



**DIGITAL PROMISE GLOBAL**

**SINGLE AUDIT FINANCIAL REPORT  
UNDER UNIFORM GUIDANCE**

**DECEMBER 31, 2021**

DIGITAL PROMISE GLOBAL

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DECEMBER 31, 2021

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## 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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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.

### *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 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

***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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 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 August 31, 2022, 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 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated July 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
August 31, 2022

Certified Public Accountants

DIGITAL PROMISE GLOBAL

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash	\$ 3,313,412	\$ 2,337,303
Investments	104,201,650	124,088,780
Accounts Receivable (Net of Allowance for Doubtful Accounts of Approximately \$63,000 and \$51,000 in 2021 and 2020, Respectively)	765,985	893,283
Unbilled Receivables	60,000	219,293
Grants Receivable, Net	8,126,346	2,738,591
Contributions Receivable (Net of Allowance for Doubtful Accounts of Approximately \$29,000 and \$82,000 in 2021 and 2020, Respectively)	200,818	210,550
Federal Awards Receivable	1,254,989	1,329,730
Prepaid Expenses and Other Assets	5,152,244	2,598,795
Fixed Assets, Net	<u>653,176</u>	<u>639,715</u>
<b>Total Assets</b>	<b><u>\$ 123,728,620</u></b>	<b><u>\$ 135,056,040</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 917,017	\$ 883,387
Accrued Expenses	6,191,090	4,950,760
Refundable Advances	87,012,303	111,376,245
Deferred Rent	56,144	75,210
Deferred Revenue	<u>565,556</u>	<u>585,160</u>
Total Liabilities	94,742,110	117,870,762
<b>Net Assets</b>		
Without Donor Restrictions	12,621,020	8,306,593
With Donor Restrictions	<u>16,365,490</u>	<u>8,878,685</u>
Total Net Assets	<u>28,986,510</u>	<u>17,185,278</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 123,728,620</u></b>	<b><u>\$ 135,056,040</u></b>

See accompanying Notes to Financial Statements.

**DIGITAL PROMISE GLOBAL**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>	<u>2020 Total</u>
<b>Revenues and Support</b>				
Grants	\$ -	\$ 73,294,342	<b>\$ 73,294,342</b>	\$ 29,831,548
Contributions	2,221,264	220,500	<b>2,441,764</b>	736,561
Federal Award Income	-	5,574,984	<b>5,574,984</b>	5,677,953
Donated Goods and Services	268,993	96,020,914	<b>96,289,907</b>	92,096,047
Educational Services Income	3,794,495	-	<b>3,794,495</b>	3,153,047
Investment Income	122,346	-	<b>122,346</b>	637,250
Net Assets Released from Restrictions	<u>167,623,935</u>	<u>(167,623,935)</u>	<u>-</u>	<u>-</u>
<b>Total Revenues and Support</b>	<b>174,031,033</b>	<b>7,486,805</b>	<b>181,517,838</b>	<b>132,132,406</b>
<b>Expenses</b>				
Program Services	166,052,949	-	<b>166,052,949</b>	127,253,289
General and Administrative	3,248,686	-	<b>3,248,686</b>	2,551,662
Fundraising	<u>414,971</u>	<u>-</u>	<u>414,971</u>	<u>225,615</u>
<b>Total Expenses</b>	<u>169,716,606</u>	<u>-</u>	<u>169,716,606</u>	<u>130,030,566</u>
Change in Net Assets	4,314,427	7,486,805	<b>11,801,232</b>	2,101,840
Inherent Contribution	-	-	-	609,878
Net Assets, Beginning of Year	<u>8,306,593</u>	<u>8,878,685</u>	<u>17,185,278</u>	<u>14,473,560</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 12,621,020</u></u>	<u><u>\$ 16,365,490</u></u>	<u><u>\$ 28,986,510</u></u>	<u><u>\$ 17,185,278</u></u>

*See accompanying Notes to Financial Statements.*

**DIGITAL PROMISE GLOBAL**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)**

	Powerful Learning	Learning Sciences Research	Research in Action	Networks	Total Program Services	General and Administrative	Fundraising	2021 Total	2020 Total
Salaries	\$ 2,393,819	\$ 2,622,687	\$ 1,829,911	\$ 6,983,012	\$ 13,829,429	\$ 1,337,215	\$ 326,912	\$ 15,493,556	\$ 11,813,666
Payroll Taxes and Benefits	440,757	490,722	336,795	1,277,832	2,546,106	430,948	60,947	3,038,001	2,375,634
Consultants	270,687	363,009	757,402	1,515,851	2,906,949	121,609	20,934	3,049,492	3,081,056
Donated Devices	15,101	-	-	4,044,902	4,060,003	-	-	4,060,003	27,439,728
Donated Data Plans	-	-	-	91,960,911	91,960,911	-	-	91,960,911	64,358,667
Web Expenses	116,278	6,046	-	110,033	232,357	-	-	232,357	262,568
Legal and Professional Fees	43,723	45,192	31,451	113,641	234,007	144,423	5,630	384,060	481,373
Travel and Travel Stipends	13,057	7,877	10,148	85,953	117,035	17,875	548	135,458	304,195
Convenings	11,044	5,590	24,137	440,790	481,561	106,878	-	588,439	145,628
Production/Dissemination	88,314	4,783	15,002	208,137	316,236	-	-	316,236	429,222
Accounting Services	-	-	-	-	-	71,495	-	71,495	80,898
Office Supplies	4,475	5,000	880	61,833	72,188	35,229	-	107,417	75,403
Taxes and Other Admin Fees	156	-	-	2,271	2,427	1,064	-	3,491	20,725
Insurance	1,064	-	-	-	1,064	49,892	-	50,956	47,916
Postage and Delivery and Shipping	11,022	265	24	2,334	13,645	4,641	-	18,286	8,712
Office Phone/Internet/Web	-	-	-	-	-	141,428	-	141,428	109,869
Non-Capital Office Equipment	85,686	-	-	554,823	640,509	141,928	-	782,437	3,685,515
Depreciation and Amortization	99,289	-	136,911	74,920	311,120	32,785	-	343,905	316,172
Recruiting Costs	-	50	-	-	50	41,347	-	41,397	109,648
Dues, Subscriptions, and Licenses	165,021	25,773	47,881	893,175	1,131,850	225,854	-	1,357,704	984,677
Registration Fees	8,009	11,763	3,931	7,105	30,808	6,003	-	36,811	42,193
Office Rent	29,554	-	-	-	29,554	311,992	-	341,546	387,012
Subaward	80,000	3,256,487	-	-	3,336,487	-	-	3,336,487	3,889,891
Site Payments	-	-	-	11,348,341	11,348,341	-	-	11,348,341	9,462,475
Unallowable Costs	-	8,132	-	-	8,132	-	-	8,132	224
Federal Participant Support Costs	-	41,603	1,325	-	42,928	-	-	42,928	8,248
Uncollectible Accounts Expense	-	-	-	-	-	26,080	-	26,080	109,251
Device Costs	-	-	-	32,399,252	32,399,252	-	-	32,399,252	-
<b>Total Expenses</b>	<b>\$ 3,877,056</b>	<b>\$ 6,894,979</b>	<b>\$ 3,195,798</b>	<b>\$152,085,116</b>	<b>\$166,052,949</b>	<b>\$ 3,248,686</b>	<b>\$ 414,971</b>	<b>\$ 169,716,606</b>	<b>\$130,030,566</b>

See accompanying Notes to Financial Statements.



**DIGITAL PROMISE GLOBAL**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 11,801,232	\$ 2,101,840
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	343,905	316,172
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable, Net	127,298	142,367
Unbilled Receivables	159,293	39,377
Grants Receivable, Net	(5,387,755)	1,179,593
Contributions Receivable, Net	9,732	138,274
Federal Awards Receivable	74,741	(19,358)
Due from Digital Promise	-	2,576,638
Prepaid Expenses and Other Assets	(2,553,449)	(1,809,484)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	33,630	(134,565)
Accrued Expenses	1,240,330	4,185,577
Refundable Advances	(24,363,942)	19,225,398
Deferred Rent	(19,066)	4,670
Deferred Revenue	(19,604)	(357,878)
Net Cash (Used in) Provided by Operating Activities	<u>(18,553,655)</u>	<u>27,588,621</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales of Investments	63,730,065	35,576,565
Purchases of Investments	(43,842,935)	(61,708,013)
Inherent Contribution	-	609,878
Purchases of Fixed Assets	<u>(357,366)</u>	<u>(314,812)</u>
Net Cash Provided by (Used in) Investing Activities	<u>19,529,764</u>	<u>(25,836,382)</u>
Net Increase in Cash	976,109	1,752,239
Cash, Beginning of Year	<u>2,337,303</u>	<u>585,064</u>
<b>Cash, End of Year</b>	<u><u>\$ 3,313,412</u></u>	<u><u>\$ 2,337,303</u></u>

*See accompanying Notes to Financial Statements.*

## DIGITAL PROMISE GLOBAL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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#### 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 vision is that all people at every stage of their lives have access to learning experiences that help them acquire the knowledge and skills they need to thrive and continuously learn in an ever-changing world. Because when everyone has access and everyone participates and everyone learns, everyone benefits from a more engaged, informed, and just society. The Organization's mission is to spur innovation to improve equity and the opportunity to learn through technology and research.

The Organization's activities are funded primarily through grants and professional services contracts. The Organization's major programs are:

*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.

*Research in Action:* Research in Action works to transform the relationship between education research and practice by publishing innovative content, infused with the latest learning sciences research, that helps education stakeholders understand how people learn. The Organization also advocates for a research agenda that responds to the greatest needs faced by schools and districts.

*Networks:* Through the power of people-driven 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 (and difficult) goals helps the Organization 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.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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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 Grants Receivable*

Federal grants receivables consist primarily 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.

*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, 2021, for net unrelated business income.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*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.

*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.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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, 2020. 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, 2020, from which the summarized information was derived.

*New Accounting Pronouncements Not Yet Adopted*

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in *Leases* (Topic 840). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. Management has not evaluated the impact of this ASU on its financial statements.

**3. SMALL BUSINESS ADMINISTRATION LOAN**

During 2020, the Organization received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$1,766,242. During the year ended December 31, 2021, the loan was forgiven. The loan proceeds are included in contributions without donor restrictions on the statement of activities for the year ended December 31, 2021.

**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 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 \$87 million related to a specific project.

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

**4. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)**

As of December 31, 2021, the following financial assets and liquidity sources are available for general operating expenditures in the year ending December 31, 2022:

Cash	\$ 3,313,412
Investments Available for Operating Purposes	102,857,698
Accounts Receivable, Net	765,985
Unbilled Receivable	60,000
Grants Receivable, Current Portion	5,521,094
Contributions Receivable, Net	200,818
Federal Awards Receivable	1,254,989
Less Amounts Restricted by Donors for Purpose	<u>(16,144,990)</u>
Financial Assets Available to Meet Cash	
Needs for General Expenditures within One Year	<u>\$ 97,829,006</u>

**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 at an average annual rate of .85% as of December 31, 2021, a rate that considers market and credit risk.

Grants receivable as of December 31, 2021, is summarized below:

Due in Less than One Year	\$ 5,521,094
Due in One to Five Years	<u>2,636,589</u>
	8,157,683
Less Discount to Present Value	<u>(31,337)</u>
Total Grants Receivable, Net	<u>\$ 8,126,346</u>

Contributions receivable are all due within one year.

**7. FIXED ASSETS, NET**

At December 31, 2021, the Organization's fixed assets consisted of the following:

Website	\$ 2,560,088
Software	83,330
Equipment	5,675
Less Accumulated Depreciation and Amortization	<u>(1,995,917)</u>
Fixed Assets, Net	<u>\$ 653,176</u>

**DIGITAL PROMISE GLOBAL**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**8. CONCENTRATIONS**

The Organization maintains a cash balance at a financial institution in the Washington, DC 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 78% of total assets at December 31, 2021.

As of December 31, 2021, approximately 63% of receivables were due from two entities, and approximately 85% of revenue for the year ended December 31, 2021, was from one entity.

**9. DONATED GOODS AND SERVICES**

Donated goods and services consisted of the following amounts for the year ended December 31, 2021:

	Powerful Learning	Learning Sciences Research	Research in Action	Networks	General and Administrative	Fundraising	Total
Donated Devices	\$ 15,101	\$ -	\$ -	\$ 4,044,902	\$ -	\$ -	\$ 4,060,003
Donated Data Plans	-	-	-	91,960,911	-	-	91,960,911
Legal and Professional Fees	41,146	45,192	31,451	113,641	31,933	5,630	268,993
	<u>\$ 56,247</u>	<u>\$ 45,192</u>	<u>\$ 31,451</u>	<u>\$ 96,119,454</u>	<u>\$ 31,933</u>	<u>\$ 5,630</u>	<u>\$ 96,289,907</u>

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes as of December 31, 2021:

Research in Action	\$ 4,449,658
Learning Experience and Design	2,754,056
Networks	2,889,923
Learning Sciences Research	6,051,353
Timing	220,500
Total Net Assets With Donor Restrictions	<u>\$ 16,365,490</u>

Amounts released from net assets with donor restrictions during the year ended December 31, 2021, were:

Research in Action	\$ 2,680,486
Learning Experience and Design	2,238,220
Networks	156,020,346
Learning Sciences Research	818,124
Federal Awards	5,574,985
Timing	291,774
Total Amounts Released from Restrictions	<u>\$ 167,623,935</u>

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

11. OPERATING LEASES

The Organization has a non-cancelable lease for office space in Washington, D.C., through November 2023. The lease provides for annual rent escalations and the payment of operating expenses. The difference between the total rent recognized evenly over the lease term and the cash payments required under the lease has been accounted for as deferred rent in the accompanying statement of financial position. The Organization also had a non-cancelable lease for office space in Pennsylvania through April 2022 and leases office space in California under a month-to-month arrangement.

Future minimum lease payments under the non-cancelable leases are as follows:

For the Years Ending December 31,

2022	\$ 266,774
2023	242,339
Total	<u>\$ 509,113</u>

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, 2021, the Organization made 3% non-elective safe harbor contributions to the Plan on behalf of its employees of approximately \$424,000, 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, 2021, for which revenue has not yet been recorded:

<u>Condition</u>	
Required Protocols	\$ 87,012,303
Phase Completion	468,978
Allowable Costs	9,202,894
	<u>\$ 96,684,175</u>

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);



**DIGITAL PROMISE GLOBAL**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**14. FAIR VALUE MEASUREMENTS (CONTINUED)**

*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).

The following presents investments carried at fair value as of December 31, 2021:

	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	\$ 35,575,561	\$ 35,575,561	\$ -	\$ -
Bond Mutual Funds	674,714	674,714	-	-
Stock Mutual Funds	660,113	660,113	-	-
Treasury Money Market Mutual Funds	60,343,501	60,343,501	-	-
Certificates of Deposit	6,947,761	-	6,947,761	-
	<u>\$ 104,201,650</u>	<u>\$ 97,253,889</u>	<u>\$ 6,947,761</u>	<u>\$ -</u>

**15. EDUCATIONAL SERVICES**

Educational services revenue has been earned by the Organization during the year ended December 31, 2021, as follows:

At Point in Time that Performance Obligations are Satisfied	\$ 3,707,510
Over Time as Services are Consumed or Based on Costs Incurred	<u>86,985</u>
	<u>\$ 3,794,495</u>

The balances of contract related assets and liabilities for 2021 are as follows:

	Ending	Beginning
Accounts Receivable, Net	\$ 893,283	\$ 893,283
Unbilled Receivables	219,293	219,293
Deferred Revenue	585,160	585,160

**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 \$1.6 million as of December 31, 2021. Amounts will be paid and expensed generally when grantees expend allowable costs or achieve certain measurable barriers.

**17. SUBSEQUENT EVENTS**

In June 2022, the Organization amended its lease for the Washington, D.C. office. The amendment is effective on October 1, 2022 and expires on April 30, 2029. Under this amendment, the Organization will receive five months of fully abated rent and future minimum lease payments will total approximately \$1,160,000. In addition, the Organization entered into a lease (the CA

DIGITAL PROMISE GLOBAL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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**17. SUBSEQUENT EVENTS (CONTINUED)**

Lease) for office space in San Mateo, California, in June 2022. The CA Lease is anticipated to begin on August 1, 2022 and expires on July 31, 2027. Under the CA Lease, the Organization will receive two months of fully abated rent and future minimum lease payments will total approximately \$1,070,000.

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 approximately \$604,000 in cash related primarily to unspent grant funds. In addition, three grants were transferred to the Organization which will provide additional donor restricted funds of approximately \$478,000.

Subsequent events were evaluated through August 31, 2022, 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, 2021**

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	\$ 326,005	\$ 1,354,236
Computer and Information Science and Engineering	47.070	University of Pittsburgh, AWD00003164	-	21,509
			326,005	1,375,745
Education and Human Resources	47.076	Direct	571,004	916,997
Education and Human Resources - COVID 19	47.076	Direct	-	17,381
Education and Human Resources	47.076	SRI International, PO22697	-	12,433
Education and Human Resources	47.076	Jim Henson Company, 16128040-DPG	-	116,537
Education and Human Resources	47.076	SRI International, PO47968	-	23,855
Education and Human Resources	47.076	Education Development Center, 00003412	-	13,678
Education and Human Resources	47.076	North Carolina State University, 2021-1592-01	-	37,683
Education and Human Resources	47.076	SRI International, PO20593	-	9,524
Education and Human Resources	47.076	SRI International, PO57881	-	15,578
			571,004	1,163,666
Total Education and Human Resources				
INCLUDES Coordination Hub	47.Unknown	SRI International, PO41117	-	20,440
			897,009	2,559,851
Total National Science Foundation				
U.S. Department of Education				
Education Research, Development, and Dissemination	84.305	Direct	-	111,736
Education Research, Development, and Dissemination	84.305	SRI International, S-00016009	-	640
			-	112,376
Total Education Research, Development, and Dissemination				
Education Innovation and Research	84.411	Direct	2,359,478	2,856,430
Education Innovation and Research	84.411	TERC Inc, 44127	-	46,327
			2,359,478	2,902,757
Total Education Innovation and Research				
			2,359,478	3,015,133
Total Department of Education				
			2,359,478	3,015,133
<b>Total Federal Expenditures</b>			<b>\$ 3,256,487</b>	<b>\$ 5,574,984</b>

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

DIGITAL PROMISE GLOBAL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2021

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**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, 2021. 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 17.9% with the U.S. Department of Education.

**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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2022.

**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.*

Washington, D.C.  
August 31, 2022

Certified Public Accountants

**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, 2021. 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, 2021.

***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



***Auditor's Responsibilities for the Audit of Compliance (Continued)***

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.

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

**Report on Internal Control over Compliance (Continued)**

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.*

Washington, D.C.  
August 31, 2022

Certified Public Accountants

**DIGITAL PROMISE GLOBAL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**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:	

<u>Assistance Listing Number</u>	<u>Federal Grantor/Program Title</u>	
	<b>Research and Development Cluster</b>	
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	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:

<u>Assistance Listing Number</u>	<u>Federal Grantor/Program Title</u>
	<b>Research and Development Cluster</b>
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

DIGITAL PROMISE GLOBAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**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.

DIGITAL PROMISE GLOBAL

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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**Prior Year Financial Statement Audit Finding - Significant Deficiency**

**Finding 2020-001: Donated Services (Internet Data Plans)**

**Condition:** The Organization received donated internet data plans which it then provided to users. However, the Organization did not properly calculate the number of months of donated data plans in use by participants resulting in an adjustment to both donated goods and services and the offsetting expense. The net effect to the statement of activities was zero. However, both revenue and expense were overstated.

**Criteria:** Donated services must be properly reconciled to actual services received.

**Cause:** The Organization utilized spreadsheets to track the number of data plans in use by the various school systems. However, in tracking the data plans, the start and end dates of the plans contained errors. In addition, certain plans that had terminated were accounted for as if they were still in use.

**Effect:** Revenue and expenses related to the donated data plans were overstated by approximately \$1.1 million.

**Questioned Costs:** None noted.

**Recommendation:** The auditor recommended the Organization reconcile the number of data plans in use prior to recording donated goods and services activity in the general ledger.

**Current Status:** The recommendation was adopted and no similar findings were noted in the 2021 audit.