



FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

TECH GOES HOME INCORPORATED

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December 31, 2020 and 2019

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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, 2020 and 2019, 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, 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.

AAFCPAs, Inc.

Westborough, Massachusetts
April 26, 2021

TECH GOES HOME INCORPORATEDStatements of Financial Position
December 31, 2020 and 2019

Assets	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 1,601,645	\$ 820,783
Grants receivable	539,146	30,000
Prepaid computers and other	361,130	477,002
Total current assets	2,501,921	1,327,785
Software, net	12,436	20,726
Total assets	<u>\$ 2,514,357</u>	<u>\$ 1,348,511</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 81,117	\$ 64,138
Conditional advances	895,039	668,146
Total liabilities	976,156	732,284
Net Assets:		
Without donor restrictions:		
Operating	472,569	293,312
Software	12,436	20,726
Total without donor restrictions	485,005	314,038
With donor restrictions	1,053,196	302,189
Total net assets	1,538,201	616,227
Total liabilities and net assets	<u>\$ 2,514,357</u>	<u>\$ 1,348,511</u>

TECH GOES HOME INCORPORATEDStatements of Activities and Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions:		
Operating revenue:		
Government grants	\$ 792,714	\$ 1,384,511
Grants and contributions	550,188	92,457
In-kind good and services	33,284	-
Interest and other income	8,397	5,870
Net assets released from purpose restrictions	<u>981,529</u>	<u>488,853</u>
Total operating revenue	<u>2,366,112</u>	<u>1,971,691</u>
Operating expenses:		
Program	1,768,956	1,614,176
General and administrative	203,066	126,434
Development	<u>223,123</u>	<u>196,817</u>
Total operating expenses	<u>2,195,145</u>	<u>1,937,427</u>
Changes in net assets without donor restrictions	<u>170,967</u>	<u>34,263</u>
Changes in Net Assets With Donor Restrictions:		
Grants	1,732,536	693,165
Net assets released from purpose restrictions	<u>(981,529)</u>	<u>(488,853)</u>
Changes in net assets with donor restrictions	<u>751,007</u>	<u>204,312</u>
Total changes in net assets	921,974	238,575
Net Assets:		
Beginning of year	<u>616,227</u>	<u>377,652</u>
End of year	<u><u>\$ 1,538,201</u></u>	<u><u>\$ 616,227</u></u>

TECH GOES HOME INCORPORATED

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 921,974	\$ 238,575
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Amortization	8,290	8,290
Changes in operating assets and liabilities:		
Grants receivable	(509,146)	1,450
Prepaid computers and other	115,872	(73,037)
Accounts payable and accrued expenses	16,979	(13,617)
Conditional advances	<u>226,893</u>	<u>(364,903)</u>
Net cash provided by (used in) operating activities	780,862	(203,242)
Cash Flows from Investing Activities:		
Maturity of certificate of deposit	<u>-</u>	<u>202,324</u>
Net Change in Cash and Cash Equivalents	780,862	(918)
Cash and Cash Equivalents:		
Beginning of year	<u>820,783</u>	<u>821,701</u>
End of year	<u>\$ 1,601,645</u>	<u>\$ 820,783</u>

TECH GOES HOME INCORPORATED

Statements of Functional Expenses
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	General and Administrative	Development	Total	Program	General and Administrative	Development	Total
Operating Expenses:								
Technology equipment, software and installation	\$ 826,194	\$ -	\$ -	\$ 826,194	\$ 777,703	\$ -	\$ -	\$ 777,703
Salaries and related	432,161	82,316	171,493	685,970	311,589	42,331	157,847	511,767
Training	252,760	-	-	252,760	314,534	-	-	314,534
Other	89,183	52,571	5,460	147,214	65,701	16,428	-	82,129
Outreach and awareness	102,061	-	34,020	136,081	65,484	-	21,828	87,312
Professional fees	-	46,219	-	46,219	-	43,133	-	43,133
Rent	21,960	4,296	9,548	35,804	27,526	1,422	9,669	38,617
In-kind goods and services	33,284	-	-	33,284	-	-	-	-
Publication	256	13,390	-	13,646	1,941	19,588	-	21,529
Amortization	6,217	-	2,073	8,290	7,047	-	1,243	8,290
Insurance	-	4,274	-	4,274	-	3,532	-	3,532
Outside contracted services - technology	2,996	-	529	3,525	23,253	-	4,103	27,356
Travel	1,884	-	-	1,884	7,345	-	-	7,345
Event expense	-	-	-	-	12,053	-	2,127	14,180
Total operating expenses	\$ 1,768,956	\$ 203,066	\$ 223,123	\$ 2,195,145	\$ 1,614,176	\$ 126,434	\$ 196,817	\$ 1,937,427

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2020 and 2019

1. OPERATIONS AND NONPROFIT STATUS

Tech Goes Home Incorporated (TGH) is a nonprofit 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. TGH promotes 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.

2020 was, in so many ways, a devastating year for the communities TGH serves and for digital equity. At the same time, it has been a transformational year, bringing digital inequity – which has been an issue for decades – into the public eye and deepening TGH understanding of the systemic injustices at the root of the digital divide.

The COVID-19 pandemic and all of its repercussions have pushed TGH to offer new and innovative solutions: transitioning in-person programs to virtual, building up telehealth-focused offerings and adapting others, and delivering technology directly to learners' homes in accordance with COVID-19 protocols.

Moving forward, TGH is ready to take on an even greater role in closing the digital divide. Over the next year, TGH will focus on growing and expanding programs geographically, engaging deeply in digital equity advocacy work, developing a robust earned revenue model, and incorporating distance learning into our permanent programmatic strategy.

Now, as always, TGH's highest priority is the success and wellbeing of learners. As TGH forges ahead, the core of the work remains the same: advancing digital inclusion in our communities so that learners can access and use technology in whatever way will benefit them most, through the ongoing pandemic and beyond.

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).

Classification of Net Assets

TGH has grouped its net assets into the following categories:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of TGH. These net assets may be used at the discretion of TGH's management and the Board of Directors. TGH has grouped its net assets without donor restrictions 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, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Net Assets (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. These donor restrictions are temporary in nature and the restrictions will be met by actions of TGH or by the passage of time. Net assets with donor restrictions are restricted for program purposes, namely training classes and technology, as of December 31, 2020 and 2019.

Revenue Recognition and Funding

In accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*, TGH must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that TGH should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

A portion of TGH's revenue is derived from cost-reimbursable contracts and grants, which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TGH has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional advances in the statements of financial position. During 2020 and 2019, TGH received cost-reimbursable, conditional grants of \$1,019,608 that have not been fully recognized, because qualifying expenditures have not yet been incurred. The remaining balance of the grants is \$895,039 and \$668,146, which is included in the accompanying statements of financial position as conditional advances at December 31, 2020 and 2019, respectively. See Note 9 for disclosure for an additional conditional grant TGH during 2020.

Grants and contributions without donor restrictions are recorded as revenue when received or unconditionally committed. Grants and contributions with donor-imposed stipulations that limit the use of the asset are recorded as net assets with donor restrictions. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions or program restrictions have lapsed. All government grants, which are from the City of Boston, are recorded as services are provided or costs have been incurred. Government grants received in advance of services being provided are recorded as conditional advances. 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

An allowance for doubtful grants receivable is recorded based on management's analysis of specific receivables and their estimate of amounts that may be uncollectible. There was no allowance deemed necessary as of December 31, 2020 and 2019.

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 years ended December 31, 2020 and 2019, was \$8,290.

Expense Allocation

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

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation (Continued)

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related, which are allocated on the basis of estimates of time and effort; rent is allocated on a square footage basis, and amortization, contracted technology services, and outreach and awareness, which are allocated based on annual usage studies.

Subsequent Events

Subsequent events have been evaluated through April 26, 2021, 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 statements 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, 2020 and 2019. TGH's information returns are subject to examination by the Federal and state jurisdictions.

3. RELATED PARTY TRANSACTIONS

A member of the Board of Directors was a vice president of the company that performed TGH's outsourced bookkeeping and accounting services. TGH paid \$25,445 and \$24,715 for these services for the years ended December 31, 2020 and 2019, respectively, which are included in professional fees in the accompanying statements of functional expenses. At December 31, 2020 and 2019, no amounts were due to the company. During 2020, TGH terminated the contract with this company.

During 2020, two members of the Board of Directors provide training services for TGH's programs. During 2019, a member of the Board of Directors provides training services for TGH's programs. During 2020 and 2019, one individual received stipends of \$5,520 and \$3,340, respectively, and during 2020, the new member of the Board of Directors received \$6,440. These are included in training in the accompanying statements of functional expenses.

4. IN-KIND DONATIONS

TGH is the beneficiary of various donated services and goods. These items are reflected in the accompanying financial statements based upon the estimated values assigned by management or the donor. In 2020, in-kind goods and services included consulting services of \$15,000 and donated computers of \$18,284. In 2019, TGH did not receive any donated services or goods.

5. 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 and cash equivalents.

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2020 and 2019

5. CONCENTRATIONS (Continued)

Funding

Government grants from the City of Boston comprise 34% and 70% of operating revenue without donor restrictions for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, or on their changes in net assets for the years then ended. Conditional advances at December 31, 2020 and 2019, are comprised entirely of funds received from the City of Boston.

Four grantors accounted for 72% of accounts receivable at December 31, 2020. Two grantors accounted for 100% of accounts receivable at December 31, 2019.

Concentrations of grant funding with donor restrictions for the years ended December 31, 2020 and 2019, were comprised of the following:

<u>Donor</u>	<u>2020</u>	<u>2019</u>
A	12%	0%
B	12%	0%
C	3%	19%
D	0%	14%
E	0%	14%
F	0%	14%

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

TGH's financial assets available within one year from the statements of financial position date for general operating expenses are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,601,645	\$ 820,783
Accounts receivable	539,146	30,000
Less - amounts with donor-imposed restrictions	<u>(1,053,196)</u>	<u>(302,189)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,087,595</u>	<u>\$ 548,593</u>

TGH's goal is generally to maintain financial assets to meet ninety days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. TGH has structured its financial assets to be available and liquid as its obligations become due. At December 31, 2020 and 2019, TGH has financial assets equal to approximately six and three months, respectively, of operating expenses.

7. 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 a discretionary contribution to the Plan during 2020 and 2019.

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Notes to Financial Statements
December 31, 2020 and 2019

8. LEASE COMMITMENT

TGH leased office space under an operating lease that expired in October 2020 and was not renewed. The lease required monthly base lease payments of \$3,103, plus TGH's share of operating expenses. Rent expense under this lease totaled \$35,804 and \$38,617 for the years ended December 31, 2020 and 2019, respectively.

9. CONDITIONAL GRANT

TGH applied for and was awarded a loan of \$97,900 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds were used to pay certain payroll costs, including benefits during a covered period as defined in the CARES Act. TGH received full forgiveness on October 8, 2020, and was released of any obligations related to repayment of the loan. The balance of the forgiven loan is included in grants and contributions in the accompanying 2020 statement of activities and changes in net assets.

10. RECLASSIFICATION

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 financial statement presentation.