

INSPIREDU, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

From Inception through
December 31, 2020

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HELTON/SCHUETZE

CERTIFIED PUBLIC ACCOUNTANTS, LLC

Lisa D. Helton, CPA
JoAnne D. Schuetze, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Inspiredu, Inc.

Opinion

We have audited the accompanying financial statements of Inspiredu, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inspiredu, Inc. as of December 31, 2020, and the changes in net assets and its cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inspiredu, 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 these 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 Inspiredu, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatement, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Inspiredu, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inspiredu, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Helton/Schuetze CPA, LLC

Roswell, Georgia
November 4, 2021

INSPIREDU, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	712,464
Contributions receivable		48,895
Inventory		151,705
Prepaid expenses		<u>12,313</u>

Total Current Assets		<u>925,377</u>
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TOTAL ASSETS	\$	<u><u>925,377</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	26,322
Accrued expenses		<u>4,792</u>

Total Current Liabilities		<u>31,114</u>
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TOTAL LIABILITIES		<u>31,114</u>
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COMMITMENTS AND CONTINGENCIES

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NET ASSETS

Without donor restrictions		894,263
With donor restrictions		<u>-</u>

TOTAL NET ASSETS		<u>894,263</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>925,377</u></u>
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See Independent Auditors' Report. The accompanying notes are an integral part of these financial statements.

INSPIREDU, INC.

STATEMENT OF ACTIVITIES

	<u>From Inception through December 31, 2020</u>		
	<u>Without</u>	<u>With Donor</u>	<u>Total</u>
	<u>Donor</u>	<u>Restrictions</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>
Support and revenues			
Contributions			
Cash	\$ 457,998	\$ -	\$ 457,998
In-kind doantions - computer hardware	544,660	-	544,660
Grants	476,650	31,000	507,650
Special events	266,889	-	266,889
Fee for services	91,796	-	91,796
Investment and other income	7	-	7
Total support and revenues	<u>1,838,000</u>	<u>31,000</u>	<u>1,869,000</u>
Functional expenses			
Program services	678,360	31,000	709,360
Supporting Services			
Management and general	115,674	-	115,674
Fundraising	149,703	-	149,703
Total Functional Expenses	<u>943,737</u>	<u>31,000</u>	<u>974,737</u>
CHANGE IN NET ASSETS	894,263	-	894,263
NET ASSETS, BEGINNING OF THE YEAR	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF THE YEAR	<u>\$ 894,263</u>	<u>\$ -</u>	<u>\$ 894,263</u>

See Independent Auditors' Report. The accompanying notes are an integral part of these financial statements.

INSPIREDU, INC.

STATEMENT OF FUNCTIONAL EXPENSES

From Inception through December 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and employee benefits	\$ 238,455	\$ 55,028	\$ 73,371	\$ 366,854
Special events	-	-	59,697	59,697
Supplies and postage	423,701	27,314	-	451,015
Rent and occupancy	31,224	7,139	9,518	47,881
Professional fees	-	18,279	-	18,279
Contractors	14,175	-	-	14,175
Marketing and advertising	-	-	7,117	7,117
Miscellaneous	1,805	3,099	-	4,904
Bank fees	-	3,044	-	3,044
Insurance	-	1,771	-	1,771
	<u>\$ 709,360</u>	<u>\$ 115,674</u>	<u>\$ 149,703</u>	<u>\$ 974,737</u>
Total Functional Expenses	<u>\$ 709,360</u>	<u>\$ 115,674</u>	<u>\$ 149,703</u>	<u>\$ 974,737</u>

See Independent Auditors' Report. The accompanying notes are an integral part of these financial statements.

INSPIREDU, INC.

STATEMENT OF CASH FLOWS

From Inception Through December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	\$ 894,263
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities	
Decrease (increase) in contributions receivable	(48,895)
Decrease (increase) in inventory	(151,705)
Decrease (increase) in prepaid expenses	(12,313)
Increase (decrease) in accounts payable	26,322
Increase (decrease) in accrued expenses	<u>4,792</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>712,464</u>
NET INCREASE (DECREASE) IN CASH	712,464
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 712,464</u></u>

See Independent Auditors' Report. The accompanying notes are an integral part of these financial statements.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS

From Inception Through December 31, 2020

A summary of Inspiredu, Inc.'s significant accounting policies applied in the preparation of the accompanying financial statements follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Inspriedu, Inc. (or the Organization) is an independent nonprofit organization founded in 2019 and commenced operations on June 30, 2020. The Organization's mission is to help underserved youth develop the skills needed for education and career success through technology-based learning tools and engagement activities with their families, communities, and schools. Inspiredu strives to amplify digital inclusions and promote educational equity for all learners around metro Atlanta and throughout the state of Georgia. The Organization was formerly known as Power My Learning-Greater Atlanta.

2. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net assets 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 Organization. These net assets may be used at the discretion of the Organization'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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization had no net assets with donor restrictions during 2020.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Cash and Cash Equivalents

The Company considers investments that have original maturity of three months or less, when purchased, to be cash equivalents. Cash equivalents also include amounts in transit from a third-party donor management company that accepts online contributions on behalf of the Organization. These are typically received within 3-5 days of contribution date. The organization has no cash equivalents as of December 31, 2020.

4. Revenue Recognition and Receivables

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.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. Revenue Recognition and Receivables - continued

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 expiring within the same year are classified as net assets without donor restriction.

Special events revenues are recognized when earned. Proceeds from ticket sales or event sponsorship received in advance are recorded as deferred revenues until the event occurs. The Organization received revenue from governments, corporations, foundations, schools, individuals, and special events.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

5. Inventory

Inventory consists of donated computers and devices that are refurbished and are valued at the lower of cost or net realizable value as of December 31, 2020.

6. Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, contributions receivable, prepaid expenses, accounts payable and accrued expenses, approximated their fair values due to the short-term nature of these financial instruments.

7. Advertising and Promotion

The Organization follows the policy of charging the costs of advertising and promotion to expense as incurred. Advertising expense was \$7,117 for the period ended December 31, 2020.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Use of 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 the reported amounts and disclosures. Actual results could differ from those estimates.

9. Income Tax Reporting

The Organization is a tax-exempt organization under the provisions of the Internal Revenue Code Section 501(c)(3). The Organization received its Section 501 (c)(3) determination letter from the Internal Revenue Service on February 21, 2020, and is classified as a public charity. Because of the tax-exempt status of the Organization, no provision for income taxes has been included in these financial statements. The Organization applies the guidance on accounting for uncertain tax provisions in FASB ASC 740 *Income Taxes* and is subject to income tax examinations for tax period ending December 31, 2020 generally three years after they were filed.

10. Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

11. Subsequent Events

The Organization evaluated subsequent events through November 4, 2021, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the issuance of this report that would have a material impact on the financial statements.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE B – AVAILABILITY AND LIQUIDITY

The Organization's financial assets at December 31, 2020 were \$712,464, and they are available to meet general expenditures over the next twelve months. The Organization's goal is generally to maintain financial assets to meet 180 days of operating expenses. Cash in excess of daily needs is held in a savings account.

NOTE C -GRANTS

The Organization was awarded grants from various contributors to support programs. Under the terms of these grants, the Organization is required to meet specific reporting requirements. The Organization received \$507,650 for grants during the period ended December 31, 2020.

NOTE D - CONTRIBUTED SERVICES AND EQUIPMENT

The Organization receives services, equipment and materials without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization did not record any in-kind contributions for donated services from unpaid volunteers who performed a variety of tasks that support the Organization's activities in the accompanying statement of activities for the period ended December 31, 2020 because the criteria for recognition has not been satisfied.

Equipment and materials and other noncash donations are recorded at cost or estimated fair value determined at the date of donation. For the period ended December 31, 2020, the Organization recorded donated computers and other electronic devices that totaled \$544,660, which is included in in-kind contributions in the statement of activities.

NOTE E – RETIREMENT PLAN

The organization sponsors a retirement plan under section 403(b) of the Internal Revenue Code for its employees. Employees may contribute funds up to legal limits. Employer contributions were \$6,408 for the period ended December 31, 2020.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE F – TRANSFER OF ASSETS FROM POWERMYLEARNING, INC.

PowerMyLearning, Inc. signed a Grant, Transfer and Assumption agreement with the Organization 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 the Organization 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. The Organization recorded the transfer of inventory at a net realizable value of \$392,955. This amount is included in the statement of activities as an in-kind donation.

NOTE G – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balance at local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to various limits depending on whether the account is interest bearing or not.

At December 31, 2020 the Organization's uninsured cash balance total was \$462,464. If the financial institution were not to honor their contractual liability, the Organization could incur losses. It is management's opinion that there is low risk because of the financial strength of the institution involved.

NOTE H – RELATED PARTY TRANSACTIONS

For the period ended December 31, 2020, included in support and revenues on the statements of activity are contribution revenue in the amount of \$36,707, received from board members (none of this amount was from in-kind donations). The 23-member Board is a working board and supports the Organization financially as well as through volunteer service.

NOTE I – CONTINGENCIES

The Organization is subject to certain contingent liabilities resulting from litigation, claims, and other commitments which arise in the ordinary course of business. Management believes that the probable resolution of such contingencies will not materially affect the financial position, results of operations, or cash flows of the Organization.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE J – DESCRIPTION OF LEASING ARRANGEMENTS

The Organization leases office space and various office equipment items under separate operating leases. Total expense for rental of space and equipment, under operating leases, was \$45,747 for the period ended December 31, 2020. These amounts are allocated between program expenses, management and general, and fundraising expenses in the statement of activities.

Future minimum annual rental commitments under operating leases at December 31, 2020 are as follows:

<u>Years Ending December 31,</u>	<u>Amounts</u>
2021	\$ 67,686
2022	69,710
2023	71,831
2024	73,977
2025	18,628
Thereafter	<u>-</u>
	<u>\$ 301,832</u>

NOTE K – EFFECTS OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions for its support. The ability of certain contributors to the Organization to continue giving may be dependent upon current and future overall economic conditions. While the Organization's board of directors believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent upon the above factors.

NOTE L – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The Organization paid \$-0- for interest and income taxes for the period ended December 31, 2020. Donated equipment was \$544,660 for the period ended December 31, 2020.

INSPIREDU, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

From Inception Through December 31, 2020

NOTE M – RECENTLY ISSUED ACCOUNTING STANDARDS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted, and must be applied using a modified retrospective approach.

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 and related disclosures.

During 2020 the Financial Accounting Standards Board issued several other updates to the Accounting Standards Codification which have been incorporated into the accounting records and financial statements of the Company.