

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

June 18, 2021

Board of Directors
Technology Association of Grantmakers, Inc.
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of Technology Association of Grantmakers, Inc. (the "Organization") which comprise the statements of financial position as of December 31, 2020 and 2019, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Management's Responsibility 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists.

O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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165 TOWNSHIP LINE ROAD
JENKINTOWN, PA 19046

Auditor's Responsibility (Continued)

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, including omissions, 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 generally accepted 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounts policies 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 the Organization'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.



O'Connell and Company, LLC

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 477,364	\$ 492,836
Certificates of deposit	152,661	150,021
Grant receivable	25,000	-
Other assets	<u>15,023</u>	<u>16,462</u>
TOTAL ASSETS	<u>\$ 670,048</u>	<u>\$ 659,319</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 27,000	\$ 2,500
Net Assets		
Without Donor Restrictions	597,842	636,694
With Donor Restrictions		
Purpose restrictions	<u>45,206</u>	<u>20,125</u>
Total Net Assets	<u>643,048</u>	<u>656,819</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 670,048</u>	<u>\$ 659,319</u>

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

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Grants and contributions	\$ 41,000	\$ 106,000	\$ 147,000	\$ 42,200	\$ 47,500	\$ 89,700
Membership dues	425,326	-	425,326	384,985	-	384,985
Conference fees	4,100	-	4,100	305,835	-	305,835
Sponsorship revenue	17,600	-	17,600	37,337	-	37,337
Interest income	2,137	-	2,137	4,841	-	4,841
Other income	510	-	510	596	-	596
Satisfaction of program restrictions	80,919	(80,919)	-	27,375	(27,375)	-
TOTAL REVENUE	571,592	25,081	596,673	803,169	20,125	823,294
EXPENSES						
Program services	517,837	-	517,837	626,684	-	626,684
Management and general	92,607	-	92,607	91,131	-	91,131
TOTAL EXPENSES	610,444	-	610,444	717,815	-	717,815
(DECREASE) INCREASE IN NET ASSETS	(38,852)	25,081	(13,771)	85,354	20,125	105,479
NET ASSETS - Beginning of Year	636,694	20,125	656,819	551,340	-	551,340
NET ASSETS - End of Year	\$ 597,842	\$ 45,206	\$ 643,048	\$ 636,694	\$ 20,125	\$ 656,819

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

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Bank charges	\$ -	\$ 12,922	\$ 12,922	\$ -	\$ 28,338	\$ 28,338
Board expense	8,184	-	8,184	2,164	-	2,164
Conference expense	75,012	-	75,012	331,717	-	331,717
Consulting	373,241	57,819	431,060	234,168	48,822	282,990
CyberSecurity Essentials Project	-	-	-	27,375	-	27,375
Dues and subscriptions	4,685	-	4,685	3,000	-	3,000
Hosting fees	13,016	-	13,016	10,494	-	10,494
Insurance	1,478	-	1,478	1,462	-	1,462
Office supplies	-	6,019	6,019	-	1,024	1,024
Professional fees	5,486	15,777	21,263	7,835	12,817	20,652
Taskforce on Digital Infra. Proj.	34,794	-	34,794	-	-	-
Taxes and licenses	-	70	70	-	130	130
Travel	1,941	-	1,941	8,469	-	8,469
	<u>\$ 517,837</u>	<u>\$ 92,607</u>	<u>\$ 610,444</u>	<u>\$ 626,684</u>	<u>\$ 91,131</u>	<u>\$ 717,815</u>

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

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (13,771)	\$ 105,479
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Decrease (Increase)		
Accounts receivable	-	19,308
Grants receivable	(25,000)	-
Other assets	1,439	(5,219)
Increase (Decrease)		
Accounts payable	<u>24,500</u>	<u>2,500</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(12,832)</u>	<u>122,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(2,640)</u>	<u>(150,021)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,640)</u>	<u>(150,021)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,472)	(27,953)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>492,836</u>	<u>520,789</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 477,364</u>	<u>\$ 492,836</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 ASSOCIATION OF GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Technology Association of Grantmakers, Inc. (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.

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 from Technology Affinity Group to Technology Association of Grantmakers, Inc.

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.

Certificates of Deposit -- Certificates of deposit include certificates of deposits with original maturities greater than three months.

Grants Receivable -- Grants receivable, less an appropriate allowance, are reported at their net present value. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management considers all grants receivable to be collectible and, therefore, has not established a provision for uncollectible accounts for the year ended December 31, 2020.

Revenue and Revenue Recognition -- Revenue is recorded on the accrual basis of accounting. The Organization derives its revenue primarily from member dues, conference fees, and grants. The Organization recognizes revenue from fees during the year in which the related services are provided. The performance obligation of fees is simultaneously received and consumed; therefore, the revenue is recognized in the period earned.

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 value of the assets received and are classified as either without donor restriction or with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

1 Summary of Significant Accounting Policies

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.

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.

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

2 Liquidity

The table below represents financial assets available for general expenditures within one year at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 477,364	\$ 492,836
Certificate of deposit	152,661	150,021
Grant receivable	<u>25,000</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 655,025</u>	<u>\$ 642,857</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.

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 Certificates of Deposit

The Organization has a certificate of deposit under the FDIC insured limit of \$250,000. The certificate of deposit bears interest at rate of 0.05% and is due to mature in March, 2021. The value of the certificate of deposit was \$152,661 and \$150,021 as of December 31, 2020 and 2019, respectively.

5 Grant Receivable

The Organization had a grant receivable of \$25,000 as of December 31, 2020. The grant is expected to be collected during the year ending December 31, 2021.

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

6 Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Taskforce on Digital Infrastructure	\$ 45,206	\$ -
Cyber Security Essentials Project	-	12,625
Strategic IT for Community Foundations	-	7,500
	<u>\$ 45,206</u>	<u>\$ 20,125</u>

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:

	<u>2020</u>	<u>2019</u>
Purpose Restriction Accomplished		
Taskforce on Digital Infrastructure	\$ 34,794	\$ -
Strategic IT for Community Foundations	33,500	-
Cyber Security Essentials Project	12,625	27,375
	<u>\$ 80,919</u>	<u>\$ 27,375</u>

7 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. During the year ended December 31, 2020, 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.

TECHNOLOGY ASSOCIATION OF GRANTMAKERS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

7 Commitments (Continued)

In June, 2019, the Organization signed a contract with Grand Hyatt Nashville for the annual conference scheduled to take place in November, 2021. The contract included a cancellation agreement indicating that the Organization may not cancel the contract for any reason except Force Majeure, without incurring damages. In March, 2021, the contract was amended to move the date of the event to November, 2023. The Organization was charged \$5,000 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 November 5, 2022, the Organization is liable for \$53,138. If the contract is cancelled from November 6, 2022 to May 8, 2023, the Organization is liable for \$265,691. If the contract is cancelled from May 9, 2023 to August 6, 2023, the Organization is liable for \$371,968. If the contract is cancelled from August 7, 2023 to November 5, 2023, the Organization is liable for \$483,607. Management of the Organization has no intention to cancel the contract and, therefore, has not recognized a liability.

Consulting Services

During the year ended December 31, 2020, the Organization entered into various commitments for consulting services. The commitments are for services to be rendered through March 31, 2021. Through December 31, 2020, \$10,000 in costs have been incurred. The Organization expects to pay and additional \$15,000 for these services during the year ending December 31, 2021.

8 Subsequent Events

The Organization has evaluated all subsequent events through June 18, 2021, the date the financial statements were available to be issued.