



**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

# TECH GOES HOME INCORPORATED

Contents  
December 31, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors of  
Tech Goes Home Incorporated:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Tech Goes Home Incorporated (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 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 audits 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 position of Tech Goes Home Incorporated 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.



Westborough, Massachusetts  
March 13, 2018

**TECH GOES HOME INCORPORATED**Statements of Financial Position  
December 31, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Current Assets:		
Cash	\$ 1,257,779	\$ 1,071,225
Prepaid computers and other	448,947	327,414
Total current assets	1,706,726	1,398,639
Software, net	37,997	11,435
Total assets	<u>\$ 1,744,723</u>	<u>\$ 1,410,074</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 58,934	\$ 68,573
Deferred revenue	1,397,004	1,034,843
Funds held for others	-	729
Total liabilities	1,455,938	1,104,145
Net Assets:		
Unrestricted:		
Operating	86,207	71,366
Software	37,997	11,435
Temporarily restricted	164,581	223,128
Total net assets	288,785	305,929
Total liabilities and net assets	<u>\$ 1,744,723</u>	<u>\$ 1,410,074</u>

**TECH GOES HOME INCORPORATED**Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Changes in Unrestricted Net Assets:</b>		
Operating revenue:		
Government grants	\$ 657,447	\$ 837,479
Grants and contributions	58,867	48,913
In-kind donations	33,500	4,400
Interest and other income	325	19,550
Net assets released from purpose restrictions	<u>328,547</u>	<u>67,396</u>
Total operating revenue	<u>1,078,686</u>	<u>977,738</u>
Operating Expenses:		
Program	779,851	839,729
General and administrative	156,882	85,663
Development	<u>100,550</u>	<u>30,243</u>
Total operating expenses	<u>1,037,283</u>	<u>955,635</u>
Changes in unrestricted net assets	<u>41,403</u>	<u>22,103</u>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Grants	270,000	124,712
Net assets released from purpose restrictions	<u>(328,547)</u>	<u>(67,396)</u>
Changes in temporarily restricted net assets	<u>(58,547)</u>	<u>57,316</u>
Changes in net assets	(17,144)	79,419
<b>Net Assets:</b>		
Beginning of year	<u>305,929</u>	<u>226,510</u>
End of year	<u>\$ 288,785</u>	<u>\$ 305,929</u>

**TECH GOES HOME INCORPORATED**

## Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (17,144)	\$ 79,419
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Amortization	3,454	-
Changes in operating assets and liabilities:		
Grants receivable	-	10,000
Prepaid expenses and other	(121,533)	(35,618)
Accounts payable and accrued expenses	(9,639)	15,751
Deferred revenue	362,161	417,771
Funds held for others	(729)	(58,324)
	<u>216,570</u>	<u>428,999</u>
Net cash provided by operating activities	216,570	428,999
<b>Cash Flows from Financing Activities:</b>		
Purchase of software	<u>(30,016)</u>	<u>(11,435)</u>
<b>Net Change in Cash</b>	186,554	417,564
<b>Cash:</b>		
Beginning of year	<u>1,071,225</u>	<u>653,661</u>
End of year	<u><u>\$ 1,257,779</u></u>	<u><u>\$ 1,071,225</u></u>

**TECH GOES HOME INCORPORATED**

Statements of Functional Expenses  
For the Years Ended December 31, 2017 and 2016

	2017				2016			
	Program	General and Adminis- trative	Develop- ment	Total	Program	General and Adminis- trative	Develop- ment	Total
<b>Operating Expenses:</b>								
Salaries and related	\$ 181,225	\$ 64,909	\$ 83,093	\$ 329,227	\$ 159,811	\$ 29,823	\$ 29,823	\$ 219,457
Technology:								
Technology equipment and installation	312,986	-	-	312,986	386,535	-	-	386,535
Outside contracted services	11,977	-	-	11,977	19,435	-	-	19,435
Training	153,500	-	-	153,500	192,417	-	-	192,417
Outreach and awareness	33,355	16,875	16,875	67,105	47,504	-	-	47,504
Professional fees	-	49,490	-	49,490	18,830	40,926	-	59,756
In-kind rent and services	33,080	210	210	33,500	3,560	420	420	4,400
Other	11,656	9,707	-	21,363	1,906	5,671	-	7,577
Volunteer expense	12,500	-	-	12,500	2,500	-	-	2,500
Publication	2,661	9,128	-	11,789	-	4,580	-	4,580
Awards and grants	9,885	-	-	9,885	30	-	-	30
Travel	8,358	-	-	8,358	7,066	-	-	7,066
Rent expense	6,941	372	372	7,685	135	-	-	135
Insurance	-	4,464	-	4,464	-	4,243	-	4,243
Amortization	1,727	1,727	-	3,454	-	-	-	-
Total operating expenses	<u>\$ 779,851</u>	<u>\$ 156,882</u>	<u>\$100,550</u>	<u>\$ 1,037,283</u>	<u>\$ 839,729</u>	<u>\$ 85,663</u>	<u>\$ 30,243</u>	<u>\$ 955,635</u>

## TECH GOES HOME INCORPORATED

Notes to Financial Statements  
December 31, 2017 and 2016

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### 1. OPERATIONS AND NONPROFIT STATUS

Tech Goes Home Incorporated (TGH) is a 501(c)(3) organization that empowers communities to overcome barriers and advance lives. To that end, TGH helps bring computers, internet, and training to those without so students can do homework, adults can find jobs and manage finances, and seniors can connect with loved ones. We promote lifelong success by teaching the skills, and providing hardware and help with access so that our participants will continue to benefit from the wealth of online resources well after our program ends.

TGH is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). TGH is also exempt from state income taxes. Contributions made to TGH are deductible by donors within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

TGH prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

#### Revenue Recognition

Unrestricted grants and contributions are recorded as revenue when received or unconditionally committed. Restricted grants and contributions are recorded as temporarily restricted revenues and net assets if they are received with donor-imposed stipulations that limit the use of the asset. Transfers are made to unrestricted net assets as costs are incurred or time restrictions or program restrictions have lapsed. Donor restricted grants and contributions received and satisfied in the same period are included in unrestricted net assets. Government grants are recorded as services are provided. Government grants received in advance of services being provided are recorded as deferred revenue. All other income is recognized when earned.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Net Assets

TGH has grouped its net assets into the following categories:

**Unrestricted** - Unrestricted net assets are those net resources that bear no external restrictions and are generally available for use by TGH. TGH has grouped its unrestricted net assets into the following categories:

- Operating represents surplus amounts currently available for operations.
- Software represents the net book value of TGH's capitalized software costs.



## TECH GOES HOME INCORPORATED

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets (Continued)

**Temporarily Restricted** - TGH receives contributions and grants which are designated by donors for specific purposes or a specified time period. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or the time period has lapsed. Temporarily restricted net assets are restricted for specific purposes as of December 31, 2017 and 2016.

#### Fair Value Measurements

TGH follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that TGH would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

TGH uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of TGH. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

#### Software and Amortization

Software having a value of \$5,000 or more and a useful life of more than one year is capitalized. Software is recorded at cost if purchased or at fair market value at the time of donation. Amortization is computed on a straight-line basis over five years. Amortization expense for the year ended December 31, 2017, was \$3,454.

#### Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

## TECH GOES HOME INCORPORATED

Notes to Financial Statements  
December 31, 2017 and 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Awards and Grants

Awards and grants expense is recorded at the time awarded by TGH.

#### Subsequent Events

Subsequent events have been evaluated through March 13, 2018, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

#### Income Taxes

TGH accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken in a tax return. TGH has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2017 and 2016. TGH's information returns are subject to examination by the Federal and state jurisdictions.

### 3. IN-KIND DONATIONS

TGH is the beneficiary of various donated services and space. These items are reflected in the accompanying financial statements based upon the estimated values assigned by management or the donor and are included in in-kind donations in the accompanying statements of activities and changes in net assets and in-kind rent and other services in the accompanying statements of functional expenses.

The value of the space and services is as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Consulting	\$ 30,000	\$ -
Office space	3,500	4,200
Advertising	-	200
	<u>\$ 33,500</u>	<u>\$ 4,400</u>

### 4. CONCENTRATIONS

#### Credit Risk

TGH maintains its cash balances in a bank in Massachusetts. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. TGH has not experienced any losses in such accounts. TGH believes it is not exposed to any significant credit risk on its cash.

#### Funding

Government grants from the City of Boston comprise 61% and 86% of unrestricted operating revenue for the years ended December 31, 2017 and 2016, respectively. Deferred revenue at December 31, 2017 and 2016, is comprised entirely of funds received from the City of Boston.

## TECH GOES HOME INCORPORATED

Notes to Financial Statements  
December 31, 2017 and 2016

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### 4. CONCENTRATIONS (Continued)

#### Funding (Continued)

Concentrations of temporarily restricted grant funding for the years ended December 31, 2017 and 2016, were comprised of the following:

<u>Donor</u>	<u>2017</u>	<u>2016</u>
A	30%	28%
B	20%	- %
C	19%	- %
D	15%	- %
E	7%	70%

### 5. FUNDING

TGH receives a majority of its funding from the City of Boston (\$657,447 and \$837,479 for the years ended December 31, 2017 and 2016, respectively). These grants have been expended in accordance with the respective terms contained in the agreements and are subject to possible final audit. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of TGH as of December 31, 2017 and 2016, or on the changes in net assets for the years then ended.

### 6. PENSION PLAN

TGH sponsors a defined contribution pension plan in accordance with IRC Section 401(k) (the Plan) covering all eligible employees. Employees 21 years and older are eligible to participate. TGH may make discretionary contributions to the participants' accounts annually as defined in the plan agreement and determined by the Board of Directors. Employees are immediately vested in employer contributions. TGH did not make any contributions to the plan during 2017 and 2016.

### 7. FUNDS HELD FOR OTHERS

TGH served as a fiscal agent for a start-up organization, Smarter in the City (the Organization), that was in the process of obtaining tax-exempt status. TGH provided bookkeeping and other services for the Organization and charged management fees of \$5,744, for the year ended December 31, 2016, which is included in grants and contributions in the accompanying statements of activities and changes in net assets. As of December 31, 2016, TGH held \$729 of the Organization's funds which is included in cash and funds held for others in the accompanying statements of financial position. This agreement was not renewed in 2017.

In June 2015, TGH entered into a fiscal agent agreement for a start-up organization, TechHustle, Inc. (TechHustle). TGH provided bookkeeping and grant management services to TechHustle under an agreement that expired in May 2017. As of December 31, 2017 and 2016, there were no funds held by TGH on behalf of TechHustle and there was no management fee revenue from TechHustle during the years ended December 31, 2017 and 2016. This agreement was not renewed in 2017.

### 8. RECLASSIFICATION

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.