

POWERING POTENTIAL INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
MARCH 31, 2016

POWERING POTENTIAL INC.
(A NONPROFIT ORGANIZATION)

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Powering Potential, Inc.
New York, NY 10023

We have reviewed the accompanying financial statements of Powering Potential, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2016, and the related statements of activities and changes in net assets, 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 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 we 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

Our responsibility is to conduct the review 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

A handwritten signature in cursive script that reads 'Gallo & Company CPA'S LLP'.

Gallo & Company, CPA's LLP
Jericho, New York
November 2, 2016

POWERING POTENTIAL INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

ASSETS

Current Assets:

Cash	\$ 16,567
Cash - Pi-oneer Project	70,710
Accounts Receivable	1,480
Grant Receivable	15,000
Prepaid Expenses	<u>19,786</u>
Total Current Assets	<u>123,543</u>

Other Assets:

Security Deposit	<u>593</u>
Total Other Assets	<u>593</u>

Total Assets	<u><u>\$ 124,136</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued Expenses	<u>\$ 6,373</u>
Total Current Liabilities	<u>6,373</u>

Net Assets:

Unrestricted	47,053
Temporarily Restricted	<u>70,710</u>
Total Net Assets	<u>117,763</u>
Total Liabilities and Net Assets	<u><u>\$ 124,136</u></u>

"See accompanying notes and independent accountant's review report."

POWERING POTENTIAL INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<i>Revenue and Support:</i>				
Contributions - Individuals/Other	\$ 31,836	\$ -	\$ -	\$ 31,836
Grant Income	152,456	112,000	-	264,456
Contributions in Kind	47,238	-	-	47,238
Net Assets Released from Restrictions	41,305	(41,305)	-	-
Interest Income	-	15	-	15
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue and Support	272,835	70,710	-	343,545
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Expenditures:</i>				
Program Services	188,078	-	-	188,078
Fundraising Costs	19,301	-	-	19,301
General and Administrative	18,403	-	-	18,403
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	225,782	-	-	225,782
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Increase in Net Assets</i>	47,053	70,710	-	117,763
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Assets, Beginning of Year</i>	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net Assets, End of Year</i>	<u>\$ 47,053</u>	<u>\$ 70,710</u>	<u>\$ -</u>	<u>\$ 117,763</u>

"See accompanying notes and independent accountant's review report."

POWERING POTENTIAL INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2016

	Program Services	Fundraising Costs	General and Administrative	Total
<i>Expenditures:</i>				
Salaries - Officer	\$ 81,000	\$ 4,500	\$ 4,500	90,000
Software Engineers	43,398	1,920	1,920	47,238
Solar Equipment	12,808	-	-	12,808
Computer Equipment	10,074	-	-	10,074
Professional Fees - Legal and Accounting	2,146	2,146	5,457	9,749
Outside Consultants - Fundraising	1,542	6,088	-	7,630
Outside Consultants - Tanzania	6,856	148	-	7,004
Travel	6,072	678	-	6,750
Payroll Taxes	5,160	467	467	6,094
Stationary, Office, and Postage	4,229	243	625	5,097
Rent Expense	4,527	252	252	5,031
Bank and Fiscal Sponsor Fees	-	-	3,827	3,827
Employee Benefits	2,430	135	135	2,700
Insurance Expense	2,402	133	133	2,668
Advertising and Social Media	-	2,315	-	2,315
Outside Consultants - U.S.	2,285	-	-	2,285
Telephone and Internet Access	1,061	59	59	1,179
Conferences and Meetings	977	164	-	1,141
Payroll Processing Fees	949	53	53	1,055
Filing Fees	-	-	975	975
Staff Development	162	-	-	162
<i>Total Expenditures:</i>	<u><u>\$ 188,078</u></u>	<u><u>\$ 19,301</u></u>	<u><u>\$ 18,403</u></u>	<u><u>\$ 225,782</u></u>

"See accompanying notes and independent accountant's review report."

POWERING POTENTIAL INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2016

Cash Flows From Operating Activities:

Increase (Decrease) in Net Assets	\$ 117,763
Adjustments To Reconcile Net Assets To Net Cash (Increase) or Decrease in Operating Assets:	
Accounts Receivable	(1,480)
Grant Receivable	60,000
Prepaid Expenses	(19,750)
Increase or (Decrease) in Operating Liabilities:	
Deferred Revenue	(187,000)
Other Current Liabilities	(50)
Accrued Expenses	6,372
	<hr/>
Net Cash Provided By (Used For) Operating Activities	<hr/> (24,145)

Cash Flows From Investing Activities:

Security Deposit	<hr/> (593)
	<hr/>
Net Cash Provided By (Used For) Investing Activities	<hr/> (593)

Cash Flows From Financing Activities:

None	<hr/> -
	<hr/>
Net Cash Provided By (Used For) Financing Activities	<hr/> -
	<hr/>
Net Increase (Decrease) in Cash	(24,738)
	<hr/>
Cash at Beginning of Year	112,015
	<hr/>
Cash at End of Year	<hr/> \$ 87,277

Supplemental Disclosures of Cash Flow Information:

None

"See accompanying notes and independent accountant's review report."

POWERING POTENTIAL INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

A) Nature of Operations

Powering Potential Inc. (the "Organization") was incorporated in the state of New York in 2015. The Organization's primary purpose is to use technology to enhance education and stimulate imagination of students in Tanzania while respecting and incorporating values of the local culture, especially cooperation over competition, community over the individual, modesty over pride, and spirituality over materiality.

B) Tax Status

The Organization is a nonprofit organization with an application pending for recognition of exemption under Section 501(c)(3) of the U.S. Internal Revenue Code. Subsequently, the Internal Revenue Service approved exemption under Section 501(c)(3) of the U.S. Internal Revenue Code on June 15, 2016.

C) Method of Accounting

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

D) Basis of Presentation

The net assets and revenues, gains and losses of the Organization are classified for accounting and reporting purposes in three classes of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met by actions of the Organization and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

POWERING POTENTIAL INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

(continued)

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES – (continued)

E) Accounts Receivable and Grant Receivable

Accounts receivable and grant receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances, that are still outstanding after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to accounts receivable or grant receivable. Based upon historical collection statistics, management expects to collect one hundred percent (100%) of the outstanding grant receivable balance. As such, a provision for bad debts was deemed unnecessary.

F) Revenue Recognition

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received or promised. Conditional contributions are recorded when the conditions have been substantially been met. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Revenue from grants are generally reported as unrestricted.

G) Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the accompanying statement of activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among program services, fundraising costs and general and administrative services in reasonable ratios determined by management.

H) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

POWERING POTENTIAL INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

(continued)

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES – (continued)

I) Accounting for Uncertainty in Income Taxes

The Organization follows the provisions of Accounting Standards Codification (“ASC”) 740. ASC 740-10 clarifies the accounting for uncertainty in income taxes and recognition for tax positions taken or expected to be taken in its income tax returns. In evaluating the Organization's tax provisions and accruals, future taxable income, the reversal of temporary differences, and tax planning strategies are considered. For tax benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The Organization is exempt from federal income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code. However, the Organization may be subject to tax on income unrelated to its exempt purpose, unless income is otherwise excluded by the Internal Revenue Code. The Organization recognizes interest and penalties, if any, relating to unrecognized income tax benefits in interest expense. The Organization has determined that there are no uncertain tax positions that require recognition or disclosure in the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, tax authorities can examine tax returns filed for the last three years.

J) Contributed Materials and Services

Donated materials are recorded at their fair value at the date of the gift.

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance nonfinancial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation.

K) Advertising and Social Media

The Organization follows the policy of charging the costs of marketing, advertising, and promotion to expense. These costs primarily consist of printed materials and marketing services to promote the Organization. For the year ended March 31, 2016, marketing, advertising and promotion expense totaled \$2,315.

L) Cash – Pi-oneer Project

This cash represents contributions that have been designated by the donors for the Pi-oneer project. The Pi-oneer is an innovative teaching tool consisting of a Raspberry Pi computer with RACHEL offline educational content that includes Khan Academy videos, as well as a mobile projector and a solar recharging unit.

POWERING POTENTIAL INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

(continued)

M) Date of Management's Review

Management has evaluated subsequent events through November 2, 2016, the date on which the financial statements were available to be issued.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of pledged contributions that are purpose-restricted, and are recorded as temporarily restricted. The purpose of the contributions are to fund the Pi-oneer Project, an innovative teaching tool consisting of a Raspberry Pi computer with RACHEL offline educational content that includes Khan Academy videos, as well as a mobile projector and a solar recharging unit.

Total purpose-restricted pledges that were donated to the Organization (plus interest income earned) during the year ended March 31, 2016 totaled \$112,016.

For the year ended March 31, 2016, \$41,035 was released from donor restrictions.

Temporarily restricted net assets at March 31, 2016 consist of the following:

	<u>2016</u>
Cash - Restricted for Pi-oneer Project	<u><u>\$ 70,710</u></u>

NOTE 3 - CONCENTRATIONS OF CREDIT RISK - FEDERALLY UNINSURED CASH

The Organization's cash is kept in several banks. The Organization has exposure to credit risk to the extent its cash exceeds the amounts covered by federal deposit insurance. For the year ended March 31, 2016, the amount covered by federal deposit insurance is \$250,000.

As of March 31, 2016, there were no amounts in excess of the federal deposit insurance.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Organization received substantial contributions from an entity related through common management. The total contributions from the related entity for the year ended March 31, 2016 totaled \$71,074.

POWERING POTENTIAL INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

(continued)

NOTE 5 - MAJOR SOURCES OF SUPPORT

For the year ended March 31, 2016, approximately seventy five percent (75%) of the Organization's support came from three donors, who contributed \$258,074 for the year ended March 31, 2016. See Note 4 for related party contributions, which is included in the major support for the year.

NOTE 6 - CONTRIBUTIONS IN KIND

Certain services were donated for the benefit of the Organization. The value of these donated services that are included in the financial statements for the years ended March 31, 2016, totaled \$47,238.