

POWERED BY ACTION
CHICAGO, ILLINOIS
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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KOLNICKI



PETERSON



WIRTH

To the Board of Directors
of Powered By Action
Chicago, Illinois

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Powered By Action (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Powered By Action as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Powered By Action 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 opinion.

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.

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 Powered By Action'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 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, 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 Powered By Action'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 Powered By Action'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.



KOLNICKI, PETERSON, WIRTH LLC
Certified Public Accountants

Downers Grove, Illinois
November 16, 2022

POWERED BY ACTION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

Statement 1

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 138,210	\$ 55,702
License fees receivable	-	57,830
	<u>138,210</u>	<u>113,532</u>
PROPERTY AND EQUIPMENT		
Computer equipment	20,986	20,986
Furniture and office equipment	8,087	8,087
	<u>29,073</u>	<u>29,073</u>
Total, at cost	29,073	29,073
Less accumulated depreciation	<u>(27,194)</u>	<u>(26,515)</u>
	<u>1,879</u>	<u>2,558</u>
Net property and equipment	<u>1,879</u>	<u>2,558</u>
	<u>\$ 140,089</u>	<u>\$ 116,090</u>
CURRENT LIABILITIES		
Accounts payable	\$ 17,055	\$ 15,615
Payroll Liability	-	22,164
Paycheck Protection Program loan	67,527	-
Other liabilities	3,047	4,462
	<u>87,629</u>	<u>42,241</u>
Total current liabilities	<u>87,629</u>	<u>42,241</u>
NET ASSETS		
Without donor restrictions	<u>52,460</u>	<u>73,849</u>
Total net assets	<u>52,460</u>	<u>73,849</u>
Total liabilities and net assets	<u>\$ 140,089</u>	<u>\$ 116,090</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
REVENUES		
Contributions	\$ 119,156	\$ 111,940
In-kind donations	9,075,000	5,711,760
License fees	342,042	232,436
Investment income	215	16
Paycheck Protection Program loan forgiveness	-	51,348
	<u>9,536,413</u>	<u>6,107,500</u>
EXPENSES		
Program services	9,523,436	6,049,929
Management and general	32,777	28,671
Fundraising	1,589	787
	<u>9,557,802</u>	<u>6,079,387</u>
(Decrease) increase in net assets	(21,389)	28,113
Net assets at beginning of year	<u>73,849</u>	<u>45,736</u>
Net assets at end of year	<u>\$ 52,460</u>	<u>\$ 73,849</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fund-raising	Total
OPERATING EXPENSES				
Bank and credit card fees	\$ 1,107	\$ -	\$ -	\$ 1,107
Depreciation	407	204	68	679
Insurance	13,267	503	-	13,770
Interest	-	845	-	845
License fees	9,036,000	-	-	9,036,000
Miscellaneous	-	16	-	16
Office expense	1,184	139	70	1,393
Occupancy	19,530	1,470	-	21,000
Professional fees	10,776	10,775	-	21,551
Payroll and payroll taxes	382,160	15,923	-	398,083
Subcontractor	33,639	-	-	33,639
Technology	24,671	2,902	1,451	29,024
Travel and meetings	695	-	-	695
Total operating expenses	\$ 9,523,436	\$ 32,777	\$ 1,589	\$ 9,557,802

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Management and General	Fund-raising	Total
OPERATING EXPENSES				
Awards and grants	\$ 645	\$ -	-	\$ 645
Bank and credit card fees	415	-	-	415
Depreciation	827	414	138	1,379
Insurance	17,082	666	-	17,748
Interest	-	185	-	185
License fees	5,672,760	-	-	5,672,760
Miscellaneous	-	140	-	140
Office expense	868	102	51	1,021
Occupancy	19,530	1,470	-	21,000
Professional fees	12,533	12,532	-	25,065
Payroll and payroll taxes	309,337	11,966	-	321,303
Subcontractor	5,032	-	-	5,032
Technology	10,171	1,196	598	11,965
Travel and meetings	729	-	-	729
Total operating expenses	<u>\$ 6,049,929</u>	<u>\$ 28,671</u>	<u>\$ 787</u>	<u>\$ 6,079,387</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements.

**POWERED BY ACTION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) ncrease in net assets	\$ (21,389)	\$ 28,113
Adjustments to reconcile (decrease) increase in net assets to net cash provided (used) by operating activities:		
Depreciation	679	1,379
Donation of investment	-	255
Forgiveness of Paycheck Protection Loan	-	(51,348)
Changes in operating assets and liabilities:		
Decrease (increase) in fees receivable	57,830	(57,830)
Increase (decrease) in accounts payable	1,440	(4,885)
(Decrease) increase in accrued expenses	(23,579)	23,838
	14,981	(60,478)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	67,527	51,348
	67,527	51,348
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	82,508	(9,130)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	55,702	64,832
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 138,210	\$ 55,702

These financial statements should be read only in
connection with the accompanying summary of significant
accounting policies and notes to financial statements.

**POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2021 AND 2020**

NATURE OF OPERATIONS

Powered By Action (the Organization) is a not-for-profit organization incorporated under the laws of Illinois in 2008 and established exclusively for charitable purposes. The Organization offers the non-faith based not-for-profit sector a collaborative software solution and related consulting and change management services needed to enhance the delivery of services to the people they serve. Powered By Action amplifies the efforts of those trying to change the world by connecting people anywhere as though they were in the same room.

ACCOUNTING METHOD

Contribution revenue is recognized when the Organization is notified of the existence of a pledge or receives a contribution. The contributions are recognized as income in the period to which they relate. Expenses are recognized in the period in which the related liability is incurred.

CASH AND CASH EQUIVALENTS

The Organization considers all liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

PLEDGES RECEIVABLE

Pledges receivable are presented at the fair value of the promises and are estimated by management to be fully collectable.

IN-KIND DONATIONS

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2021 and 2020, the Organization received in-kind donations of professional services totaling \$18,000 and \$18,000, respectively.

Donations of license fees are recorded as contributions at their estimated fair value at the date of the donation. Such donations are reported as increases to unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire license fees are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. In-kind donations of license fees from a related party totaled \$9,036,000 and \$5,672,760 for the years ended December 31, 2021 and 2020, respectively. In-kind donations of rent and utilities from a related party totaled \$21,000 for the years ended December 31, 2021 and 2020.

POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2021 AND 2020

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets, and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

INCOME TAXES

The Internal Revenue Service has ruled that the Organization is exempt from the payment of federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code as an educational and charitable organization.

The Financial Accounting Standards Board (FASB) issued ASC 740-10-05 "Accounting for Uncertainty in Income Taxes" that clarified the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization adopted the standard in 2016.

The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2018 through 2020. In evaluating the Organization's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations of tax planning strategies are considered. The Organization believes their estimates are based on current facts and circumstances.

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 at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or at estimated fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and office equipment	5 years
Computer equipment	5 years

INVESTMENTS

The Organization is required to provide additional information in the financial statement, based on the implementation of the FASB Accounting Standards Codification FASB (ASC) No. 820-10-35-1, Fair Value Measurements and Disclosures. This Standard defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurement.

POWERED BY ACTION
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
DECEMBER 31, 2021 AND 2020

LICENSE FEES RECEIVABLE

License fees receivable at December 31, 2020 represent amounts that have been billed under contracts but not collected as of the date of the financial statements. License fees receivable are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. There were no license fees receivable at December 31, 2021.

DATE OF MANAGEMENT'S REVIEW

Subsequent events were evaluated through the date of this report and the date the financial statements were available to be issued was November 16, 2022.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Standards Accounting Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. Among other provisions, ASU 2016-14 reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and eliminates the requirements to prepare a reconciliation in the statement of cash flows when applying for direct method. ASU 2016-14 is effective for fiscal years beginning after December 31, 2017, with early application permitted.

The accounting and disclosures in these financial statements and notes follow the applicable portions of ASU 2016-14.

In May 2014 the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers*, which supersedes the current revenue recognition requirements. The ASU is based on the principle that revenue is recognized to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The ASU also requires additional disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgements and changes in judgements and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance is effective for the year ending December 31, 2020. The Organization has determined this ASU does not have a significant impact on the financial statements.

This information is an integral part
of the accompanying financial statements.

**POWERED BY ACTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in one financial institution at December 31, 2021 and in two financial institutions at December 31, 2020. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021 and 2020, the Organization had no uninsured balances.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Organization received an in-kind donation of license fees from a related company. The company is owned by an officer of the Organization. On December 31, 2021 and 2020 the donations totaled \$9,036,000 and \$5,672,760, respectively.

NOTE 3 - LEASE AGREEMENTS

During 2021 and 2020, the Organization received an in-kind donation of office space and utilities valued at \$1,750 per month. Rent expense totaled \$21,000 for the years ended December 31, 2021 and 2020.

NOTE 4 – CASH FLOW INFORMATION

The Organization paid no cash for income taxes during 2021 and 2020. In 2021 and 2020, the Organization paid \$845 and \$185 for interest, respectively.

NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2021
Financial assets at year end	
Cash and cash equivalents	\$ 138,210
Restricted cash	---
Total financial assets available to meet cash needs for general expenditures within one year	\$ 138,210

**POWERED BY ACTION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 6 – CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U. S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U. S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Future potential impact may include disruptions or restrictions on our employees' ability to work or patients' ability to pay fees. Operating functions that may be changed include maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of the Organization to hold fundraising events. The future effects of these issues are unknown.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

In June 2020, the Organization received a \$51,348 loan from the Paycheck Protection Program. The Paycheck Protection Program loan was forgiven after certain conditions were met and recorded as income in the year ended December 31, 2020.

Also, in April 2021, the Organization received a second Paycheck Protection Program loan of \$67,527. The Organization applied for forgiveness in 2022.

This information is an integral part
of the accompanying financial statements.