

**Non-Profit Technology  
Enterprise Network**

---

Audited Financial Statements  
June 30, 2014 and 2013

# Contents

---

<b>Independent Auditor's Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	5
Notes to Financial Statements	6



# Acumen Financial Services Group, PC

## Certified Public Accountants

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Non-Profit Technology Enterprise Network  
Portland, Oregon

We have audited the accompanying financial statements of Non-Profit Technology Enterprise Network (a non-profit Washington corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and change in net assets and cash flows 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 audit 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 risk 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 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 Non-Profit Technology Enterprise Network as of June 30, 2014 and 2013, 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.

*Acumen Financial Services Group, PC*

Lake Oswego, OR  
September 19, 2014

# Non-Profit Technology Enterprise Network

---

## Statements of Financial Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash	\$ 1,099,670	1,437,768
Accounts receivable, net of allowance	7,743	29,217
Grants receivable	-	5,250
Prepaid expenses	<u>45,370</u>	<u>2,031</u>
Total current assets	1,152,783	1,474,266
Property and equipment, net	51,198	69,291
Deposits	<u>6,208</u>	<u>6,027</u>
Total assets	<u>\$ 1,210,189</u>	<u>1,549,584</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 15,689	159,237
Accrued expenses	32,098	24,463
Deferred revenues	<u>42,590</u>	<u>-</u>
Total current liabilities	<u>90,377</u>	<u>183,700</u>
Net assets		
Unrestricted	1,051,326	832,658
Temporarily restricted	<u>68,486</u>	<u>533,226</u>
Total net assets	<u>1,119,812</u>	<u>1,365,884</u>
Total liabilities and net assets	<u>\$ 1,210,189</u>	<u>1,549,584</u>

# Non-Profit Technology Enterprise Network

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	2014 Total
Revenue and support			
Non-profit technology conference	\$ 1,629,589	-	1,629,589
Membership	294,106	-	294,106
Program service revenues & grants	177,425	-	177,425
Net assets released from restriction	464,740	(464,740)	-
Interest	352	-	352
Loss on disposal	(372)	-	(372)
Other revenue	5,800	-	5,800
Total revenue and other support	<u>2,571,640</u>	<u>(464,740)</u>	<u>2,106,900</u>
Expenses			
Program	2,231,301	-	2,231,301
General and administrative	81,489	-	81,489
Fundraising	40,180	-	40,180
Total expenses	<u>2,352,970</u>	<u>-</u>	<u>2,352,970</u>
Change in net assets	218,670	(464,740)	(246,070)
Net assets beginning of year	<u>832,656</u>	<u>533,226</u>	<u>1,365,882</u>
End of year	<u>\$ 1,051,326</u>	<u>68,486</u>	<u>1,119,812</u>

# Non-Profit Technology Enterprise Network

## Statement of Activities and Changes in Net Assets

Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	2013 Total
Revenue and support			
Non-profit technology conference	\$ 1,278,370	-	1,278,370
Membership	292,726	-	292,726
Program service revenues & grants	491,123	270,425	761,548
Net assets released from restriction	607,124	(607,124)	-
Interest	599	-	599
Other revenue	12,050	-	12,050
Total revenue and other support	<u>2,681,992</u>	<u>(336,699)</u>	<u>2,345,293</u>
Expenses			
Program	2,430,454	-	2,430,454
General and administrative	125,951	-	125,951
Fundraising	44,580	-	44,580
Total expenses	<u>2,600,985</u>	<u>-</u>	<u>2,600,985</u>
Change in net assets	81,007	336,699	(255,692)
Net assets beginning of year	<u>751,651</u>	<u>869,925</u>	<u>1,621,576</u>
End of year	<u>\$ 832,658</u>	<u>533,226</u>	<u>1,365,884</u>

# Non-Profit Technology Enterprise Network

## Statements of Cash Flows

For the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (246,070)	(255,692)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	25,080	13,970
Loss on disposition of assets	372	-
Change in operating assets and liabilities:		
Accounts receivable	21,474	(3,054)
Grants receivable	5,250	67,298
Prepaid expenses	(43,339)	(1,060)
Deposits	(181)	644
Accounts payable	(143,550)	80,727
Accrued expenses	7,635	(5,638)
Deferred revenues	42,590	-
Net cash from operating activities	<u>(330,739)</u>	<u>(102,805)</u>
Cash flows from investing activities		
Purchase of fixed assets	(7,359)	(62,094)
Maturity of investments	-	166,218
Net cash from investing activities	<u>(7,359)</u>	<u>104,124</u>
Net change in cash	(338,098)	1,319
Beginning cash	<u>1,437,768</u>	<u>1,436,449</u>
Ending cash	<u>\$ 1,099,670</u>	<u>1,437,768</u>

# **Non-Profit Technology Enterprise Network**

## **Notes to the Financial Statements**

For the years ended June 30, 2014 and 2013

### (1) Organization and Purpose

#### Organization

Non-Profit Technology Enterprise Network (NTEN) is a Washington non-profit public benefit corporation founded in August, 2000. Its purpose is to operate exclusively for charitable or educational purposes, including educating the public, members of the philanthropic community, and other Section 501(c)(3) organizations on how technology can help to advance charitable missions.

NTEN connects diverse constituents that share a common goal of helping nonprofits use technology more effectively. NTEN's membership is made up of both individuals and organizations, including nonprofits, technology support organizations, consultants and vendors. All members are supported in finding peers, connecting with clients, developing professional support networks, and sharing resources to collectively advance the application of technology towards charitable missions.

NTEN's programs include the Annual Non-profit Technology Conference, regional conferences, Tech Finder (an online director of technology services providers for nonprofits), 501 Tech Clubs (local nonprofit technology networking groups), and other online resources.

### (2) Summary of Significant Accounting Policies

#### Basis of Accounting

NTEN's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

NTEN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. NTEN has no permanently restricted net assets. NTEN reports expenses as a decrease in unrestricted net assets whether they are incurred to satisfy a donor's restrictions or not.

---

## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (2) Summary of Significant Accounting Policies (cont.)

#### Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Membership fees are reported as unrestricted support at the time of registration by the member regardless of the period the membership covers. Management has determined that the contributory nature of the membership fees are primarily to support the operations of NTEN in order to provide benefit to the general public and the service beneficiaries.

#### Income Taxes

NTEN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. However, income from certain activities not directly related to NTEN's tax-exempt purpose is subject to taxation as unrelated business income. The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2014 and 2013. The Organization's form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2013, 2012 and 2011 are subject to examination by the IRS, generally for 3 years after they were filed. In addition, NTEN qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

#### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

# **Non-Profit Technology Enterprise Network**

## **Notes to the Financial Statements**

For the years ended June 30, 2014 and 2013

### (2) Summary of Significant Accounting Policies (cont.)

#### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, NTEN considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. NTEN maintains deposits in excess of federally insured limits. NTEN has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management reviews balances for uncollectible amounts periodically and writes off balances that are not expected to be collected. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debts. As of June 30, 2014 and 2013, the allowance for doubtful accounts was \$7,000 and \$25,000.

#### Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repair and maintenance, renewals, and betterments that materially prolong the useful lives of asset are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment, generally three to five years.

#### Advertising

The Organization uses advertising to promote its programs to the general public. Advertising costs are expense as incurred and totaled \$485 and \$11,781 as of June 30, 2014 and 2013.

#### Functional Allocation of Expenses

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

#### Subsequent Events

Management has evaluated subsequent events through September 19, 2014, the date the financial statements were available to be issued.

---

## Notes to the Financial Statements

For the years ended June 30, 2014 and 2013

### (3) Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Computers and office equipment	\$ 39,936	\$ 37,238
Software for internal use	<u>53,526</u>	<u>53,526</u>
	93,462	90,764
Less accumulated depreciation	<u>(42,264)</u>	<u>(21,473)</u>
Property and equipment, net	<u>\$ 51,198</u>	<u>\$ 69,291</u>

### (4) Leases

NTEN signed a lease for office space in Portland, Oregon, which expires in May 2016. Below are the minimum lease commitments under the remaining non-cancellable lease for the years ending June 30:

2015	37,619
2016	28,844

Rent for the year ended June 30, 2014 was \$36,861, respectively

### (5) Employee Benefit Plan

NTEN established a SIMPLE (IRA) benefit plan in 2002. The annual matching contribution from NTEN is up to 3% of the employee's salary for the year. NTEN contributed \$13,696 and \$11,357 to the plan in 2014 and 2013, respectively.

# **Non-Profit Technology Enterprise Network**

---

## **Notes to the Financial Statements**

For the years ended June 30, 2014 and 2013

### **(6) Restrictions on Assets**

Temporarily restricted net assets at June 30, 2014 and 2013 may be summarized as follows:

	<u>2014</u>	<u>2013</u>
Tides Foundation	\$ -	\$ 183,757
Microsoft	-	169,963
Mellon Foundation	46,499	141,352
Hewlett Foundation	21,987	29,487
Hearst Foundation	<u>-</u>	<u>8,667</u>
Temporarily Restricted Net Assets	<u>\$ 68,486</u>	<u>\$ 533,226</u>