Digital Promise Global

DIGITAL PROMISE GLOBAL

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

DIGITAL PROMISE GLOBAL

TABLE OF CONTENTS
DECEMBER 31, 2022

CENTERED ON YOUR SUCCESS

7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

Independent Auditor's Report

Board of Directors
Digital Promise Global
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Digital Promise Global (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Emphasis of Matter

As discussed in Note 3 of the financial statements, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* Our opinion is not modified with respect to this matter.

In addition, as discussed in Note 3 of the financial statements, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958).* Our opinion is not modified with respect to this matter.

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.

Responsibilities of Management for the Financial Statements (Continued)

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 the Organization's ability to continue as a going concern within 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 generally accepted auditing standards 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 generally accepted auditing standards 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 the Organization'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 the Organization'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial

Supplementary Information (Continued)

statements. Such information is the responsibility of management and was derived from and relates 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is 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 September 26, 2023, on our consideration of the Organization'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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
September 26, 2023

Certified Public Accountants

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2021)

	2022	2021
Assets		
Cash	**$ 3,435,692**	$ 3,313,412
Investments	**114,958,885**	104,201,650
Accounts Receivable (Net of Allowance for Doubtful Accounts of Approximately $62,000 and $63,000 in 2022 and 2021, Respectively)	**1,225,457**	765,985
Unbilled Receivables	**-**	60,000
Grants Receivable, Net	**9,328,187**	8,126,346
Contributions Receivable (Net of Allowance for Doubtful Accounts of Approximately $93,000 and $29,000 in 2022 and 2021, Respectively)	**381,827**	200,818
Federal Awards Receivable	**1,432,685**	1,254,989
Prepaid Expenses and Other Assets	**5,024,341**	5,152,244
Operating Right-of-Use Assets	**1,878,611**	-
Fixed Assets, Net	**512,815**	653,176
Total Assets	**$138,178,500**	$ 123,728,620
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 1,765,598**	$ 917,017
Accrued Expenses	**2,795,690**	6,191,090
Refundable Advances	**84,794,412**	87,012,303
Deferred Rent	**-**	56,144
Deferred Revenue	**346,187**	565,556
Operating Lease Liabilities	**1,958,530**	-
Total Liabilities	**91,660,417**	94,742,110
Net Assets		
Without Donor Restrictions	**30,930,137**	12,621,020
With Donor Restrictions	**15,587,946**	16,365,490
Total Net Assets	**46,518,083**	28,986,510
Total Liabilities and Net Assets	**$138,178,500**	$ 123,728,620

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	**2022 Total**	2021 Total
Revenues and Support				
Grants	$ -	$ 44,950,202	**$ 44,950,202**	$ 73,294,342
Contributions	20,257,448	396,580	**20,654,028**	2,441,764
Federal Award Income	-	3,835,742	**3,835,742**	5,574,984
Donated Legal and Professional Fees	108,441	-	**108,441**	268,993
Donated Devices	-	178,070	**178,070**	4,060,003
Donated Data Plans	-	107,682,047	**107,682,047**	91,960,911
Educational Services Income	4,439,217	-	**4,439,217**	3,794,495
Investment Income	1,266,262	-	**1,266,262**	122,346
Net Assets Released from Restrictions	158,879,899	(158,879,899)	**-**	-
Total Revenues and Support	184,951,267	(1,837,258)	**183,114,009**	181,517,838
Expenses				
Program Services	162,542,224	-	**162,542,224**	166,052,949
General and Administrative	3,752,008	-	**3,752,008**	3,248,686
Fundraising	374,633	-	**374,633**	414,971
Total Expenses	166,668,865	-	**166,668,865**	169,716,606
Change in Net Assets	18,282,402	(1,837,258)	**16,445,144**	11,801,232
Inherent Contribution	26,715	1,059,714	**1,086,429**	-
Net Assets, Beginning of Year	12,621,020	16,365,490	**28,986,510**	17,185,278
Net Assets, End of Year	$ 30,930,137	$ 15,587,946	**$ 46,518,083**	$ 28,986,510

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	Center for Inclusive Innovation	Digital Equity	Global Networks and Applications	Learning Sciences Research	Powerful Learning	Total Program Services	General and Administrative	Fundraising	**2022 Total**	2021 Total
Salaries	$ 1,700,717	$ 5,937,463	$ 1,916,083	$ 2,671,100	$ 4,323,684	$ 16,549,047	$ 1,629,387	$ 280,659	**$ 18,459,093**	$ 15,493,556
Payroll Taxes and Benefits	324,464	1,058,050	357,115	488,500	772,447	3,000,576	652,742	51,945	**3,705,263**	3,038,001
Consultants	1,211,366	653,396	689,915	503,395	615,481	3,673,553	182,500	31,475	**3,887,528**	3,049,492
Donated Devices	-	50,986	-	-	-	50,986	-	-	**50,986**	4,060,003
Donated Data Plans	-	107,527,048	154,999	-	-	107,682,047	-	-	**107,682,047**	91,960,911
Web Expenses	784	1,103	24,332	3,795	51,770	81,784	-	-	**81,784**	232,357
Legal and Professional Fees	628	11	14,562	8	2,629	17,838	74,736	-	**92,574**	115,067
Donated Legal and Professional Fees	2,123	94,823	2,565	2,968	3,899	106,378	1,872	192	**108,442**	268,993
Travel and Travel Stipends	137,681	304,290	252,817	133,752	188,809	1,017,349	29,176	3,549	**1,050,074**	135,458
Convenings	218,059	477,142	1,197,555	18,255	68,397	1,979,408	3,244	516	**1,983,168**	588,439
Production/Dissemination	11,112	82,113	54,671	4,252	111,038	263,186	-	38	**263,224**	316,236
Accounting Services	-	-	-	-	-	-	95,575	-	**95,575**	71,495
Office Supplies	17,894	50,031	16,926	9,934	18,970	113,755	32,040	5	**145,800**	107,417
Taxes and Other Admin Fees	-	45	232	-	1,832	2,109	27,443	-	**29,552**	3,491
Insurance	2,183	-	-	-	1,219	3,402	87,504	-	**90,906**	50,956
Postage and Delivery and Shipping	531	4,146	1,079	609	2,857	9,222	6,489	117	**15,828**	18,286
Office Phone/Internet/Web	-	-	16	-	-	16	161,515	-	**161,531**	141,428
Non-Capital Office Equipment	-	217,160	18,775	13,788	50,466	300,189	198,788	-	**498,977**	782,437
Depreciation and Amortization	14,728	42,121	14,553	1,333	262,339	335,074	70,109	-	**405,183**	343,905
Recruiting Costs	-	-	250	-	82	332	42,998	-	**43,330**	41,397
Dues, Subscriptions, and Licenses	21,567	911,721	82,506	71,457	80,947	1,168,198	335,396	489	**1,504,083**	1,357,704
Registration Fees	9,939	10,500	69,044	25,423	22,482	137,388	25,303	-	**162,691**	36,811
Operating Lease Expense	29,754	103,875	33,521	46,730	75,642	289,522	28,506	4,910	**322,938**	-
Office Rent	4,470	15,605	5,036	7,020	21,301	53,432	4,282	738	**58,452**	341,546
Subaward	110,000	-	132,020	1,133,169	102,500	1,477,689	-	-	**1,477,689**	3,336,487
Site Payments	-	5,514,659	-	-	-	5,514,659	-	-	**5,514,659**	11,348,341
Unallowable Costs	-	-	-	-	-	-	-	-	**-**	8,132
Federal Participant Support Costs	3,684	-	-	55,770	380	59,834	-	-	**59,834**	42,928
Uncollectible Accounts Expense	-	-	-	-	-	-	62,403	-	**62,403**	26,080
Device Costs	-	18,654,810	441	-	-	18,655,251	-	-	**18,655,251**	32,399,252
Total Expenses	$ 3,821,684	$ 141,711,098	$ 5,039,013	$ 5,191,258	$ 6,779,171	$ 162,542,224	$ 3,752,008	$ 374,633	**$ 166,668,865**	$ 169,716,606

See accompanying Notes to Financial Statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021)

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	**$ 16,445,144**	$ 11,801,232
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	**405,185**	343,905
Gain on Early Lease Termination	**(36,942)**	-
Loss (Gain) on Investments	**238,953**	(22,586)
Operating Lease Expense	**322,938**	-
(Increase) Decrease in Assets		
Accounts Receivable, Net	**(459,472)**	127,298
Unbilled Receivables	**60,000**	159,293
Grants Receivable, Net	**(1,201,841)**	(5,387,755)
Contributions Receivable, Net	**(181,009)**	9,732
Federal Awards Receivable	**(177,696)**	74,741
Prepaid Expenses and Other Assets	**127,903**	(2,553,449)
Increase (Decrease) in Liabilities		
Accounts Payable	**848,581**	33,630
Accrued Expenses	**(3,395,400)**	1,240,330
Refundable Advances	**(2,217,891)**	(24,363,942)
Deferred Rent	**-**	(19,066)
Operating Lease Liabilities	**(262,221)**	-
Deferred Revenue	**(219,369)**	(19,604)
Net Cash Provided by (Used in) Operating Activities	**10,296,863**	(18,576,241)
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	**93,687,122**	63,730,065
Purchases of Investments	**(104,683,310)**	(43,820,349)
Inherent Contribution	**1,086,429**	-
Purchases of Fixed Assets	**(264,824)**	(357,366)
Net Cash (Used in) Provided by Investing Activities	**(10,174,583)**	19,552,350
Net Increase in Cash	**122,280**	976,109
Cash, Beginning of Year	**3,313,412**	2,337,303
Cash, End of Year	**$ 3,435,692**	$ 3,313,412
Noncash Transactions from Investing and Financing Activities		
Cash Paid for Amounts Included in Measurement		
of Lease Liabilities from Operating Leases	**$ 2,003,930**	$ -
Operating Right-of-Use Asset Obtained in		
Exchange for New Operating Lease Liability	**2,003,930**	-
Establishment of Operating Right-of-Use Assets	**439,999**	-
Establishment of Operating Lease Liabilities	**496,143**	-

See accompanying Notes to Financial Statements.

1. ORGANIZATION

Digital Promise Global (the Organization) was incorporated in October 2013 in the District of Columbia. The Organization is a global nonprofit working to expand opportunity for every learner. The Organization works with educators, researchers, technology leaders, and communities to design, investigate, and scale innovations that support learners, especially those who have been historically and systematically excluded. Our vision is that every person engages in powerful learning experiences that lead to a life of well-being, fulfillment, and economic mobility.

The Organization's activities are funded primarily through philanthropic grants, federal research awards, and educational services contracts. The Organization's major programs are:

Center for Inclusive Innovation: The Organization's Center for Inclusive Innovation reimagines education research and development (R&D) by resourcing the creative ingenuity of communities working in partnership with school districts to create equitable powerful learning opportunities for students furthest from opportunity.

Digital Equity: The Organization is committed to advancing digital equity for all learners, especially those who have been historically and systematically excluded. For over a decade, the Organization's work has advanced Digital equity by addressing accessibility, affordability, and adoption of technology tools and skills.

Powerful Learning: Powerful Learning is a set of principles guiding educators to design learning experiences that engage the hearts and minds of learners. The Organization works with educators and students to provide powerful learning opportunities for students to deeply engage in their learning.

Learning Sciences Research: Learning Sciences Research focuses on the why, what, and how of learning, in and out of school. By partnering with educators to study and design new learning approaches, resources, and policies, the Organization makes learning better.

Global Networks and Application: Through the power of people-driven global networks, the Organization takes on big challenges in education by understanding what educators face each day and how technology and the latest learning sciences research can help meet those challenges. Connecting, convening, and collaborating with the most innovative educators and leaders on shared goals helps the Organization's work move from vision to reality.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Cash

Cash includes demand deposits at commercial banks.

Investments

Investments includes bank deposits and mutual funds, valued based on quoted prices for identical assets on national exchanges, and brokered certificates of deposit, valued based on broker quotes using readily available pricing sources for comparable investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of amounts due for educational services that have not been collected as of year-end. Allowances for doubtful accounts are established for receivables that are considered uncollectible based on periodic reviews by management.

Grants Receivable and Contributions Receivable

Grants receivable and contributions receivable are recorded at their net realizable value. Receivables due over multiple years are discounted to their net present value using the applicable interest rate, which considers market and credit risk. Reserves are established for receivables that are considered uncollectible based on periodic reviews by management. Allowances for doubtful accounts are established for receivables that are considered uncollectible based on periodic reviews by management.

Federal Awards Receivable

Federal awards receivables consist of amounts due from federal grants. The management of the Organization reviews the collectability of the receivables on a regular basis. Management believes all amounts are fully collectable and, therefore, no allowance for doubtful accounts is necessary.

Right-of-Use Assets and Lease Liabilities

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating lease liabilities are initially measured at the present value of minimum lease payments using a risk-free discount rate that approximates the remaining term of the lease. The operating right-of-use assets are the lease liabilities adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's right-of-use assets and lease liabilities. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, the Organization does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

The Organization capitalizes all fixed asset acquisitions of $5,000 and above. Fixed assets are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years, with no salvage value. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over the estimated useful life of three years. Maintenance and repairs, including planned major maintenance activities, are charged to expense when incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and benefits, among others. These expenses are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are presented accordingly.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. The Organization is exempt from the payment of taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2022, for net unrelated business income.

Accounting for Uncertain Tax Positions

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its financial statements include, or reflect, any uncertain tax positions. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, is generally subject to examination by the taxing authorities for three years after filing.

Donated Goods and Services

Donated goods and services are recorded at fair value when an unconditional commitment is received and are recognized as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial 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. The value of such services is recorded based on the estimated fair value of services provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Revenue and Contributions Revenue

The Organization reports unconditional grants and contributions as net assets without donor restrictions and available for general operations, unless specifically restricted by the donor. Unconditional grants and contributions received with donor stipulations that limit the use of the donated funds for a particular purpose or for a specific period of time are reported as net assets with donor restrictions. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional grants and contributions are not recorded as revenue until the related conditions have been satisfied. Amounts received for conditional grants are recorded as refundable advances until the conditions have been met.

Educational Services Income

The Organization provides educational services chiefly in four capacities: (1) research-based services, (2) microcredential development and hosting, (3) professional learning and (4) fellows program. Research-based activities are delivered to various providers along the education spectrum (e.g. school districts, universities, and other nonprofit organizations); microcredentialing activities are provided to many of the same types of customers as research-based but may also include employers or workforce development providers seeking to provide skills training for their stakeholders; professional learning activities are provided to educators in the United States and around the globe to design powerful learning opportunities; and the fellows program seeks to align the Organization’s work with that of other organizations working towards similar goals.

Educational services income is recognized at the point in time that the Organization completes contract performance obligations or over time as contracted services are consumed by the customer or using an estimate of costs incurred as management believes these are representative of deliverables. Amounts received in advance are recorded as deferred revenue.

Federal Award Income

Revenue from federal grants is recognized when unconditional, on the basis of allowable costs.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Prior Year Information

The financial statements include certain prior year summarized comparative totals as of and for the year ended December 31, 2021. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2021, from which the summarized information was derived.

3. ADOPTION OF ACCOUNTING STANDARD UPDATES

Accounting Standard Update 2016-02

During the year ended December 31, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842),* which supersedes the leasing guidance in *Topic 840.* The Organization also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities.* The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted *Leases (Topic 842)* effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, operating right-of-use assets and lease liabilities totaling approximately $440,000 and $496,000, respectively, was recognized as of January 1, 2022, or the commencement date of the operating lease, whichever was later. Existing deferred rent of approximately $56,000 as of January 1, 2022, is included as a reduction to the initial measurement of the right-of-use assets for the operating leases.

Accounting Standard Update 2020-07

During the year ended December 31, 2022, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958).* This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofits through enhancements to presentation and disclosure. Specifically, the ASU addresses the lack of transparency surrounding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in programs and other activities. Management believes that the adoption of this ASU enhances the transparency of financial information among nonprofit entities. The change in accounting principle was applied on a retrospective basis. The impact of adoption was not material to the financial statements, however, the presentation and disclosure of contributed nonfinancial assets has been enhanced.

4. LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows have seasonal variations due to the timing of grants, contributions, program revenues, and vendor payments. The Organization has long-term and short-term investment policies to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due, and to provide an annual targeted return on assets. As part of its liquidity management, the Organization invests cash in excess of expected requirements in short-term certificates of deposit, money market funds, and other investments. Although the

4. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

Organization does not intend to use these investments in the short-term, they are available for use to meet cash needs for general expenditures. The financial assets include refundable advances of approximately $85 million related to a specific project.

As of December 31, 2022, the following financial assets and liquidity sources are available for general operating expenditures in the year ending December 31, 2023:

Cash	$ 3,435,692
Investments Available for Operating Purposes	113,458,330
Accounts Receivable, Net	1,225,457
Grants Receivable, Current Portion	5,607,259
Contributions Receivable, Net	381,827
Federal Awards Receivable	1,432,685
Less Amounts Restricted by Donors for Purpose	(15,120,666)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	$ 110,420,584

5. CONTINGENCY FOR FEDERAL AWARD INCOME

The Organization receives revenues from federal government grants, contracts, and sub-awards. The ultimate determination of amounts received under these programs is generally based upon allowable costs, which are subject to audit. Management believes that adjustments, if any, arising from such audits, will not have a material effect on the financial statements.

6. GRANTS RECEIVABLE AND CONTRIBUTIONS RECEIVABLE, NET

Grants receivable is discounted between 3.99% and 4.41% as of December 31, 2022, using rates that considers market and credit risk.

Grants receivable as of December 31, 2022, is summarized below:

Due in Less than One Year	$ 5,607,259
Due in One to Five Years	4,008,626
	9,615,885
Less Discount to Present Value	(287,698)
Total Grants Receivable, Net	$ 9,328,187

Contributions receivable are all due within one year.

7. FIXED ASSETS, NET

At December 31, 2022, the Organization's fixed assets consisted of the following:

Website	$ 2,767,827
Software	98,730
Equipment	47,360
Less Accumulated Depreciation and Amortization	(2,401,102)
Fixed Assets, Net	$ 512,815

8. CONCENTRATIONS

The Organization maintains a cash balance at a financial institution in the Washington, D.C. metropolitan area. This account is insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balance exceeded the FDIC insurance amount. Management believes the risk in these situations to be minimal.

The Organization invests in professionally managed portfolios that contain mutual funds and fixed income instruments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements. Investments in one financial institution's investment products comprised 69% of total assets at December 31, 2022.

As of December 31, 2022, approximately 61% of receivables were due from two entities, and approximately 79% of revenue for the year ended December 31, 2022, was from one entity.

9. DONATED GOODS AND SERVICES

For the year ended December 31, 2022, the Organization received donated devices, data plans, and legal and professional fees, which have been allocated among programs, general and administrative, and fundraising expenses. The value of donated goods and services is based on current market rates for similar devices, data plans, and legal and professional services. The Organization provides the data plans and devices to various schools.

Donated goods and services consisted of the following amounts for the year ended December 31, 2022:

	Center for Inclusive Innovation	Digital Equity	Global Networks and Applications	Learning Sciences Research	Powerful Learning	General and Administrative	Fundraising	Total
Donated Devices	$ -	$ 50,986	$ -	$ -	$ -	$ -	$ -	$ 50,986
Donated Data Plans	-	107,527,048	154,999	-	-	-	-	107,682,047
Legal and Professional Fees	2,123	94,823	2,565	2,968	3,899	1,872	192	108,442
	$ 2,123	$ 107,672,857	$ 157,564	$ 2,968	$ 3,899	$ 1,872	$ 192	$ 107,841,475

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes as of December 31, 2022:

Powerful Learning	$ 4,497,243
Learning Sciences Research	6,596,894
Center for Inclusive Innovation	2,458,762
Global Networks and Applications	1,126,359
Digital Equity	441,408
Timing	467,280
Total Net Assets With Donor Restrictions	$ 15,587,946

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Amounts released from net assets with donor restrictions during the year ended December 31, 2022, were:

Powerful Learning	$ 5,345,786
Learning Experience and Design	56,501
Learning Sciences Research	1,178,861
Center for Inclusive Innovation	2,286,106
Global Networks and Applications	1,531,868
Digital Equity	144,495,234
Federal Awards	3,835,743
Timing	149,800
Total Amounts Released from Restrictions	$ 158,879,899

11. OPERATING LEASES

The Organization has a non-cancelable lease for office space in Washington, D.C., through April 2029. The lease provides for annual rent escalations and the payment of operating expenses. The lease also provides for five months of fully abated rent and options to extend the lease term or terminate the lease early in April 2027. Neither option is considered reasonably certain to be exercised for the calculation of the related right-of-use asset and lease liability, which are presented in the statement of financial position as of December 31, 2022.

The Organization also has a non-cancelable lease for office space in San Mateo, California, through July 2027. The lease provides for annual rent escalations and the payment of operating expenses. The lease also provides for two months of fully abated rent and an option to extend the lease term for an additional 3-year period. However, the extension option is not considered reasonably certain to be exercised for the calculation of the related right-of-use asset and lease liability, which are presented in the statement of financial position as of December 31, 2022.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term.

Maturities of the operating lease liabilities and balances of the operating right-of-use assets as of December 31, 2022, are as follows:

For the Years Ending December 31,	DC Office	CA Office	Total
2023	$ 145,299	$ 211,457	$ 356,756
2024	178,910	217,801	396,711
2025	183,830	224,335	408,165
2026	188,885	231,065	419,950
2027	194,079	117,240	311,319
Thereafter	267,251	-	267,251
Total Undiscounted Minimum Lease Payments	1,158,254	1,001,898	2,160,152
Less Discount to Present Value	(139,282)	(62,340)	(201,622)
Total Operating Lease Liabilities	$ 1,018,972	$ 939,558	$ 1,958,530
Operating Right-of-Use Assets	$ 974,988	$ 903,623	$ 1,878,611

11. OPERATING LEASES (CONTINUED)

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information	Amount
Weighted-Average Remaining Lease Term (Years)	5.49
Weighted-Average Discount Rate (Risk-Free Rate)	3.46%

12. EMPLOYEE BENEFIT PLAN

The Organization maintains a 401(k) retirement plan (the Plan). Employees are eligible once they meet certain age and service requirements. For the year ended December 31, 2022, the Organization made 3% non-elective safe harbor contributions to the Plan on behalf of its employees of approximately $519,000, which is included in payroll taxes and benefits in the accompanying statement of functional expenses.

13. CONDITIONAL GRANTS

The Organization has the following conditional grants outstanding at December 31, 2022, for which revenue has not yet been recorded:

Condition	
Required Protocols	$ 84,794,412
Phase Completion	1,262,267
Allowable Costs	9,324,003
	$ 95,380,682

14. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities).

14. FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents investments carried at fair value as of December 31, 2022:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Savings and Bank Deposits	$ 26,584,823	$ 26,584,823	$ -	$ -
Bond Mutual Funds	848,719	848,719	-	-
Stock Mutual Funds	559,807	559,807	-	-
Treasury Money Market Mutual Funds	68,618,248	68,618,248	-	-
Bond Exchange Traded Funds	73,475	73,475	-	-
Certificates of Deposit	18,273,813	-	18,273,813	-
	$ 114,958,885	$ 96,685,072	$ 18,273,813	$ -

15. EDUCATIONAL SERVICES

Educational services revenue has been earned by the Organization during the year ended December 31, 2022, as follows:

At Point in Time that Performance Obligations are Satisfied	$ 4,170,932
Over Time as Services are Consumed or Based on Costs Incurred	268,285
	$ 4,439,217

The Organization recognized approximately $566,000 and $585,000 of prior year deferred revenue during the years ended December 31, 2022 and 2021, respectively.

The balances of contract related assets and liabilities for December 31, 2022 and 2021, are as follows:

	2022	2021
Accounts Receivable, Net	**$ 1,225,457**	$ 765,985
Unbilled Receivables	**-**	60,000
Deferred Revenue	**346,187**	565,556

16. COMMITMENTS AND CONTINGENCES

The Organization has non-cancelable agreements with certain service providers. In addition, the Organization has made conditional contributions with balances outstanding of approximately $1.4 million as of December 31, 2022. Amounts will be paid and expensed generally when grantees expend allowable costs or achieve certain measurable barriers.

17. INHERENT CONTRIBUTION

In June 2022, the Organization entered into an Asset Transfer Agreement (the Agreement) with a New York not-for-profit education corporation. Under the terms of the Agreement, the Organization received assets of approximately $1,086,000. The total has been recognized as an inherent contribution on the statement of activities for the year ended December 31, 2022.

18. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 26, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

DIGITAL PROMISE GLOBAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing No.	Pass-Through Grantor and Identifying Number	Expenditures to Subrecipients	Federal Awards Expended
Research and Development Cluster				
National Science Foundation				
Computer and Information Science and Engineering	47.070	Direct	$ 390,286	$ 1,214,014
Computer and Information Science and Engineering	47.070	University of Pittsburgh, AWD00003164	-	56,965
Total Computer and Information Science and Engineering			390,286	1,270,979
Education and Human Resources	47.076	Direct	203,522	582,178
Education and Human Resources	47.076	SRI International, PO47968	-	883
Education and Human Resources	47.076	Education Development Center, 00003412	-	17,742
Education and Human Resources	47.076	SRI International, PO57881	-	43,576
Education and Human Resources	47.076	North Carolina State University, 2021-1592-01	-	211,644
Education and Human Resources	47.076	TERC Inc., 2229061	-	26,246
Total Education and Human Resources			203,522	882,269
INCLUDES Coordination Hub	47.Unknown	SRI International, PO41117	-	12,195
Total National Science Foundation			593,808	2,165,443
U.S. Department of Education				
Education Research, Development, and Dissemination	84.305			
The SEER Research Network for Digital Learning Platforms	84.305N	Direct	-	533,249
Designing Open-Access Curricular Supports to Deepen Discussions in World History	84.305A	Direct	-	65,091
ASSISTments Replication Study	84.305A	SRI International, S-00016009	-	6,197
Total Education Research, Development, and Dissemination			-	604,537
Education Innovation and Research (formerly Investing in Innovation (i3) Fund)	84.411			
Instructional Coaching for Tech-Enhanced Approaches in Mathematics (iCoachTEAM)	84.411C	Direct	-	414,981
Education Innovation and Research - Expansion	84.411A	Direct	480,400	645,075
Include Neurodiversity in Foundational and Applied Computational Thinking (INFACT)	84.411C	TERC Inc, 44127	-	5,706
Total Education Innovation and Research (formerly Investing in Innovation (i3) Fund)			480,400	1,065,762
Total U.S Department of Education			480,400	1,670,299
Total Federal Expenditures			$ 1,074,208	$ 3,835,742

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Digital Promise Global, under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is 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 Digital Promise Global, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Digital Promise Global.

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 COST RATES

Digital Promise Global has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Instead, the Organization uses a negotiated provisional indirect cost rate agreement of 23.8% with the U.S. Department of Education.

CENTERED ON YOUR SUCCESS

7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

Independent Auditor's 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*

Board of Directors
Digital Promise Global

We have audited, in accordance with the 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 Digital Promise Global (the Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan & Mitchell, P.C.

Certified Public Accountants

Bethesda, Maryland
September 26, 2023

7910 WOODMONT AVENUE
SUITE 500
BETHESDA, MD 20814
(T) 301.986.0600

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Digital Promise Global

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Digital Promise Global's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 each 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 programs.

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 generally accepted auditing standards, *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 each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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.

Report on Internal Control over Compliance (Continued)

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 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.

Councilor, Buchanan & Mitchell, P.C.

Bethesda, Maryland
September 26, 2023

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency reported not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major programs:	
Material weakness identified?	No
Significant deficiency reported not considered to be material weakness?	None reported

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

Assistance Listing Number	Federal Grantor/Program Title	
	Research and Development Cluster	
47.070	Computer and Information Science and Engineering	Unmodified
47.076	Education and Human Resources	Unmodified
47.Unknown	INCLUDES Coordination Hub	Unmodified
84.305	Education Research, Development, and Dissemination	Unmodified
84.411	Education Innovation and Research (formerly Investing in Innovation(i3) Fund)	Unmodified

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

Identification of major programs:

Assistance Listing Number	Federal Grantor/Program Title	
	Research and Development Cluster	
47.070	Computer and Information Science and Engineering	
47.076	Education and Human Resources	
47.Unknown	INCLUDES Coordination Hub	
84.305	Education Research, Development, and Dissemination	
84.411	Education Innovation and Research (formerly Investing in Innovation(i3) Fund)	Unmodified

Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Audit Findings

None were reported.

Section III - Federal Award Findings and Questioned Costs

None were reported.