

TECHNOLOGY AFFINITY GROUP

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REPORT ON AUDIT OF  
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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# O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

May 18, 2018

Board of Directors  
Technology Affinity Group  
Wayne, Pennsylvania

We have audited the accompanying financial statements of Technology Affinity Group which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Technology Affinity Group as of December 31, 2017 and 2016, 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.



TECHNOLOGY AFFINITY GROUP

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 650,464	\$ 660,061
Grants receivable	85,000	135,000
Prepaid expenses	<u>8,568</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 744,032</u>	 <u>\$ 795,061</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,098	\$ 346
 Net Assets		
Unrestricted	655,101	593,982
Temporarily restricted	<u>84,833</u>	<u>200,733</u>
Total Net Assets	<u>739,934</u>	<u>794,715</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 744,032</u>	 <u>\$ 795,061</u>

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

TECHNOLOGY AFFINITY GROUP

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>			<u>2016</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>						
Foundation grants	\$ 25,000	\$ 75,000	\$ 100,000	\$ 23,500	\$ 175,000	\$ 198,500
Membership dues	260,550	-	260,550	267,700	-	267,700
Conference fees	190,785	-	190,785	168,075	-	168,075
Sponsorship revenue	848	-	848	-	-	-
Interest income	1,465	-	1,465	1,179	-	1,179
Satisfaction of program restrictions	190,900	(190,900)	-	122,027	(122,027)	-
<b>TOTAL REVENUE</b>	<u>669,548</u>	<u>(115,900)</u>	<u>553,648</u>	<u>582,481</u>	<u>52,973</u>	<u>635,454</u>
<b>EXPENSES</b>						
Consulting	218,612	-	218,612	226,506	-	226,506
Conference expense	154,338	-	154,338	139,115	-	139,115
Dues and subscriptions	3,075	-	3,075	325	-	325
Web site development	47	-	47	5,000	-	5,000
Professional fees	5,888	-	5,888	4,000	-	4,000
Hosting fees	10,426	-	10,426	9,433	-	9,433
Board expense	2,967	-	2,967	3,850	-	3,850
Insurance	2,519	-	2,519	2,507	-	2,507
Travel	4,714	-	4,714	6,193	-	6,193
Bank charges	14,112	-	14,112	13,368	-	13,368
Telephone	720	-	720	720	-	720
Office supplies	50	-	50	60	-	60
Taxes and licenses	61	-	61	61	-	61
Simplify Project	190,900	-	190,900	117,027	-	117,027
<b>TOTAL EXPENSES</b>	<u>608,429</u>	<u>-</u>	<u>608,429</u>	<u>528,165</u>	<u>-</u>	<u>528,165</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	61,119	(115,900)	(54,781)	54,316	52,973	107,289
<b>NET ASSETS - Beginning of Year</b>	<u>593,982</u>	<u>200,733</u>	<u>794,715</u>	<u>539,666</u>	<u>147,760</u>	<u>687,426</u>
<b>NET ASSETS - End of Year</b>	<u>\$ 655,101</u>	<u>\$ 84,833</u>	<u>\$ 739,934</u>	<u>\$ 593,982</u>	<u>\$ 200,733</u>	<u>\$ 794,715</u>

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

TECHNOLOGY AFFINITY GROUP

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (54,781)	\$ 107,289
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase)		
Grants receivable	50,000	(135,000)
Prepaid expenses	(8,568)	-
Increase (Decrease)		
Accounts payable	<u>3,752</u>	<u>(6,272)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(9,597)</u>	<u>(33,983)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,597)	(33,983)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>660,061</u>	<u>694,044</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$650,464</u>	<u>\$660,061</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Interest capitalized	<u>\$ -</u>	<u>\$ -</u>

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

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

Technology Affinity Group (the Organization) is a non-profit corporation incorporated in the state of Florida. The Organization's purpose is to advance the capacities of philanthropic organizations through the use of technology. The Organization qualifies as a tax-exempt organization under Section 501(c)3 of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

1 Summary of Significant Accounting Policies

Accrual Basis -- The financial statements of the Organization have been prepared on the accrual basis.

Cash and Cash Equivalents -- For the Statement of Cash Flows, the Organization includes cash on deposit to be cash and cash equivalents.

Grants Receivable -- The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to bad debt expense when that determination is made.

Revenue -- Revenue is recorded on the accrual basis of accounting. The Organization derives its revenue primarily from member dues, conference fees, and grants.

Contributions -- The Organization records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of the assets received and are classified as either permanently restricted, temporarily restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets. It is the policy of the Organization to record restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Temporarily Restricted -- The Organization reports gifts as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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.

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

1 Summary of Significant Accounting Policies (Continued)

Income Taxes -- The Organization adopted the accounting standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the Organization. The Organization is no longer subject to federal and state tax examinations for the years prior to 2014.

2 Recent Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities.

The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Organization's financial statements, it is not expected to alter the Organization's reported financial position.

3 Concentration of Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

4 Grants Receivable

The Organization had grants receivable of \$85,000 as of December 31, 2017. The Organization expects to collect grants in full during the year ended December 31, 2018.

5 Temporarily Restricted

Temporarily restricted net assets are available for the following purposes as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Simplify Project	<u>\$ 84,833</u>	<u>\$ 200,733</u>



TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

6 Satisfaction of Restriction

Temporarily restricted net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Simplify Project	\$ 190,900	\$ 117,027
Data Governance	<u>-</u>	<u>5,000</u>
	<u>\$ 190,900</u>	<u>\$ 122,027</u>

7 Functional Classification of Expenses

The costs of providing program services and supporting services of the Organization have been summarized on a functional basis in the following schedule.

	<u>2017</u>	<u>2016</u>
Program expenses	\$ 560,747	\$ 488,552
Management and general expenses	<u>47,682</u>	<u>39,613</u>
	<u>\$ 608,429</u>	<u>\$ 528,165</u>

8 Commitment

In December, 2016, the Organization signed a contract with The Westin La Paloma Resort & Spa for the 2018 annual conference that is to take place in November, 2018. The contract includes a cancellation agreement indicating that the Organization may not cancel the contract for any reason except Force Majeure, without incurring damages. According to the contract, the Organization would be liable for \$36,234 if the contract is cancelled from the date of signing to 1 year prior to the event. If the contract is cancelled from 364 days to 9 months prior to the event, the Organization is liable for \$72,468. If the contract is cancelled from 9 to 6 months prior to the event, the Organization is liable for \$93,085. If the contract is cancelled from 6 to 3 months prior to the event, the Organization is liable for \$113,702. Finally, if the contract is cancelled from 3 months prior to the event through the date of the event, the Organization is liable for \$147,128. Management of the Organization has no intention to cancel the contract and, therefore, has not recognized a liability.

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

8 Commitment (Continued)

In February, 2018, the Organization signed a contract with Loews Miami Beach Hotel for the 2019 annual conference that is to take place in November, 2019. The contract includes a cancellation agreement indicating that the Organization may not cancel the contract for any reason except Force Majeure, without incurring damages. According to the contract, the Organization would be liable for \$30,064 if the contract is cancelled from the date of signing to 1 year prior to the event. If the contract is cancelled from 364 days to 8 months prior to the event, the Organization is liable for \$50,107. If the contract is cancelled from 8 to 3 months prior to the event, the Organization is liable for \$100,215. If the contract is cancelled from 3 months to 1 month prior to the event, the Organization is liable for \$228,165. Finally, if the contract is cancelled from 1 month prior to the event through the date of the event, the Organization is liable for \$268,430. Management of the Organization has no intention to cancel the contract and, therefore, has not recognized a liability.

9 Subsequent Event

The Organization has evaluated all subsequent events through May 18, 2018, the date the financial statements were available to be issued.