

TECHNOLOGY AFFINITY GROUP

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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O'CONNELL & COMPANY LLC

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INDEPENDENT AUDITOR'S REPORT

June 23, 2020

Board of Directors
Technology Affinity Group
Chicago, Illinois

We have audited the accompanying financial statements of Technology Affinity Group which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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, 2019 and 2018, 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 492,836	\$ 520,789
Investments	151,483	-
Accounts receivable	-	19,308
Prepaid expenses	<u>15,000</u>	<u>11,243</u>
TOTAL ASSETS	<u><u>\$ 659,319</u></u>	<u><u>\$ 551,340</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,500	\$ -
 Net Assets		
Without Donor Restrictions	636,694	551,340
With Donor Restrictions		
Purpose restrictions	<u>20,125</u>	<u>-</u>
Total Net Assets	<u>656,819</u>	<u>551,340</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 659,319</u></u>	<u><u>\$ 551,340</u></u>

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

TECHNOLOGY AFFINITY GROUP

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Grants and contributions	\$ 42,200	\$ 47,500	\$ 89,700	\$ 10,000	\$ 10,000	\$ 20,000
Membership dues	384,985	-	384,985	274,700	-	274,700
Conference fees	305,835	-	305,835	240,395	-	240,395
Sponsorship revenue	37,337	-	37,337	-	-	-
Interest income	4,841	-	4,841	1,917	-	1,917
In-kind services	-	-	-	-	-	-
Other income	596	-	596	370	-	370
Satisfaction of program restrictions	27,375	(27,375)	-	94,833	(94,833)	-
TOTAL REVENUE	<u>803,169</u>	<u>20,125</u>	<u>823,294</u>	<u>622,215</u>	<u>(84,833)</u>	<u>537,382</u>
EXPENSES						
Program services	626,684	-	626,684	654,449	-	654,449
Management and general	91,131	-	91,131	71,527	-	71,527
TOTAL EXPENSES	<u>717,815</u>	<u>-</u>	<u>717,815</u>	<u>725,976</u>	<u>-</u>	<u>725,976</u>
INCREASE (DECREASE) IN NET ASSETS	85,354	20,125	105,479	(103,761)	(84,833)	(188,594)
NET ASSETS - Beginning of Year	<u>551,340</u>	<u>-</u>	<u>551,340</u>	<u>655,101</u>	<u>84,833</u>	<u>739,934</u>
NET ASSETS - End of Year	<u>\$ 636,694</u>	<u>\$ 20,125</u>	<u>\$ 656,819</u>	<u>\$ 551,340</u>	<u>\$ -</u>	<u>\$ 551,340</u>

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

TECHNOLOGY AFFINITY GROUP

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Program Services	Management & General	Total	Program Services	Management & General	Total
Bank charges	\$ -	\$ 28,338	\$ 28,338	\$ -	\$ 16,139	\$ 16,139
Board expense	2,164	-	2,164	2,509	-	2,509
Conference expense	331,717	-	331,717	272,111	-	272,111
Consulting	234,168	48,822	282,990	238,702	49,590	288,292
CyberSecurity Essentials Project	27,375	-	27,375	-	-	-
Dues and subscriptions	3,000	-	3,000	3,086	-	3,086
Hosting fees	10,494	-	10,494	9,062	-	9,062
Insurance	1,462	-	1,462	3,073	-	3,073
Office supplies	-	1,024	1,024	-	931	931
Professional fees	7,835	12,817	20,652	-	4,350	4,350
Simplify Project	-	-	-	116,728	-	116,728
Taxes and licenses	-	130	130	-	517	517
Travel	8,469	-	8,469	7,678	-	7,678
Web site development	-	-	-	1,500	-	1,500
	<u>\$ 626,684</u>	<u>\$ 91,131</u>	<u>\$ 717,815</u>	<u>\$ 654,449</u>	<u>\$ 71,527</u>	<u>\$ 725,976</u>

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

TECHNOLOGY AFFINITY GROUP

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 105,479	\$(188,594)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase)		
Accounts receivable	19,308	(19,308)
Grants receivable	-	85,000
Prepaid expenses	(3,757)	(2,675)
Increase (Decrease)		
Accounts payable	<u>2,500</u>	<u>(4,098)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>123,530</u>	<u>(129,675)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(151,483)</u>	<u>-</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(151,483)</u>	<u>-</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(27,953)	(129,675)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>520,789</u>	<u>650,464</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 492,836</u>	<u>\$ 520,789</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

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

Investments -- Investments are reported in the financial statements at fair value. Investments include certificates of deposit.

Accounts Receivable -- The Organization carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates accounts receivable and establishes an allowance for doubtful accounts when deemed necessary.

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

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 grantor restrictions.

Net Assets With Donor Restrictions -- Net assets subject to donor or 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when 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 on the statement of activities as net assets released from restrictions.

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1 Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Income Taxes -- The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

2 Liquidity

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 492,836	\$ 520,789
Investments	151,483	-
Accounts receivable - other	<u>-</u>	<u>19,308</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 644,319</u>	 <u>\$ 540,097</u>

The Organization has certain donor-restricted assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

2 Liquidity (Continued)

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments.

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 Investments

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2019:

	Investments at Fair Values as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 151,483	\$ -	\$ -	\$ 151,483

5 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2019 and 2018:

	2019	2018
Subject to expenditure for specified purpose:		
Cyber Security Essentials Project	\$ 12,625	\$ -
Strategic IT for Community Foundations	7,500	-
	\$ 20,125	\$ -

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

	2019	2018
Purpose Restriction Accomplished		
Cyber Security Essentials Project	\$ 27,375	\$ -
Simplify Project	-	94,833
	\$ 27,375	\$ 94,833

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

6 Commitments

Annual Conference

In November, 2018, the Organization signed a contract with Grand Hyatt San Antonio for the annual conference scheduled to take place in November, 2020. The contract included a cancellation agreement indicating that the Organization may not cancel the contract for any reason except Force Majeure, without incurring damages. As of December 31, 2019, management of the Organization had no intention to cancel the contract and, therefore, did not recognize a liability.

Subsequent to December 31, 2019 and prior to the date the financial statements were available to be issued, the contract was amended to move the date of the event to November, 2022. There were no charges incurred for amending the contract. According to the amended contract, the Organization will be held liable if the contract is cancelled after the contract signing date. If the contract is cancelled from the date of signing to December 31, 2020, the Organization is liable for \$19,504. If the contract is cancelled from January 1, 2021 to December 31, 2021, the Organization is liable for \$97,520. If the contract is cancelled from January 1, 2022 to April 30, 2022, the Organization is liable for \$117,024. If the contract is cancelled from May 1, 2022 to November 13, 2022, the Organization is liable for \$186,032. Management of the Organization has no intention to cancel the contract as of the date the financial statements were available to be issued.

In June, 2019, the Organization signed a contract with Grand Hyatt Nashville for the annual conference that is to take place in November, 2021. 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 will be held liable if the contract is cancelled after the contract signing date. If the contract is cancelled from the date of signing to November 7, 2020, the Organization is liable for \$30,625. If the contract is cancelled from November 8, 2020 to May 11, 2021, the Organization is liable for \$153,125. If the contract is cancelled from May 12, 2021 to August 9, 2021, the Organization is liable for \$214,376. If the contract is cancelled from August 10, 2021 to November 7, 2021, the Organization is liable for \$284,001. Management of the Organization has no intention to cancel the contract and, therefore, has not recognized a liability.

Consulting Services

In December 2019, the Organization entered into various commitments for consulting services. The commitments are for services to be rendered through December 31, 2020. The Organization expects to pay \$347,041 for these services during the year ending December 31, 2020.

TECHNOLOGY AFFINITY GROUP

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

7 Reclassification

Certain prior year amounts have been reclassified to conform with current year presentation.

8 Subsequent Events

The governing board approved an amendment to the articles of incorporation pertaining to a name change for the Organization. Effective January 1, 2020, the Organization changed its name to Technology Association of Grantmakers.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impact could occur though such potential impact is unknown at this time.

The Organization has evaluated all subsequent events through June 23, 2020, the date the financial statements were available to be issued.