



DIGITAL PROMISE GLOBAL

FINANCIAL STATEMENTS

DECEMBER 31, 2015

DIGITAL PROMISE GLOBAL

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DECEMBER 31, 2015

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Digital Promise Global (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Digital Promise Global as of December 31, 2015, 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.

Washington, D.C.
August 24, 2016

Councilor, Buchanan & Mitchell, P.C.
Certified Public Accountants



DIGITAL PROMISE GLOBAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	<u>2015</u>
Assets	
Assets	
Cash	\$ 966,548
Grants Receivable	<u>627,192</u>
Total Assets	<u><u>\$ 1,593,740</u></u>
Liabilities and Net Assets	
Liabilities	
Due to Digital Promise	\$ 84,449
Accrued Expenses	<u>26,559</u>
Total Liabilities	111,008
Net Assets	
Unrestricted Net Assets	67,380
Temporarily Restricted Net Assets	<u>1,415,352</u>
Total Net Assets	<u>1,482,732</u>
Total Liabilities and Net Assets	<u><u>\$ 1,593,740</u></u>

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
Revenues and Support			
Grant Revenue	\$ -	\$ 1,529,765	\$ 1,529,765
In-Kind Contributions	285,826	-	285,826
Professional Services Income	65,020	-	65,020
Net Assets Released from Restrictions	<u>114,413</u>	<u>(114,413)</u>	<u>-</u>
Total Revenues and Support	465,259	1,415,352	1,880,611
Expenses			
Program Services	402,998	-	402,998
General and Administrative	74,952	-	74,952
Fundraising	<u>3,400</u>	<u>-</u>	<u>3,400</u>
Total Expenses	<u>481,350</u>	<u>-</u>	<u>481,350</u>
Change in Net Assets	(16,091)	1,415,352	1,399,261
Net Assets, Beginning of Year	<u>83,471</u>	<u>-</u>	<u>83,471</u>
Net Assets, End of Year	<u><u>\$ 67,380</u></u>	<u><u>\$ 1,415,352</u></u>	<u><u>\$ 1,482,732</u></u>

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Learning Differences</u>	<u>General Programs</u>	<u>Total Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2015 Total</u>
Salaries	\$ 74,752	\$ 66,512	\$ 141,264	\$ 2,152	\$ 3,400	\$ 146,816
Payroll Taxes and Benefits	7,245	21,981	29,226	-	-	29,226
Consultants	-	3,450	3,450	-	-	3,450
Legal and Professional Fees	-	211,596	211,596	70,532	-	282,128
Travel	3,053	8,962	12,015	731	-	12,746
Convenings	-	-	-	55	-	55
Office Supplies	-	-	-	213	-	213
Internet and Phone	-	-	-	62	-	62
Online Administrative Tools	-	-	-	555	-	555
Registration Fees	-	299	299	-	-	299
Office Rent	2,574	2,574	5,148	52	-	5,200
Monthly Administrative Fees	-	-	-	600	-	600
Total Expenses	\$ 87,624	\$ 315,374	\$ 402,998	\$ 74,952	\$ 3,400	\$ 481,350

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>
Cash Flows from Operating Activities	
Change in Net Assets	\$ 1,399,261
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Increase in Grants Receivable	(627,192)
Increase in Due to Digital Promise	62,942
Increase in Accrued Expenses	<u>26,559</u>
Net Cash Provided by Operating Activities	<u>861,570</u>
Net Increase in Cash	861,570
Cash, Beginning of Year	<u>104,978</u>
Cash, End of Year	<u><u>\$ 966,548</u></u>

See accompanying Notes to Financial Statements.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. ORGANIZATION

Digital Promise Global (the Organization) was incorporated in October 2013 in the District of Columbia. The Organization is a bipartisan independent nonprofit corporation whose work aims to realize a world where all students are “globally connected learners” who have the ability to use technology and digital media in powerful and authentic ways to address challenges with peers around the world.

The Organization’s activities are funded primarily through grants.

The Organization’s major programs are:

Learning Differences:

This initiative seeks to uncover strategies to meet learners where they are across varied contexts and needs. Building on emerging research on the variability of the learner population, the Organization supports all learners, their parents, and educators.

General Programs:

These programs support the Organization’s work to accelerate innovation in education to improve opportunities to learn throughout the world.

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

The Organization considers demand deposits to be cash.

Grants Receivable

Grants receivable are due within one year and recorded at their net realizable value. Reserves are established for receivables that are considered uncollectible based on periodic reviews by management. At December 31, 2015, all grants receivable are assumed to be collectible; therefore, no allowance for doubtful accounts is deemed necessary.

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.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

Donated materials, services and the use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions 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 and is classified as in-kind contributions revenue and expense applicable to programs and supporting services that are directly benefited.

Revenue Recognition

The Organization reports grants as unrestricted and available for general operations, unless specifically restricted by the donor. Grants 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 temporarily restricted. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

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, 2015, 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.

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.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

3. 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.

As of December 31, 2015, grants receivable was entirely due from one grantor, and approximately 80% of revenue for the year ended December 31, 2015, was from one grantor.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes as of December 31, 2015:

Learning Differences	\$ 1,386,552
Scaling Educator Competence through Micro-credentials	<u>28,800</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 1,415,352</u></u>

Amounts released from temporarily restricted net assets during the year ended December 31, 2015, were:

Learning Differences	\$ 113,513
Scaling Educator Competence through Micro-credentials	<u>900</u>
Total Amounts Released from Restrictions	<u><u>\$ 114,413</u></u>

5. RELATED PARTY TRANSACTIONS

The Organization has agreements with a related party, Digital Promise (DP), to purchase administrative services and to provide required consulting services. The Organization paid DP approximately \$169,000 for administrative services and received approximately \$65,000 for consulting services rendered during the year ended December 31, 2015, under these agreements.

6. IN-KIND CONTRIBUTIONS

The Organization received donated legal services valued at approximately \$282,000 for the year ended December 31, 2015. Such amounts are recognized as in-kind contributions and have been allocated among General and Administrative (\$70,000) and General Programs (\$212,000) expenses.

7. SUBSEQUENT EVENTS

Subsequent events were evaluated through August 24, 2016, which is the date the financial statements were available to be issued.