

# **Powering Potential Inc.**

**Financial Statements  
Year Ended March 31, 2021**

# Powering Potential Inc.

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*March 31, 2021*

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**R.E. UMPHLETT CPA**

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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Powering Potential Inc.

I have reviewed the accompanying financial statements of Powering Potential Inc. which comprise the statement of financial position as of March 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

**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.

**Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Powering Potential Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

**Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

  
Robert E. Umphlett CPA

Baldwin, New York 11510

September 24, 2021

# Powering Potential Inc.

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## *Statements of Financial Position*

*March 31, 2021*

### *ASSETS*

Cash and cash equivalents	\$	66,334
Grant receivable		15,000
Fixed assets, net		184
Security deposit		<u>593</u>
Total Assets	\$	<u><u>82,111</u></u>

### *LIABILITIES AND NET ASSETS*

Accrued expenses	\$	1,220
Loan payable		1,000
Deferred income		<u>2,253</u>
Total Liabilities		<u>4,473</u>
Net Assets:		
Without donor restrictions		62,638
With donor restrictions		<u>15,000</u>
Total Net Assets		<u>77,638</u>
Total Liabilities and Net Assets	\$	<u><u>82,111</u></u>

The accompanying notes are an integral part of these financial statements.

## Powering Potential Inc.

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### *Statements of Activities* *Year Ended March 31, 2021*

	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b><i>Public support and revenue:</i></b>			
Contributions	\$ 147,340	\$ -	\$ 147,340
Grant Income	25,547	60,000	85,547
Interest Income	3	-	3
Net assets released from restrictions	<u>62,295</u>	<u>(62,295)</u>	<u>-</u>
Total Public Support and Revenue	<u>235,185</u>	<u>(2,295)</u>	<u>232,890</u>
<b><i>Expenditures:</i></b>			
Program services	173,525	-	173,525
Management and general	8,472	-	8,472
Fund raising	<u>8,590</u>	<u>-</u>	<u>8,590</u>
Total Expenditures	<u>190,587</u>	<u>-</u>	<u>190,587</u>
<b><i>Change in Net Assets</i></b>	<b>44,598</b>	<b>(2,295)</b>	<b>42,303</b>
<b><i>Total Net Assets, Beginning of Year</i></b>	<u>18,040</u>	<u>17,295</u>	<u>35,335</u>
<b><i>Total Net Assets, End of Year</i></b>	<u>\$ 62,638</u>	<u>\$ 15,000</u>	<u>\$ 77,638</u>

The accompanying notes are an integral part of these financial statements.

## Powering Potential Inc.

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### *Statements of Functional Expenses* *Year Ended March 31, 2021*

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 54,000	\$ 3,000	\$ 3,000	\$ 60,000
Employee benefits	2,824	157	157	3,138
Payroll taxes	4,170	232	232	4,634
Total salaries and related expenses	60,994	3,389	3,389	67,772
Software Engineers	71,000	2,000	3,960	76,960
Grant expense	23,547	-	-	23,547
Occupancy	4,188	233	233	4,654
Insurance expense	1,810	101	101	2,012
Accounting	-	1,250	-	1,250
Computer Equipment	5,816	-	-	5,816
Office supplies and expenses	5,595	629	907	7,131
Bank fees	-	670	-	670
Filing fees	-	200	-	200
Depreciation	575	-	-	575
<b><i>Total expenses</i></b>	<b>\$ 173,525</b>	<b>\$ 8,472</b>	<b>\$ 8,590</b>	<b>\$ 190,587</b>

The accompanying notes are an integral part of these financial statements.

## Powering Potential Inc.

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### *Statements of Cash Flows*

*Year Ended March 31, 2021*

#### *Cash flows from operating activities:*

Changes in net assets	\$	42,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		574
Increase (decrease) in:		
Accrued expenses		575
Loan payable		1,000
Deferred income		<u>(7,921)</u>
Net cash provided by operating activities		<u>36,531</u>

#### *Cash flows from investing activities:*

None		<u>-</u>
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#### *Cash flows from financing activities:*

None		<u>-</u>
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Net increase in cash and cash equivalents		36,531
Cash and cash equivalents, beginning of year		<u>29,803</u>
Cash and cash equivalents, end of year	\$	<u><u>66,334</u></u>

#### *Supplemental Disclosures of Cash Flow Information:*

None

# Powering Potential Inc.

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## *Notes to Financial Statements*

*Year Ended March 31, 2021*

### 1. Description of Organization

Powering Potential Inc. (“PPI”) is a 501(c)(3) non-profit organization that enhances education by installing solar-powered computers, digital libraries and providing training in remote villages in Tanzania and the Peruvian Amazon.

### 2. Summary of Significant Accounting Policies

#### **General**

The financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America. In the statement of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are presented according to their maturity resulting in the use of cash.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

As of March 31, 2021, there were no net assets with board restrictions.

*Net Assets With Donor Restrictions* – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

#### **Cash and Cash Equivalents**

PPI considers all highly liquid financial instruments with maturity dates of three months or less from the date purchased to be cash equivalents, excluding assets whose use is restricted by donors. There were no uninsured cash balances as of March 31, 2021.

#### **Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

#### **Fixed Assets**

Fixed assets are stated at cost, or if donated, at fair market value as of the date of the gift. The cost of fixed assets is depreciated over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Website	3
Equipment	5



## Powering Potential Inc.

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### 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Income Taxes

PPI was incorporated in the State of New York and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, PPI has been determined by the Internal Revenue Service (“IRS”) not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended March 31, 2021. PPI is no longer subject to audits by the applicable taxing jurisdictions for the periods prior to 2018.

### Gifts-in-Kind and Contributed Services

The Organization records various types of contributions in-kind. Contributed services are recognized at the fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as gifts-in-kind and contributed services are offset by like amounts included in expenses or additions to property and equipment. The fair value of donated specialized services included as contributions and program expenses totaled \$71,000 for the year ended March 31, 2021.

### Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on an individual basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time spent by employees and other allocated expenses.

### Liquidity and Availability

PPI’s financial assets available within one year of the statement of financial position date for general and operational expenditures are as follows:

#### Financial assets:

Cash and cash equivalents	\$ 66,334
Grant receivable	<u>15,000</u>

Financial assets available at year-end 81,334

#### Less:

Amounts unavailable for general expenditures within one year due to:

Restricted by donors with time restriction	<u>(15,000)</u>
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Total financial assets available to management for general and operational expenditures within one year \$ 66,334

## Powering Potential Inc.

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### 3. Fixed Assets, Net

Fixed assets, net, stated at cost, consists of the following at March 31, 2021

Computer equipment	\$ 550
Website	<u>2,090</u>
Total fixed assets	2640
Less: accumulated depreciation and amortization	<u>(2,456)</u>
Fixed assets, net	<u>\$ 184</u>

### 4. Net Assets With Donor Restrictions

Net assets with donor restrictions as of March 31, 2021, are restricted for the following purposes or periods as follows:

Donor restricted subject to expenditure for specified purpose or time:

Donor imposed time restrictions	\$15,000
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### 5. Paycheck Protection Program

On June 1, 2020, PPI entered into a loan agreement with Newtek Small Business Finance, LLC for a loan of \$13,900 pursuant to the Payroll Protection Program (“PPP”) under the CARES Act. This loan is evidenced by a promissory note dated June 1, 2020 and matures two years from the disbursement date. This loan bears interest at a rate of 1.00% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing one year after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. This loan contains customary events of default relating to, among other things, payment defaults or breaches of the terms of the loan. Upon the occurrence of an event of default, the lender may require immediate repayment of all amounts outstanding under the note.

On January 27, 2021, PPI entered into a second loan agreement with Newtek Small Business Finance, LLC for a loan of \$13,900 with the same terms as the first loan.

Under the terms of the PPP, up to the entire amount of principal and accrued interest may be forgiven to the extent loan proceeds are used for qualifying expenses as described in the CARES Act and applicable implementing guidance issued by the U.S. Small Business Administration under the PPP, less any grants received for the COVID-19 Economic Injury Disaster Loan. The Organization intends to use the entire loan amount for designated qualifying expenses and to apply for forgiveness in accordance with the terms of the PPP. Qualifying expenses include payroll and certain benefits, occupancy and utility costs.

PPI has accounted for the loan proceeds in accordance with ASC 958-605 and considered the loan a conditional contribution which will be forgiven once certain requirements are met. Based on qualifying expenses incurred as of March 21, 2021, the amount eligible for forgiveness amounted to \$24,547, and is included in grants income. The remaining balance of loan proceeds that qualifying expenses have not been incurred as of March 31, 2021 totaled \$2,253 and is included in deferred income. The outstanding balance not eligible for forgiveness totaled \$1,000, and is included in loan payable.

PPI was notified on July 8, 2021 that the June 1, 2020 loan agreement was partially forgiven and the remaining loan balance was paid in full on July 14, 2021. PPI was notified on August 31, 2021 that the January 27, 2021 agreement was fully forgiven.

## **Powering Potential Inc.**

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### **6. Concentrations**

A significant portion of PPI's grants and contributions consist of amounts from various donors. As of March 31, 2021, approximately 33% of total of total public support and revenue is from one donor.

### **7. Subsequent Events**

PPI has evaluated subsequent events through September 24, 2021, the date the financial statements were available for issuance.