

NONPROFIT TECHNOLOGY RESOURCES, INC.

JULY 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2009 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, 2009 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.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010, on our consideration of Nonprofit Technology Resources, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is

an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards on page 12 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

O'Hara, Ward & Associates

January 29, 2010

NONPROFIT TECHNOLOGY RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
JULY 31, 2009

ASSETS

Current Assets

Cash	\$ 36,243
Accounts Receivable	39,617
Inventory	<u>27,690</u>

Total Assets \$103,550

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	<u>\$ 89,401</u>
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Total Liabilities 89,401

Net Assets

Unrestricted	8,349
Temporarily Restricted	<u>5,800</u>

Total Net Assets 14,149

Total Liabilities and Net Assets \$103,550

See Accompanying Notes

NONPROFIT TECHNOLOGY RESOURCES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 33,500	\$ 9,000	\$ 42,500
Computer Training	58,936		58,936
Computer Sales	276,495		276,495
Contract Revenue	526,692		526,692
Interest Income	18		18
Net Assets released from restrictions	<u>9,150</u>	<u>(9,150)</u>	<u>-0-</u>
	<u>904,791</u>	<u>(150)</u>	<u>904,641</u>
Expenses			
Program Services	859,491		859,491
Management and General	40,094		40,094
Fundraising	<u>-0-</u>	<u> </u>	<u>-0-</u>
	<u>899,585</u>	<u>-0-</u>	<u>899,585</u>
Change in Net Assets	5,206	(150)	5,056
Net Assets, beginning	<u>3,143</u>	<u>5,950</u>	<u>9,093</u>
Net Assets, ending	<u>\$ 8,349</u>	<u>\$ 5,800</u>	<u>\$ 14,149</u>

See Accompanying Notes

**NONPROFIT TECHNOLOGY RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2009**

	<u>Program Services</u>	<u>General and Admin., and Fundraising</u>	<u>Total</u>
Salaries	\$ 512,866	\$ 27,325	\$ 540,191
Contract Service	12,652	-0-	12,652
Payroll Taxes and Benefits	99,234	5,287	104,521
Travel	7,717	-0-	7,717
Computer Supplies	108,392	-0-	108,392
Equip. Rental & Maint.	9,954	-0-	9,954
Professional Fees	33,495	-0-	33,495
Occupancy	75,181	-0-	75,181
Miscellaneous	<u>-0-</u>	<u>7,482</u>	<u>7,482</u>
	<u>\$ 859,491</u>	<u>\$ 40,094</u>	<u>\$ 899,585</u>

See Accompanying Notes

NONPROFIT TECHNOLOGY RESOURCES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 5,056
(Increase) Decrease in Operating Assets:	
Accounts Receivable	129,050
Inventory	(7,067)
Increase (decrease) in operating liabilities:	
Accounts Payable	<u>(247,697)</u>
NET CASH USED IN OPERATING ACTIVITIES AND NET INCREASE IN CASH	(120,658)
CASH – BEGINNING OF YEAR	<u>156,901</u>
CASH – END OF YEAR	<u><u>\$ 36,243</u></u>

Interest Paid:	<u>\$ -0-</u>
Income Taxes Paid	<u><u>\$ -0-</u></u>

See Accompanying Notes

NONPROFIT TECHNOLOGY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2009

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Organization was founded in 1974 and originally was named Public Interest Media Project, Inc., and changed its name to Nonprofit Technology Resources, Inc. in September 1992. The Organization is located in Philadelphia, PA and provides computer training, and sells used computers and related equipment to low-income individuals. The Organization also receives contract revenue from the Philadelphia Workforce Development Corporation.

Classifications of Net Assets – SFAS No. 117

The Center 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 as follows:

◆ **Unrestricted**

Unrestricted net assets are used to account for funds that have not been restricted by donors. Unrestricted net assets include funds that have been designated by the Board of Directors for the purpose of providing working capital for operations any time operating revenues fall below operating expenses.

◆ **Temporarily Restricted**

The Organization reports gifts of cash and other assets 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 statements of activities and changes in net assets as net assets released from restrictions.

NONPROFIT TECHNOLOGY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2009

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

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

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.

Inventory

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

Contributions – SFAS 116

Unconditional contributions are recorded as receivables and public support at the time contributions are awarded or pledged to the Center. 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.

In-kind donations of donated computers and related equipment are recorded at average salvage value.

NONPROFIT TECHNOLOGY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2009

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

Contributions – SFAS 116 (Continued)

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 under SFAS 116 have not been satisfied.

Advertising

Advertising costs are charged to expense as incurred. Total advertising expense was \$13,131 for the year ended July 31, 2009.

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.

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.

Management has elected to defer the application of FAS Interpretation 48, Accounting for Uncertainty in Income Taxes, in accordance with FSP FIN 48-3. The Company will continue to follow FAS 5, Accounting for Contingencies, until it adopts FIN-48.

NOTE 2. ACCOUNTS RECEIVABLE

Accounts Receivable consists of the following:

Contracts	\$ 35,795
Contributions	2,778
Computer sales	<u>1,044</u>
	<u>\$ 39,617</u>

Contribution receivables are due in less than one year.

NONPROFIT TECHNOLOGY RESOURCES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2009

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, 2009.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$5,800 as of July 31, 2009 are available for computer training, and \$9,150 were released from restrictions during the year ended July 31, 2009 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.

During the year ended July 31, 2009, contract revenue from Philadelphia Workforce Development Corporation was 58% of total support and revenue. The amount due from Philadelphia Workforce Development Corporation was 90% of accounts receivable as of July 31, 2009.

SUPPLEMENTAL INFORMATION

**NONPROFIT TECHNOLOGY RESOURCES, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JULY 31, 2009**

Federal Grantor/Pass-Through Grantor/'Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services passed-through City of Philadelphia – Office of Philadelphia Workforce Development Corporation		
Tech Redi Community Service and Paid Work Experience Program	93.558	<u>\$526,692</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Nonprofit Technology Resources, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or shown in the preparation of the basic financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Nonprofit Technology Resources, Inc. as of and for the year ended July 31, 2009, and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Nonprofit Technology Resources, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nonprofit Technology Resources, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nonprofit Technology Resources, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we have reported to management of Nonprofit Technology Resources, Inc. in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and the Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

O'Hara, Ward & Associates

January 29, 2010

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**REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

We have audited the compliance of Nonprofit Technology Resources, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended July 31, 2009. Nonprofit Technology Resources, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Nonprofit Technology Resources, Inc.'s management. Our responsibility is to express an opinion on Nonprofit Technology Resources, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Nonprofit Technology Resources, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Nonprofit Technology Resources, Inc.'s compliance with those requirements.

In our opinion, Nonprofit Technology Resources, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended July 31, 2009.

Internal Control over Compliance

The management of Nonprofit Technology Resources, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Nonprofit Technology Resources, Inc.'s internal control over compliance with the requirement that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nonprofit Technology Resources, Inc.'s internal control over compliance.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and the Department of Health and Human Services and is not intended to be and should not be used by anyone other than these specified parties.

O'Hara, Ward & Associates

January 29, 2010

**NONPROFIT TECHNOLOGY RESOURCES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JULY 31, 2009**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Nonprofit Technology Resources, Inc.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Nonprofit Technology Resources, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award program for Nonprofit Technology Resources, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for Nonprofit Technology Resources, Inc.
7. The program tested as a major program was U.S. Department of Health and Human Services, Temporary Assistance for Needy Families (CFDA 93.558).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Nonprofit Technology Resources, Inc. did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no audit findings.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no audit findings.