not required to be repaid but will be subtracted from the forgiveness amount of the PPP Loan.

12. 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.

13. RISKS AND UNCERTAINTIES

The current outbreak of a novel strain of coronavirus ("COVID-19") is significantly impacting businesses across the world. On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern". 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 in 2020. 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 have moved to fully or partially remote learning modalities in response to the Coronavirus. 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.

14. SUBSEQUENT EVENTS

PowerMyLearning has evaluated subsequent events occurring after the statement of financial position date through the date of December 30, 2020, 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.