

# Tech Impact

Financial Statements with Supplementary Information

June 30, 2025 and 2024



**Tech Impact**  
**June 30, 2025 and 2024**

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INDEPENDENT AUDITORS' REPORT

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## **Independent Auditors' Report**

The Board of Directors  
Tech Impact  
Philadelphia, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Tech Impact, which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of Tech Impact as of June 30, 2025 and 2024, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tech Impact, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Tech Impact's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Tech Impact'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 Tech Impact'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* (CFR) 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 other 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 December 16, 2025 on our consideration of Tech Impact'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 Tech Impact'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 Tech Impact's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kreischer Miller". The signature is written in a cursive, flowing style.

Horsham, Pennsylvania  
December 16, 2025

## Tech Impact

### Statements of Financial Position June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,414,203	\$ 1,399,626
Grants receivable	979,244	1,722,953
Accounts receivable, net allowance for credit losses of \$122,266 and \$118,525 in 2025 and 2024, respectively	1,756,567	1,644,924
Investments	4,458,713	3,746,316
Loans receivable, net of allowance for credit losses of \$10,000 and \$59,247 in 2025 and 2024, respectively	12,948	65,596
Prepaid expenses and other assets	211,255	238,459
Total current assets	8,832,930	8,817,874
Property and equipment, net	826,665	943,094
Goodwill, net	1,123,769	1,261,373
Right-of-use assets, operating	599,693	791,437
Security deposits	17,848	17,848
Total assets	<u>\$ 11,400,905</u>	<u>\$ 11,831,626</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 490,382	\$ 404,640
Accrued payroll	448,644	546,872
Deferred revenue	76,532	73,038
Customer deposits	113,701	99,978
Current portion of long-term debt	275,647	264,005
Current portion of earnout liability	80,000	67,029
Current portion of operating lease liabilities	254,728	240,605
Total current liabilities	1,739,634	1,696,167
Refundable advances	1,991,231	1,099,639
Long-term debt, net of current portion	70,049	279,207
Earnout liability, net of current portion	43,406	123,406
Operating lease liabilities, net of current portion	446,934	682,310
Total liabilities	<u>4,291,254</u>	<u>3,880,729</u>
Net assets without donor restrictions:		
Board designated	170,000	180,000
Undesignated	5,687,937	5,641,300
	5,857,937	5,821,300
Net assets with donor restrictions	1,251,714	2,129,597
Total net assets	<u>7,109,651</u>	<u>7,950,897</u>
Total liabilities and net assets	<u>\$ 11,400,905</u>	<u>\$ 11,831,626</u>

See accompanying notes to financial statements.

## Tech Impact

### Statement of Activities Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Tech services and education	\$ 11,008,123	\$ -	\$ 11,008,123
Less: Direct costs	(1,634,340)	-	(1,634,340)
Tech services and education, net	9,373,783	-	9,373,783
Grants:			
Corporations	439,936	802,301	1,242,237
Foundations	748,875	239,733	988,608
Government	3,307,420	-	3,307,420
Contributions - individual	217,439	-	217,439
Special events revenue, net of \$155,686 in costs of direct benefits to donors	156,487	-	156,487
Net assets released from restrictions	1,919,917	(1,919,917)	-
Total revenue and support	16,163,857	(877,883)	15,285,974
Expenses:			
Program services	13,307,059	-	13,307,059
Supporting services			
Management and general	2,571,108	-	2,571,108
Fundraising	652,876	-	652,876
Total supporting services	3,223,984	-	3,223,984
Total expenses	16,531,043	-	16,531,043
Other income (expense):			
Net investment return	422,098	-	422,098
Interest	(18,275)	-	(18,275)
Total other income (expense)	403,823	-	403,823
Change in net assets	36,637	(877,883)	(841,246)
Net assets, beginning of year	5,821,300	2,129,597	7,950,897
Net assets, end of year	\$ 5,857,937	\$ 1,251,714	\$ 7,109,651

See accompanying notes to financial statements.

## Tech Impact

### Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Tech services and education	\$ 10,330,568	\$ -	\$ 10,330,568
Less: Direct costs	(1,440,672)	-	(1,440,672)
Tech services and education, net	8,889,896	-	8,889,896
Grants:			
Corporations	261,140	948,933	1,210,073
Foundations	618,287	1,134,413	1,752,700
Government	2,515,041	-	2,515,041
Contributions - individual	137,265	-	137,265
Special events revenue, net of \$173,097 in costs of direct benefits to donors	216,329	-	216,329
In-kind donations	45,372	-	45,372
Net assets released from restrictions	1,309,465	(1,309,465)	-
Total revenue and support	13,992,795	773,881	14,766,676
Expenses:			
Program services	11,515,102	-	11,515,102
Supporting services			
Management and general	2,460,816	-	2,460,816
Fundraising	571,959	-	571,959
Total supporting services	3,032,775	-	3,032,775
Total expenses	14,547,877	-	14,547,877
Other income (expense):			
Net investment return	392,981	-	392,981
Interest	(30,932)	-	(30,932)
Total other income (expense)	362,049	-	362,049
Change in net assets	(193,033)	773,881	580,848
Net assets, beginning of year, as restated	6,014,333	1,355,716	7,370,049
Net assets, end of year	\$ 5,821,300	\$ 2,129,597	\$ 7,950,897

See accompanying notes to financial statements.

## Tech Impact

### Statement of Functional Expenses Year Ended June 30, 2025

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 8,558,297	\$ 1,173,243	\$ 411,056	\$ 10,142,596
Payroll taxes and employee benefits	1,859,086	329,265	87,242	2,275,593
Amortization	-	137,604	-	137,604
Bank fees	11,494	69,590	2,118	83,202
Charitable contributions	-	3,059	-	3,059
Credit loss	46,000	20,487	6,250	72,737
Depreciation	27,677	88,752	-	116,429
Dues and subscriptions	7,287	12,638	936	20,861
Equipment purchases - non-capitalized	255,312	134,875	1,934	392,121
Food and entertainment	31,119	27,455	1,227	59,801
Insurance	61,138	4,291	1,913	67,342
Internet service and website	34,307	201	502	35,010
Marketing/special projects	155,818	168,285	8,772	332,875
Occupancy	330,542	35,997	14,160	380,699
Office expense	246,839	9,613	1,467	257,919
Payroll processing	61,344	5,176	2,036	68,556
Postage	4,821	1,215	50	6,086
Professional fees	-	147,875	-	147,875
Printing and publications	15,876	630	1,713	18,219
Recruiting	2,411	4,513	-	6,924
Repairs and maintenance	1,136	38,892	-	40,028
Staff development	10,074	12,554	682	23,310
Subcontractors	1,371,413	31,719	83,165	1,486,297
Telephone	42,573	5,089	1,175	48,837
Travel and parking	150,324	106,219	25,742	282,285
Utilities	22,171	1,871	736	24,778
	13,307,059	2,571,108	652,876	16,531,043
Direct costs included with revenue and support on the statement of activities	1,634,340	-	-	1,634,340
Interest included with other income (expense) on the statement of activities	-	18,275	-	18,275
Costs of direct benefits to donors, included with special events revenue on the statement of activities	116,082	-	39,604	155,686
	<u>\$ 15,057,481</u>	<u>\$ 2,589,383</u>	<u>\$ 692,480</u>	<u>\$ 18,339,344</u>

See accompanying notes to financial statements.

## Tech Impact

### Statement of Functional Expenses Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 7,508,462	\$ 1,096,282	\$ 396,402	\$ 9,001,146
Payroll taxes and employee benefits	1,585,837	205,484	88,553	1,879,874
Amortization	-	114,670	-	114,670
Bank fees	4,667	52,961	3,290	60,918
Charitable contributions	10,513	3,118	-	13,631
Credit loss	108,209	-	-	108,209
Depreciation	28,510	88,753	-	117,263
Dues and subscriptions	11,341	16,612	559	28,512
Equipment purchases - non-capitalized	207,779	166,368	5,757	379,904
Equipment rental	5,383	1,015	-	6,398
Food and entertainment	27,706	32,014	1,741	61,461
Insurance	68,994	6,650	2,330	77,974
Internet service and website	30,380	1,336	502	32,218
Marketing/special projects	164,688	139,793	35,049	339,530
Occupancy	276,121	27,768	9,172	313,061
Office expense	201,248	3,692	1,633	206,573
Payroll processing	10,026	43,622	-	53,648
Postage	5,460	893	-	6,353
Professional fees	-	134,606	-	134,606
Printing and publications	4,912	1,678	1,188	7,778
Recruiting	17,283	5,445	-	22,728
Repairs and maintenance	1,188	31,083	-	32,271
Staff development	12,784	2,158	659	15,601
Subcontractors	1,050,780	137,126	2,535	1,190,441
Telephone	17,086	1,433	592	19,111
Travel and parking	130,711	145,887	21,844	298,442
Utilities	25,034	369	153	25,556
	<u>11,515,102</u>	<u>2,460,816</u>	<u>571,959</u>	<u>14,547,877</u>
Direct costs included with revenue and support on the statement of activities	1,440,672	-	-	1,440,672
Interest included with other income (expense) on the statement of activities	-	30,932	-	30,932
Costs of direct benefits to donors, included with special events revenue on the statement of activities	128,942	-	44,155	173,097
	<u>\$ 13,084,716</u>	<u>\$ 2,491,748</u>	<u>\$ 616,114</u>	<u>\$ 16,192,578</u>

See accompanying notes to financial statements.

## Tech Impact

### Statements of Cash Flows Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ (841,246)	\$ 580,848
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	116,429	117,263
Amortization of goodwill	137,604	114,670
Net realized and unrealized gain on investments	(334,704)	(324,483)
Change in allowance for credit losses	(45,506)	28,621
Amortization of right-of-use assets on operating leases	245,082	229,601
Changes in assets and liabilities		
(Increase) decrease in:		
Grants receivable	743,709	(324,437)
Accounts receivable	(115,384)	(83,523)
Loans receivable	101,895	56,010
Prepaid expenses and other assets	27,204	89,437
Security deposits	-	3,641
Increase (decrease) in:		
Accounts payable and accrued expenses	85,742	(86,709)
Accrued payroll	(98,228)	196,514
Refundable advances	891,592	974,006
Deferred revenue	3,494	(9,717)
Customer deposits	13,723	65,659
Operating lease liabilities	(274,591)	(259,863)
Net cash and cash equivalents provided by operating activities	<u>656,815</u>	<u>1,367,538</u>
Cash flows from investing activities:		
Proceeds from sale of investments	248,644	164,613
Purchases of investments	(626,337)	(370,972)
Purchases of property and equipment	-	(52,017)
Cash paid for acquisition	-	(764,694)
Net cash and cash equivalents used in investing activities	<u>(377,693)</u>	<u>(1,023,070)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(197,516)	(256,788)
Payments made on earnout liability	(67,029)	-
Net cash and cash equivalents used in financing activities	<u>(264,545)</u>	<u>(256,788)</u>
Net increase in cash and cash equivalents	14,577	87,680
Cash and cash equivalents, beginning of year	1,399,626	1,311,946
Cash and cash equivalents, end of year	<u>\$ 1,414,203</u>	<u>\$ 1,399,626</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 18,275</u>	<u>\$ 30,932</u>

#### Supplemental disclosure of noncash activities:

The Organization, in 2025, incurred \$53,338 of right-of-use assets obtained in exchange for new operating leases.

With the acquisition of certain assets in August 2023, the Organization acquired \$800,000 in long-term debt.

See accompanying notes to financial statements.

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (1) Nature of the Organization

Tech Impact (formerly NPower Pennsylvania) (the Organization) is a non-profit organization formed on September 30, 2002, for the purpose of fostering, facilitating, and enhancing the use of computers, the internet and other technological and communication advances to enable other non-profit entities to enhance their activities and better achieve their purposes. The Organization unlocks the potential of technology for non-profit organizations by providing them with support, guidance, and training they so desperately need at price points they can afford. The Organization's team of technology consultants provides affordable technology services to hundreds of organizations in the greater Philadelphia region and on a national scale. The Organization's mission is to ensure all non-profits can use technology to better serve the community.

Initially, the Organization was an independently incorporated affiliate of the NPower Network, which was founded in Seattle in 1998 to address the lack of technology resources and training available to non-profits. Following the initial pilot in Seattle, Microsoft Corporation agreed to sponsor eleven new NPower organizations in cities with matching funds from local sponsors. Tech Impact was founded in 2002 with funds from Microsoft Corporation and a matching grant from The William Penn Foundation. Since that time, the Organization has attracted the independent support of over 100 foundations and corporations.

For over ten years, the Organization's ITWorks workforce development program has brought tremendous benefits to the low-to-middle-income communities they serve. The 16-week ITWorks program serves vulnerable Opportunity Youth ages 18-26, who are underemployed or unemployed and have not completed a bachelor's degree. ITWorks provides the opportunity for these young adults to gain the technical and professional skills, certifications, and work experience (via an internship) needed to secure and retain entry-level IT positions. ITWorks operates its workforce development programs in four cities (Philadelphia, PA; Wilmington, DE; Nashville, TN and Las Vegas, NV). The Organization's CXWorks program prepares young adults and veterans for Call Center Customer Experience positions. Tech Impact's Pathway to Middle Skill Careers in Technology program includes ITWorks 2.0 and 3.0 to deliver two free live online evening IT training programs to entry level ITWorks alumni with at least one year of work experience to gain mid-level technology skills leading to industry-recognized, stackable CompTIA certifications. These programs also support the Organization's mission by providing area non-profits and corporations with a pipeline of qualified candidates for these in-demand positions.

Collectively, the Organization's services impact entire communities, from the Out of School Youth that live in them to the non-profit organizations that serve them. The Organization is working to create stronger communities.

**(2) Summary of Significant Accounting Policies**

***Basis of Accounting***

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

***Net Assets***

Net assets, revenues, gain and losses are classified based on the existence or absence of donor or certain grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Board designated net assets:* Net assets without donor restrictions subject to self-imposed limits by action of the Organization's Board of Directors. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor-imposed restrictions that were perpetual in nature at June 30, 2025 and 2024.

***Revenue Recognition***

The Organization applies the five-step revenue model under Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers* (Topic 606) to determine when revenue is earned and recognized. Topic 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Revenue from tech services and education include all amounts that are billed or are billable under contracts for services performed and are recorded at expected realizable amounts. Revenue is measured as the amount of consideration the Organization expects to be entitled to receive in exchange for those services and is recognized over the term of the contract as services are delivered. The Organization does not have any significant financing components as payment is received shortly after billing. The Organization's contracts do not contain variable consideration and there are no significant costs associated with obtaining customer contracts.

(2) Summary of Significant Accounting Policies, Continued

***Revenue Recognition, Continued***

The Organization's contracts with customers for tech services and education contain a single performance obligation for the performance of managed IT support services. Control transfers to the customer over time as the customer simultaneously receives and consumes the benefits provided by the Organization. Revenue is recognized using an output method based on the monthly number of support calls or technical support services provided, hours worked on projects, or a fixed monthly subscription fee.

Upon receipt of a prepayment from a customer, the Organization recognizes a contract liability (customer deposit) in the amount of the prepayment for its performance obligation to transfer services in the future. As of July 1, 2023, the contract liability totaled \$34,319.

***Grants***

Revenue from grants with governmental funding agencies, as well as certain grants from corporations and foundations, is recognized when services are provided or as costs are incurred, in accordance with the terms of the grant agreements. The grant revenue is derived from cost-reimbursable contracts and grants and is conditioned upon the incurrence of allowable qualifying expenses. Refundable advances represent conditional grants funds, received in advance, that eventually will be recognized as grant revenues when the conditions are met.

***Contributions***

Contributions, including unconditional promises to give, are recognized as revenue in the period received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions restricted by donors are recorded as increases in net assets without donor restrictions 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the net present value of the estimated cash flows and are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**(2) Summary of Significant Accounting Policies, Continued**

***Contributions, Continued***

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recorded when the conditions on which they depend are substantially met.

***In-kind Donations***

In-kind donations consist of donated assets, donated goods, and/or donated services that create or enhance nonfinancial assets. Services that require specialized skills are recorded when provided by individuals possessing those skills that would otherwise need to be purchased. In-kind donations are recorded at their fair market value at the time of receipt and are included in the financial statements as revenue and expenses.

There were no in-kind donations received for the year ended June 30, 2025. For the year ended June 30, 2024, in-kind donations amounted to \$45,372 and consisted of computer equipment and professional legal services. The in-kind donations were utilized in the delivery of the Organization's program services and supporting services and there were no donor-imposed restrictions associated with the donations.

***Special Events***

Revenue earned from sponsorships or attendance at special events is recognized at the time of the event. Revenue from sponsorships is considered contribution revenue as they are generally nonreciprocal transactions. Revenue from registration fees is considered an exchange transaction for the value received. Registration fees and sponsorships received in advance of the event are recorded as deferred revenue and refundable advances, respectively, until the event is held. Expenses incurred in connection with an event that provide direct benefit to the donors are charged against the revenue earned from the event.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and money market funds. Management considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

***Investments***

The Organization carries investments at fair value in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment fees. Specifically identified cost is used to determine the gain or loss for investments sold.

(2) Summary of Significant Accounting Policies, Continued

*Accounts Receivable, Loans Receivable, and Allowance for Credit Losses*

Accounts receivable are stated at the amount the Organization expects to collect. The Organization maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management evaluates its historical loss experience and applies this historical loss ratio to financial assets with similar characteristics. The Organization's historical loss ratio or its determination if risk pools may be adjusted for changes in customer, economic, market, or other circumstances. Significant past due balances and other higher risk amounts are reviewed individually for collectability based on the following customer specific factors: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the Organization's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of July 1, 2023, accounts receivable, net, totaled \$1,189,264.

The Organization provided loans to students attending its coding school program, PunchCode. The loans are expected to be repaid by the students upon graduation. Loans receivable are stated at the amount the Organization expects to collect. Given the homogeneity of the borrowers (in terms of credit risk) and the loans in the program, the Organization manages the loans on a collective basis. However, the Organization concludes that the loss estimates for loans with credit deterioration is based on borrower-specific facts and circumstances. In estimating expected credit losses, the Organization evaluates historical loss experience and applies this historical loss ratio to financial assets with similar characteristics and evaluates expected cash flow to be collected for those individual loans presenting elevated credit risk. The Organization's historical loss ratio or its determination of risk pools may be adjusted for changes in borrower, economic, market, or other circumstances. Loan balances that remain outstanding after the Organization has used reasonable collections efforts are written off through a charge to the valuation allowance.

(2) Summary of Significant Accounting Policies, Continued

***Property and Equipment***

Property and equipment are stated at cost, if purchased, or at fair value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Expenditures for maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities. The Organization has adopted a \$3,000 capitalization policy according to which all assets below that threshold are expensed as incurred. Estimated lives for computing depreciation are on a straight-line basis are as follows:

Building & building improvements	15 - 40 years
Furniture and fixtures	3 - 7 years
Computer equipment	3 years
Leasehold improvements	Remaining term of the lease

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicates that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired in connection with a business acquisition. The Organization accounts for goodwill in accordance with the provisions of FASB ASC 350, *Intangibles – Goodwill and Other*. Under ASC 350, goodwill is amortized on a straight-line basis over ten years, or less than ten years if the Organization demonstrates that a shorter useful life is more appropriate. In addition, the Organization is required to test goodwill for impairment only upon the occurrence of a triggering event and, upon adoption of the accounting alternative, the Organization must make an accounting policy election to test goodwill for impairment at either the entity level or the reporting-unit level. Management has elected to amortize goodwill over ten years and to test for impairment at the entity level. No triggering events occurred during the years ended June 30, 2025 and 2024, and therefore no impairment was recognized.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefitted. Expenses are directly charged to the program activities other than those that benefit multiple functions. Salaries, related payroll taxes and benefits are allocated based on estimates of time and effort.

**(2) Summary of Significant Accounting Policies, Continued**

***Marketing***

Marketing is expensed as incurred.

***Income Taxes***

The Organization has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. No provision for income taxes has been reflected in the accompanying financial statements.

For the year ended June 30, 2025, the Organization did not identify any uncertain tax positions taken or expected to be taken, which would require adjustment or disclosure in the financial statements. The Organization is potentially subject to federal, state, and local examinations for years subsequent to 2021.

***Use of Estimates***

The preparation of financial statements in accordance 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Concentrations of Risk***

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits with commercial banks and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). At times, however, such deposits may exceed FDIC insurance limits. The Organization believes it is not exposed to any significant financial risk on cash and has not experienced any losses from these accounts.

Approximately 11% of the Organization's revenue was derived from one funding source for the year ended June 30, 2025.

One funding source represented 10% of the total receivables at June 30, 2025.

***Leases***

The Organization determines if an arrangement is a lease at inception based on various facts and circumstances.

**(2) Summary of Significant Accounting Policies, Continued**

***Leases, Continued***

Operating leases are recorded as right-of-use assets and lease liabilities in the statements of financial position. Leases with a term of 12 months or less are considered short-term leases and are accounted for as an expense in the statements of activities as rental payments are incurred. Operating lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. At the lease commencement date, the Organization recognizes operating lease assets and lease liabilities based on the present value of lease payments over the lease term. The Organization uses the implicit rate when readily determinable. When the lease does not provide an implicit rate, the Organization uses a risk-free rate based on information available at the lease commencement date in determining the present value of lease payments. The risk-free rate is the treasury rate over a similar term of the lease. The lease term represents the non-cancellable period of the lease and may include options to extend or to early terminate the lease. These options are included in the lease term when the Organization determines that it is reasonably certain that the options will be exercised.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term and is recorded in occupancy expenses in the statements of functional expenses.

***Subsequent Events***

The Organization has performed an evaluation of subsequent events through December 16, 2025, which is the date the financial statements were available to be issued.

**(3) Asset Purchase and Goodwill**

Effective August 31, 2023, the Organization purchased certain assets of Message Agency, a firm providing digital marketing services to nonprofits, foundations, higher education, and government entities. As a result of this acquisition, the Organization expects to expand its geographical locations and enhance its product lines.

The acquisition was recorded in accordance with FASB ASC 805, *Business Combinations*. The excess of the purchase price over the fair value of the assets and liabilities acquired was recorded as goodwill. Goodwill will be amortizable over a period of 10 years. The purchase price consisted of \$764,694 of cash consideration, \$800,000 of a promissory note (Note 9), and \$190,435 of additional consideration related to an earnout calculation.

**(3) Asset Purchase and Goodwill, Continued**

The asset purchase agreement included additional consideration which requires the Organization to pay the former owner of Message Agency additional cash in the form of deferred annual payments over a three-year period following the acquisition date. The additional consideration, or earnout payment, is determined by gross margin related to the digital services business unit, as defined in the asset purchase agreement, multiplied by 12%. No annual earnout is to be paid if gross margin is less than 20% and the calculated annual earnout cannot exceed \$80,000. The deferred annual payment period ends on August 31, 2026. Management estimated the earnout liability using historical information as well as future budgets and forecasts and determined the fair value of the earnout liability was \$190,435, at the date of acquisition.

Fair Value of Consideration Transferred:	
Cash	\$ 764,694
Promissory note	800,000
Earnout liability	190,435
	\$ 1,755,129

Recognized Amounts of Identifiable	
Assets Acquired:	
Accounts receivable	\$ 419,086
Accounts payable	(40,000)
Goodwill	1,376,043
	\$ 1,755,129

Goodwill related to this asset purchase consisted of the following at June 30, 2025 and 2024:

	2025	2024
Goodwill	\$ 1,376,043	\$ 1,376,043
Less: accumulated amortization	(252,274)	(114,670)
	\$ 1,123,769	\$ 1,261,373

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (3) Asset Purchase and Goodwill, Continued

Amortization expense for goodwill totaled \$137,604 and \$114,670 for the years ended June 30, 2025 and 2024, respectively. The following table represents the total estimated amortization of goodwill for the five succeeding years:

Year Ending June 30,	Estimated Amortization Expense
2026	\$ 137,604
2027	\$ 137,604
2028	\$ 137,604
2029	\$ 137,604
2030	\$ 137,604

#### (4) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,414,203	\$ 1,399,626
Grants receivable	979,244	1,722,953
Accounts and loans receivable, net	1,769,515	1,710,520
Investments	4,458,713	3,746,316
	<u>8,621,675</u>	<u>8,579,415</u>
Less those unavailable for general expenditures within one year, due to donor or other limitations:		
Net assets with donor restrictions	(1,251,714)	(2,129,597)
Board designated net assets	<u>(170,000)</u>	<u>(180,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,199,961</u>	<u>\$ 6,269,818</u>

The Organization manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and mutual funds. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including grants and contributions. The Organization's goal is to maintain financial assets to meet 90-180 days of operating expenses.

Tech Impact has a loan management account with a financial institution totaling \$3,200,000, which it could draw upon in the event of an unanticipated liquidity need.

**(5) Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1: Quoted prices in active markets for identical financial assets and liabilities.
- Level 2: Observable market inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data and are significant to the fair value measurement.

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For the years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets has been consistent. There were no significant transfers among investment levels during the years ended June 30, 2025 and 2024.

*Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open end investments that are registered with the Securities and Exchange Commission. These investments are required to publish their daily net asset value (NAV) and to transact at that price. The investments held by the Organization are deemed to be actively traded.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30:

		2025			
		Total	Level 1	Level 2	Level 3
Mutual funds		\$ 4,458,713	\$ 4,458,713	\$ -	\$ -
		2024			
		Total	Level 1	Level 2	Level 3
Mutual funds		\$ 3,746,316	\$ 3,746,316	\$ -	\$ -

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (5) Fair Value Measurements, Continued

For financial liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at June 30, 2025 and 2024 are as follows:

	Fair Value Measurement at June 30, 2025			
	Total	Level 1	Level 2	Level 3
Earnout liability	\$ 123,406	\$ -	\$ -	\$ 123,406

  

	Fair Value Measurement at June 30, 2024			
	Total	Level 1	Level 2	Level 3
Earnout liability	\$ 190,435	\$ -	\$ -	\$ 190,435

#### (6) Net Investment Return

Net investment return is comprised of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Dividends and interest	\$ 140,908	\$ 114,928
Unrealized gains	304,220	297,614
Realized gains	30,484	26,869
Investment fees	(53,514)	(46,430)
	<u>\$ 422,098</u>	<u>\$ 392,981</u>

#### (7) Property and Equipment

Property and equipment consisted of the following at June 30:

	2025	2024
Building and building improvements	\$ 892,529	\$ 892,529
Furniture and fixtures	151,368	151,368
Computer equipment	175,000	175,000
Leasehold improvement	35,360	35,360
	<u>1,254,257</u>	<u>1,254,257</u>
Accumulated depreciation	<u>(427,592)</u>	<u>(311,163)</u>
	<u>\$ 826,665</u>	<u>\$ 943,094</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$116,429 and \$117,263, respectively.

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (8) Loan Management Account

In July 2023, the Organization entered into a loan agreement under a loan management account with a financial institution, with a maximum borrowing of \$3,200,000. The loan management account is secured by the Organization's investments and bears interest at the financial institution's base rate plus 1.875%. There was no outstanding balance on the loan management account at June 30, 2025 and 2024.

#### (9) Long-Term Debt

In connection with purchase of certain assets in August 2023 (Note 3), the Organization signed a promissory note totaling \$800,000. The promissory note bears interest at 5% and requires quarterly payments of \$71,930 from September 2023 through the August 2026 maturity date.

Interest expense for the years ended June 30, 2025 and 2024 was \$18,275 and \$30,932, respectively.

At June 30, 2025, the annual maturities of the promissory note payable are as follows:

Year Ending June 30,	Amount
2026	\$ 275,647
2027	70,049
	<u>\$ 345,696</u>

#### (10) Board Designated Net Assets

In May 2022, the Board of Directors designated \$200,000 of the Organization's net assets without donor restrictions. For each of the years ended June 30, 2025 and 2024, \$10,000 was utilized for programmatic activities.

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (11) Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2025	2024
Subject to restrictions for specific purposes:		
IT Works	\$ 858,277	\$ 1,120,913
CX Works	36,788	318,750
DataLab	56,649	297,000
Digital services	-	50,000
Education and outreach	-	42,934
Subject to time restrictions:	300,000	300,000
Total net assets with donor restrictions	<u>\$ 1,251,714</u>	<u>\$ 2,129,597</u>

#### (12) Leases

The Organization leases office space under noncancellable operating leases that expire at various times through October 2028. Operating lease costs under these leases for the years ended June 30, 2025 and 2024 were \$269,108 and \$259,742, respectively and are included in occupancy costs on the statements of functional expenses.

Other statement of financial position information related to operating leases are as follows as of June 30:

	2025	2024
Weighted-average remaining lease term	2.93 years	3.88 years
Weighted-average discount rate	2.95%	2.91%

Future minimum lease payments under noncancellable operating leases as of June 30, 2025 were as follows:

Year Ending June 30,	Amount
2026	\$ 270,939
2027	235,508
2028	168,441
2029	56,516
Total future minimum lease payments	<u>731,404</u>
Amount representing interest	<u>(29,742)</u>
Total lease liabilities	701,662
Current portion	254,728
Non-current portion	<u>\$ 446,934</u>

## Tech Impact

### Notes to Financial Statements June 30, 2025 and 2024

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#### (13) Retirement Plan

Effective January 1, 2023, the Organization adopted a defined contribution plan, under Section 401(k) of the IRC. Employees who attain 18 years of age are eligible to participate unless part of an excluded class of employees as defined in the plan agreement. Employer contributions to the plan are discretionary.

Contribution expense for the years ended June 30, 2025 and 2024 was \$190,053 and \$129,538, respectively.

## SUPPLEMENTARY INFORMATION

**Tech Impact**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025**

Grantor/Pass-Through Grantor/Federal Program Title	Assistance Listing Number	Grantor Number	Program Period	Expenditures
<b>Federal Awards:</b>				
U.S. Department of Labor				
Pass-through the State of Delaware				
H-1B Job Training Grants	17.268	HG-35903-21-60-A-10	7/1/2021 - 1/31/2026	<u>\$ 1,208,764</u>
U.S. Department of Treasury				
Pass-through the State of Delaware				
Coronavirus State and Local Fiscal Recovery Funds	21.027	18841	2/24/2022 - 12/31/2026	709,879
Coronavirus State and Local Fiscal Recovery Funds	21.027	22200	11/15/2023 - 12/31/2026	359,266
Coronavirus State and Local Fiscal Recovery Funds	21.027	21401	7/17/2023 - 12/31/2026	12,576
Coronavirus State and Local Fiscal Recovery Funds	21.027	19781	2/1/2023 - 12/31/2026	446,211
Coronavirus State and Local Fiscal Recovery Funds	21.027	23812	9/27/2024 - 12/31/2026	295,724
Total Assistance Listing Number 21.027				<u>1,823,656</u>
Total federal awards expended				<u>\$ 3,032,420</u>

See accompanying notes to schedule of expenditures of federal awards.

## Tech Impact

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

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#### **(1) General Information**

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activities in all federal awards programs of the Organization. All federal awards received directly from federal agencies, as well as awards passed through other governmental agencies or nonprofit organizations, are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

#### **(2) Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is the same basis of accounting used for the financial statements. 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) Relationship to Basic Financial Statements**

Federal award expenditures are included in the statement of activities. For certain programs, the expenses reported in the financial statements may differ from the expenses reported in the schedule of expenditures of federal awards due to program expenses exceeding grant or contract budget limitations, which are not included as federal awards.

#### **(4) De Minimis Indirect Cost Rate**

The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

## **Independent Auditors' 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***

The Board of Directors  
Tech Impact  
Philadelphia, Pennsylvania

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 Tech Impact, which comprise the statement of financial position as of June 30, 2025, 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 December 16, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tech Impact's internal control over financial reporting (internal control) as a basis for designing 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 of the effectiveness of Tech Impact's internal control. Accordingly, we do not express an opinion on the effectiveness of Tech Impact'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 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 Tech Impact'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kreischer Miller". The signature is written in a cursive, flowing style.

Horsham, Pennsylvania  
December 16, 2025

## **Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance**

The Board of Directors  
Tech Impact  
Philadelphia, Pennsylvania

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Tech Impact's 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 Tech Impact's major federal program for the year ended June 30, 2025. Tech Impact's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tech Impact complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tech Impact 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 the major federal program. Our audit does not provide a legal determination of Tech Impact'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 Tech Impact's federal programs.

### ***Auditors' 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 Tech Impact'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 GAAS, *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 Tech Impact's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Tech Impact'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 Tech Impact'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 Tech Impact'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 Auditors' 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 not 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.



Horsham, Pennsylvania  
December 16, 2025

**Tech Impact**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025**

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**I. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?

Yes  No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number(s)</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027

## Tech Impact

### Schedule of Findings and Questioned Costs, Continued Year Ended June 30, 2025

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#### I. SUMMARY OF AUDITORS' RESULTS, Continued

##### *Federal Awards, Continued*

Dollar threshold used to distinguish between  
type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

Yes  No

#### II. FINANCIAL STATEMENT FINDINGS

None.

#### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

#### IV. PRIOR AUDIT FINDINGS

##### *2024-001 Restatement and Prior Period Adjustment*

*Summary:* The Organization recognized revenue for certain conditional grants when received rather than when the conditions were met. In addition, certain leases were not included when implementing the lease standard to recognize right-of-use assets and operating lease liabilities.

*Responsible Official's Response and Corrective Action Plan:* The Organization has revised its grant evaluation process to ensure proper classification of conditional and restricted grants and has updated its accounting practices for recognizing new grants correctly. Additionally, the Organization has implemented new software to track leases comprehensively, including lease extensions.

*Current Year Status:* This finding has been corrected.