

**NONPROFIT TECHNOLOGY RESOURCES, INC.**

**JULY 31, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

To Management and Board of Directors  
Nonprofit Technology Resources, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of Nonprofit Technology Resources, Inc. as of July 31, 2012 and the related statements of functional expenses, activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nonprofit Technology Resources, Inc. at July 31, 2012 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.

*O'Hara, Ward & Associates*

February 21, 2013

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JULY 31, 2012**

**ASSETS**

Current Assets

Cash	\$ 10,115
Accounts Receivable	508,517
Inventory	<u>33,232</u>

**Total Assets** \$551,864

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts Payable	<u>\$ 53,402</u>
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**Total Liabilities** 53,402

Net Assets

Unrestricted	494,862
Temporarily Restricted	<u>3,600</u>

**Total Net Assets** 498,462

**Total Liabilities and Net Assets** \$551,864

See Accompanying Notes

**NONPROFIT TECHNOLOGY RESOURCES, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JULY 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 22,284		\$ 22,284
Computer Training	10,385		10,385
Computer Sales	211,668		211,668
Contract Revenue	35,968		35,968
Net Assets released from restrictions	<u>800</u>	<u>\$ (800)</u>	<u>-0-</u>
	<u>281,105</u>	<u>(800)</u>	<u>280,305</u>
Expenses			
Program Services	284,730		284,730
Management and General	38,398		38,398
Fundraising	<u>9,273</u>		<u>9,273</u>
	<u>332,401</u>	<u>-0-</u>	<u>332,401</u>
Change in Net Assets from continuing operations	(51,296)	(800)	(52,096)
Extraordinary Item Contribution from Class Action Lawsuit	<u>508,517</u>	<u>-0-</u>	<u>508,517</u>
Change in Net Assets	457,221	(800)	456,421
Net Assets, beginning	<u>37,641</u>	<u>4,400</u>	<u>42,041</u>
Net Assets, ending	<u>\$ 494,862</u>	<u>\$ 3,600</u>	<u>\$ 498,462</u>

See Accompanying Notes

**NONPROFIT TECHNOLOGY RESOURCES, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2012**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$103,241	\$26,153	\$8,260	\$137,654
Payroll Taxes	12,662	3,208	1,013	16,883
Telephone	2,696			2,696
Contracted Services	20,628			20,628
Computer Parts and Supplies	51,780	1,950		53,730
Travel	3,069	94		3,163
Insurance	13,200	1,668		14,868
Rent	36,000			36,000
Bad Debt		1,678		1,678
Bank Service Charges	3,288	35		3,323
Miscellaneous	2,149	248		2,397
Payroll Service Fees	1,260	7		1,267
Utilities	18,327			18,327
Equipment Rental and Maintenance	5,733	93		5,826
Repairs and Maintenance	430			430
Bookkeeping and Accounting	3,790	2,983		6,773
Staff Development	893	281		1,174
Interest Expense	5,584			5,584
	<u>\$284,730</u>	<u>\$38,398</u>	<u>\$9,273</u>	<u>\$332,401</u>

See Accompanying Notes

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 456,421
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(481,380)
Inventory	226
Increase (decrease) in operating liabilities:	
Accounts Payable	<u>(2,788)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES AND NET DECREASE IN CASH</b>	<b>(27,521)</b>
<b>CASH – BEGINNING OF YEAR</b>	<u>37,636</u>
<b>CASH – END OF YEAR</b>	<u><u>\$ 10,115</u></u>

Interest Paid:	<u>\$ 5,584</u>
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See Accompanying Notes

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The Organization was founded in 1974, and renamed to Nonprofit Technology Resources in 1992. NTR is committed to helping the people of Philadelphia, and the organizations that serve them, access and use information and communications technologies. NTR serves low-income people in Philadelphia with a holistic training program that includes hardware and software troubleshooting, repairing, and refurbishing donated computers, which are then provided to the community. This unique program includes training people in environmentally-friendly recycling methods, using only certified partners with best-practices compliant with R2, e-Stewards and ISO 14001 standards.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting.

Classifications of Net Assets

The Organization reports information regarding its financial position and activities in net asset categories according to the existence or absence of donor-imposed restrictions in either unrestricted net assets or temporarily restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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.

Accounts Receivable

Receivables are recorded at the un-discounted amounts of earned revenue and support.

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If accounts become uncollectible, they will be charged to operations when that determination is made. Collections on accounts previously written off are included in other income as received.

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventory

The Organization's inventory consists of finished goods which are valued at average salvage value of donated computers and related equipment.

Revenue Recognition

Contributions are recognized as support in the period received or when a donor provides an unconditional promise to give.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets depending on the nature of the restrictions. When a donor restriction expires, temporarily restricted net assets are released to unrestricted net assets.

Unpaid volunteers have made significant contributions of their time in the furtherance of the Organization's activities. The value of this contribution is not reflected in these financial statements because the criteria for recognition have not been satisfied.

Revenues from government agencies are generally reported as unrestricted contract revenue when qualifying expenses are incurred under the agreement.

Revenue from computer training and sales are recorded when earned.

Functional Allocation of Expenses

The costs of providing the programs and activities have been summarized in a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Tax

The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code, and state income taxes under the provisions of Pennsylvania Nonprofit Corporation Law.

The Organization has adopted current accounting principles for uncertain income tax positions that require evaluation of tax positions taken on its income tax returns and recognizing a tax asset or liability if the position would not be sustained under audit. The Organization's policy is to record interest and penalties from tax examinations as income taxes. For federal income tax purposes, the returns remain open for possible examination three years after they are filed.

Subsequent Events

The Organization's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of February 21, 2013.

**NOTE 2. ACCOUNTS RECEIVABLE**

Accounts Receivable consists of the following:

Unrestricted Promise	<u>\$508,517</u>
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**NOTE 3. LEASE**

The Organization rents its facilities on a month-to-month basis, and equipment on a day-to-day basis. Rent expense was \$36,000 for the year ended July 31, 2012.

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2012**

**NOTE 4. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$3,600 as of July 31, 2012 are available for computer training, and \$800 were released from restrictions during the year ended July 31, 2012 for computer training.

**NOTE 5. CONCENTRATIONS**

From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The Organization deposits its cash with credit worthy institutions and has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization earned approximately 64% of its support and revenue from one contributor during the year. Also, 100% of accounts receivable is due from the contributor as of July 31, 2012.

**NOTE 6. EXTRAORDINARY ITEM**

The Organization was a beneficiary of a class action lawsuit against a manufacturer of computer parts payable to resellers of the computer parts and several non-profit organizations. The settlement was accrued as an unrestricted contribution on its award date of August 1, 2011. Also, no allowance was recorded because the entire receivable was collected in the next fiscal period.