



Certified Public Accountants

TECHNOVATION (formerly IRIDESCENT)

Financial Statements

Year Ended December 31, 2019

Together with Independent Auditor's Report

**TECHNOVATION
(formerly IRIDESCENT)**

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Technovation (formerly Iridescent)

Report on Financial Statements

We have audited the accompanying statement of financial position of Technovation, a California nonprofit corporation, as of December 31, 2019 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization, as of December 31, 2019 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2020 on our consideration of Technovation'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 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 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 Technovation's internal control over financial reporting and compliance.



Los Angeles, California
July 10, 2020

**TECHNOVATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,534,031
Grants receivable	112,817
Other receivable	196
Prepaid expenses	18,235

2,665,279

Property and equipment, net	25,719
Security deposits	2,890

\$ 2,693,888

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 44,860
Payroll liability	38,613

83,473

COMMITMENT

NET ASSETS

Without donor restrictions	2,610,415
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2,610,415

\$ 2,693,888

The accompanying notes are an integral part of these financial statements.

**TECHNOVATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES			
Grants	\$ 4,023,402	\$ -	\$ 4,023,402
Contributions	307,288	-	307,288
Program revenue	35,430	-	35,430
Others	5,026	-	5,026
	<u>4,371,146</u>	<u>-</u>	<u>4,371,146</u>
Net assets released from restrictions	-	-	-
	<u>4,371,146</u>	<u>-</u>	<u>4,371,146</u>
EXPENSES			
Program services	2,727,740	-	2,727,740
Management and general	280,644	-	280,644
Fundraising	321,370	-	321,370
	<u>3,329,754</u>	<u>-</u>	<u>3,329,754</u>
CHANGE IN NET ASSETS	1,041,392	-	1,041,392
NET ASSETS AT BEGINNING OF YEAR	<u>1,569,023</u>	<u>-</u>	<u>1,569,023</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,610,415</u>	<u>\$ -</u>	<u>\$ 2,610,415</u>

The accompanying notes are an integral part of these financial statements.

**TECHNOVATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

OPERATING ACTIVITIES

Change in net assets	\$ 1,041,392
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Amortization and depreciation	26,982
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Grants and other receivable	(113,013)
Prepaid expenses	4,796
Increase (Decrease) in:	
Accounts payable	(18,934)
Accrued liability	(11,250)
Payroll liability	38,613
Deferred revenue	(625,000)
	343,586
NET CASH PROVIDED BY OPERATING ACTIVITIES	343,586

INVESTING ACTIVITIES

Purchase of property and equipment	(181)
	(181)
NET CASH USED IN INVESTING ACTIVITIES	(181)

CHANGE IN CASH AND CASH EQUIVALENTS 343,405

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 2,190,626

CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 2,534,031

The accompanying notes are an integral part of these financial statements.

**TECHNOVATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Advertising costs	\$ -	\$ -	\$ 168,755	\$ 168,755
Contract services	176,758	1,059	529	178,346
Disposal	1,706	-	-	1,706
Employee benefits	192,207	28,128	14,063	234,398
Equipment expense	7,420	3,176	3,174	13,770
Insurance	13,372	1,957	978	16,307
Office expenses	24,677	7,605	5,602	37,884
Professional development	7,040	1,030	515	8,585
Professional fees	60,707	1,898	11,422	74,027
Program materials & other	167,450	-	-	167,450
Promotion	49,012	-	-	49,012
Rent	59,393	8,692	4,346	72,431
Repair and maintenance	-	1,729	-	1,729
Salaries	1,457,620	213,311	106,655	1,777,586
Sub-award/grants to partners	148,238	-	-	148,238
Taxes	21	554	-	575
Travel	321,757	8,583	4,291	334,631
Utilities	14,221	2,081	1,040	17,342
Total before amortization and depreciation	<u>2,701,599</u>	<u>279,803</u>	<u>321,370</u>	<u>3,302,772</u>
Amortization and depreciation	<u>26,141</u>	<u>841</u>	<u></u>	<u>26,982</u>
TOTAL EXPENSES	<u>\$ 2,727,740</u>	<u>\$ 280,644</u>	<u>\$ 321,370</u>	<u>\$ 3,329,754</u>

The accompanying notes are an integral part of these financial statements.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1: NATURE OF ORGANIZATION

Founded in 2006 by Tara Chklovski, Technovation (formerly Iridescent) is a global tech education nonprofit. The organization's mission is to empower girls and families to be leaders and creative problems solvers in their communities using technology.

Through our cornerstone programs - Technovation Girls and Technovation Families - we offer a grassroots approach to empowering underserved communities, especially girls and women, to address local problems through cutting-edge technologies (mobile and AI). Our goal is to help underserved communities build a sense of efficacy as technology inventors and leaders, eventually leading to greater community resilience.

Our programs take participants through a 12-week technology-entrepreneurship curriculum that goes beyond basic coding to help them develop real-world problem solving, collaboration, metacognition and complex systems-thinking skills. Our programs rely on the dedication and support of volunteers spanning program leaders, mentors and judges. Volunteers engage in activities that build their own professional skills - like collaboration, creative thinking, and problem solving - while supporting and guiding program participants. Both programs are free and available online.

To date, our programs have reached more than 160,000 youth, parents, educators and volunteers globally. 91% of students participating in our programs increased their sense of self-efficacy as problem solvers, and our program alumni build the confidence and skills to be TED speakers and hold technical positions at global tech organizations like Google, Amazon and Facebook.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

Technovation prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities, and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. The significant accounting and reporting policies used by Technovation are described subsequently to enhance usefulness and understandability of the financial statements.

b. Classification and Reporting of Funds

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958). Under the main provisions of this update, net assets and changes in net assets are presented only for two classes: net assets with donor restrictions and net assets without restrictions, rather than the three classes: unrestricted, temporarily restricted and permanently restricted. FASB ASC 958-205-45 requires the entity to report all of its expenses in the assets without donor restrictions (unrestricted), regardless of the source of the funds for the expenditures. A transfer of expenses from the assets without donor restrictions (unrestricted) to the assets with donor restrictions (restricted) will be reported, if applicable, to match the restricted revenue with the restricted expenses.

c. Cash and Cash Equivalents

Technovation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. Technovation maintains its cash in bank and brokerage accounts with national financial institutions of high credit ratings. The balances in these accounts at times may exceed federally insured deposit limits. Technovation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Receivables

Grants receivable consist primarily of noninterest-bearing amounts due for services, educational and training programs. Technovation determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Grants receivable are written off when deemed uncollectable.

e. Property and Equipment, Depreciation and Amortization

Property and equipment are carried at cost or, if donated, at estimated fair value on the date of the gift. Depreciation is computed using the straight-line method over useful lives of three to ten years for equipment and furniture.

Technovation capitalizes property and equipment with a cost of over \$1,000 and estimated life of three or more years. Technovation capitalizes expenditures or betterments that materially increase asset lives and charge ordinary repairs and maintenance to operations as incurred. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

Leasehold improvements are amortized on a straight-line basis over the shorter of the estimated useful life of the asset or the related lease term.

Computer software and video library are amortized on a straight-line method over the estimated useful lives of three years for software and ten years for the video.

f. Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

g. Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restriction, consistent with the nature of the restriction. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Revenue and Revenue Recognition

Revenue is recognized when earned. Program service revenue is recognized when the qualifying costs are incurred for cost-reimbursement contracts or when a unit of service is provided. Therefore, Technovation recognizes program income when services are performed and billed. Revenues collected in advance are deferred until earned. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

i. Donated Materials, Services and In-Kind Contributions

Donated materials and other non-cash contributions are recognized at their estimated market value at the date of receipt. Contributions of services are recognized when received if such services (a) enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not donated.

For the year ended December 31, 2019, Technovation did not receive any in-kind donation.

j. Functional Allocation of Expenses

The cost of providing Technovation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated based on an allocation study which encompasses factors such as square footage. Salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and others are allocated on the basis of estimated time and effort.

Accordingly, certain costs have been allocated to program services, management and general and fundraising. The functional classifications are defined as follows:

Program service expenses - consist of costs incurred in connection with providing services and conducting programs.

Management and general expenses - include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of Technovation.

Fundraising expenses - are expensed as incurred, even though they may result in contributions received in future years. Technovation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Income Taxes

Technovation is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170 (b)(1)(A)(vi) and (viii), and has been determined not to be private foundation under IRC Sections 509(a). The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Technovation has determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

NOTE 3: FINANCIAL INSTRUMENTS AND CREDIT RISK

Deposit concentration risk was managed by placing cash, money market accounts and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Technovation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from large corporations with strong performance histories, governmental agencies, and foundations supportive of the mission.

Technovation maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. At December 31, 2019, Technovation's uninsured cash balance was \$2,284,031.

NOTE 4: GRANTS RECEIVABLE

Grants receivable consists of unconditional promises to give that are expected to be collected in future years and grants classified as exchange transactions to the extent that allowable expenditures have been incurred, but reimbursement from the grantor has not yet been received. Grants receivable is reviewed for collectability and reserves for uncollectible amounts are established when needed. Management believes that all grants receivable amounts are fully collectible and therefore no reserve is reflected in these financial statements.

At December 31, 2019, the amount of grant receivable was \$112,817.

NOTE 5: PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for items that had not yet occurred as of the end of the fiscal year period. The amount of prepaid expenses at December 31, 2019 was \$18,235.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 6: PROPERTY AND EQUIPMENT, NET

Property and equipment at December 31, 2019 consisted of the following:

		<u>Amount</u>
Computer software	\$	872,108
Building Improvements		64,891
Computer equipment		25,905
Video Library		93,777
Furniture and Equipment		20,622
		<u>1,077,303</u>
Less accumulated amortization and depreciation		<u>(1,051,584)</u>
Property and Equipment, net	\$	<u>25,719</u>

		<u>Cost Basis</u>		<u>Acc Dep</u>
Beginning Balance as of Jan 1, 2019	\$	<u>1,078,828</u>	\$	<u>1,026,308</u>
New in current year		181		26,982
Disposal in current year		(1,706)		(1,706)
Ending Balance as of Dec 31, 2019	\$	<u>1,077,303</u>	\$	<u>1,051,584</u>

Amortization and depreciation expense for the year ended December 31, 2019 amounted to \$26,982.

NOTE 7: SECURITY DEPOSIT

A security deposit in the amount of \$2,890 was paid by Technovation for their studio lease and utilities. The security deposit will be refunded to Technovation upon expiration and termination of the lease and services.

NOTE 8: LEASE COMMITMENT AND RENT

Technovation entered into a lease agreement to rent approximately 1,438 sq. ft. of rentable space for the Los Angeles (LA) Studio location. On April 16, 2019, Technovation signed a 36 months lease agreement which commenced on June 1, 2019 with an extended lease term until May 31, 2022.

The lease term from June 1 - December 31, 2019 is at a rate of \$2,749.85 per month.

Future annual minimum lease payments are as follows:

January 1, 2020 - May 31, 2020	\$	13,749
June 1, 2020 - May 31, 2021		33,988
June 1, 2021 - May 31, 2022		14,587

The rent expense for this office space for the year ended December 31, 2019 is \$31,990.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 8: LEASE COMMITMENT AND RENT (continued)

Technovation also leases co-working spaces in San Francisco. It is on a month-to-month basis, varies according to number of employees and there is no lease commitment for the organization.

The total rent expense, including the month-to-month rent, for the year ended December 31, 2019 is \$72,431.

NOTE 9: ADVERTISING COSTS

Advertising costs are expensed as incurred and included in the statement of functional expenses. For the year ended December 31, 2019, advertising costs amounted to \$168,755.

NOTE 10: LIQUIDITY AND AVAILABILITY

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

	<u>Amount</u>
Cash and cash equivalents	\$ 2,534,031
Grants receivable	<u>112,817</u>
Total	<u>\$ 2,646,848</u>

As part of Technovation's liquidity management plan, cash is retained in excess of daily requirements in short-term instruments such as, CDs, and money market funds. Occasionally, the Board may designate a portion of any operating surplus (if any) to its investments. As of December 31, 2019, the financial assets available for general expenditures totaled \$2,646,848.

NOTE 11: NEW ACCOUNTING PRONOUNCEMENTS

ASU 2016-02

For lessees, any leases that are over 12 months in duration will need to be presented on the entity's statement of financial position as a right-to-use asset and corresponding liability for the obligation to pay rent. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional renewal periods if the lessee is reasonably certain to exercise an option to extend the lease. The present value should be calculated using the discount rate implicit in the lease (if determinable) or the lessee's incremental borrowing rate. The asset will be depreciated, and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. As of this report date, ASU 2016-02 will be effective for fiscal years beginning after December 15, 2020. Early adoption is allowed.

NOTE 12: RELATED PARTY TRANSACTIONS

There were no related party transactions for the year ended December 31, 2019.

**TECHNOVATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 13: RETIREMENT PLAN

Effective September, 2016, Technovation provided a 401(k) and Roth plan to all eligible full-time exempt employees who have completed one (1) year of service and at least 21 years of age. Technovation will make a matching contribution after two (2) years of services equal to 100% of the first 5% of compensation deferred with immediate vesting starting from May, 2019. The 401(K) plan expenses and relative administrative fee for the year ended December 31, 2019 were \$29,982 and \$1,229, respectively.

NOTE 14: SUBSEQUENT EVENT

In accordance with ASC 855, subsequent events through July 10, 2020, the date of these financial statements were evaluated.

In 2020, domestic and international economies face uncertainty related to the impact of the COVID-19 disease. Technovation may be adversely affected through interruptions in its ability to fund its program activities and events and decrease in revenue of its significant or major donors. As of this report date, Management believes the COVID-19 impact will not impair its ability to continue to provide necessary support and services in furtherance of its charitable mission.

There were no other material subsequent events that required recognition or additional disclosure in these financial statements.



Certified Public Accountants

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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

To the Board of Directors of
Technovation (formerly Iridescent)

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 Technovation, a California nonprofit corporation, which comprised the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Technovation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Technovation's internal control. Accordingly, we do not express an opinion on the effectiveness of Technovation'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 Technovation'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Technovation'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 determination of financial statement amounts. 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 Technovation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Technovation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of Technovation's Board of Directors and management, federal awarding agencies and pass-through entities and is not intended to be, and should not be used by anyone other than the specified parties.



Los Angeles, California
July 10, 2020