

**NONPROFIT TECHNOLOGY RESOURCES, INC.**

**JULY 31, 2010**

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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, 2010 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 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, 2010 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 September 25, 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.

*O'Hara, Ward & Associates*

September 25, 2010

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JULY 31, 2010**

**ASSETS**

Current Assets

Cash	\$ 34,320
Accounts Receivable	23,124
Inventory	<u>28,215</u>

**Total Assets** \$ 85,659

**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts Payable	<u>\$ 45,813</u>
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**Total Liabilities** 45,813

Net Assets

Unrestricted	31,746
Temporarily Restricted	<u>8,100</u>

**Total Net Assets** 39,846

**Total Liabilities and Net Assets** \$ 85,659

See Accompanying Notes to Financial Statements

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Contributions	\$ 18,090	\$ 43,025	\$ 61,115
Computer Training	41,498		41,498
Computer Sales	237,157		237,157
Contract Revenue	459,316		459,316
Interest Income	14		14
Other Income	10,100		10,100
Net Assets released from restrictions	<u>40,725</u>	<u>(40,725)</u>	<u>-0-</u>
	<u>806,900</u>	<u>2,300</u>	<u>809,200</u>
Expenses			
Program Services	731,800		731,800
Management and General	42,675		42,675
Fundraising	<u>9,028</u>		<u>9,028</u>
	<u>783,503</u>	<u>-0-</u>	<u>783,503</u>
Change in Net Assets	23,397	2,300	25,697
Net Assets, beginning	<u>8,349</u>	<u>5,800</u>	<u>14,149</u>
Net Assets, ending	<u>\$ 31,746</u>	<u>\$ 8,100</u>	<u>\$ 39,846</u>

See Accompanying Notes to Financial Statements

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2010**

	<b>Program Services</b>	<b>Management &amp; General</b>	<b>Fundraising</b>	<b>Total 2010</b>
Salaries and Wages	\$416,502	\$22,614	\$7,538	\$446,654
Payroll Taxes	40,013	2,239	746	42,998
Employee Benefits	34,328	1,938	645	36,911
Telephone	2,235	295	99	2,629
Contracted Services	4,242			4,242
Computer Parts and Supplies	93,713			93,713
Travel	3,921	693		4,614
Insurance	11,669	2,059		13,728
Rent	30,600	5,400		36,000
Bank Service Charges	0	3,315		3,315
Postage and Shipping	1,853	57		1,910
Miscellaneous	3,813			3,813
Payroll Service Fees	1,558	117		1,675
Utilities	15,852	2,797		18,649
Equipment Rental and Maintenance	6,792			6,792
Repairs and Maintenance	7,990			7,990
Bookkeeping and Accounting	19,600			19,600
Advertising	25,451			25,451
Staff Development	6,525	1,151		7,676
Interest Expense	5,143			5,143
	<b>\$731,800</b>	<b>\$42,675</b>	<b>\$9,028</b>	<b>\$783,503</b>

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JULY 31, 2010**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 25,697
(Increase) Decrease in Operating Assets:	
Accounts Receivable	16,493
Inventory	(525)
Increase (decrease) in operating liabilities:	
Accounts Payable	<u>(43,588)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES AND NET DECREASE IN CASH</b>	(1,923)
<b>CASH – BEGINNING OF YEAR</b>	<u>36,243</u>
<b>CASH – END OF YEAR</b>	<u>\$ 34,320</u>

Income Taxes:	<u>\$ -0-</u>
Interest Paid:	<u>\$ 5,143</u>

See Accompanying Notes to Financial Statements

**NONPROFIT TECHNOLOGY RESOURCES, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JULY 31, 2010**

**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.

Basis of Presentation

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.

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2010**

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

Accounts Receivable

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

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 or cost.

Contributions

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.

Advertising

Advertising costs are charged to expense as incurred. Total advertising expense was \$25,451 for the year ended July 31, 2010.

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2010**

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

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.

Effective August 1, 2009, the Organization adopted Accounting for Uncertainty in Income Taxes. As of August 1, 2009, the Organization had no material unrecognized tax benefits, accrued interest or penalties. The Organization's policy is to account for interest and penalties as a component of income taxes. Federal tax years 2006 through 2009 were open for examination as of July 31, 2010.

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 September 25, 2010.

**NOTE 2. ACCOUNTS RECEIVABLE**

Accounts Receivable consists of the following:

Contracts	\$21,853
Computer sales and other receivables	<u>1,271</u>
	<u>\$23,124</u>

**NONPROFIT TECHNOLOGY RESOURCES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2010**

**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, 2010.

**NOTE 4.     TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$8,100 as of July 31, 2010 are available for computer training, and \$40,725 were released from restrictions during the year ended July 31, 2010 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, 2010, contract revenue from Philadelphia Workforce Development Corporation was 58% of total support and revenue. The amount due from Philadelphia Workforce Development Corporation was 95% of accounts receivable as of July 31, 2010.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS 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, 2010, and have issued our report thereon dated September 25, 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*O'Hara, Ward & Associates*

September 25, 2010