



**FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

TECH GOES HOME INCORPORATED

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December 31, 2021 and 2020

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Independent Auditor's Report

To the Board of Directors of
Tech Goes Home Incorporated:

Opinion

We have audited the financial statements of Tech Goes Home Incorporated (TGH) (a Massachusetts nonprofit corporation) which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tech Goes Home Incorporated as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TGH and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TGH's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 TGH's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TGH's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPA, Inc.

Westborough, Massachusetts
April 29, 2022

TECH GOES HOME INCORPORATEDStatements of Financial Position
December 31, 2021 and 2020

Assets	2021	2020
Current Assets:		
Cash and cash equivalents	\$ 1,413,366	\$ 1,601,645
Grants receivable	309,104	539,146
Prepaid computers and other	1,059,813	361,130
Total current assets	2,782,283	2,501,921
Software, net	4,146	12,436
Total assets	<u>\$ 2,786,429</u>	<u>\$ 2,514,357</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 169,970	\$ 81,117
Conditional advances	575,179	895,039
Total current liabilities	745,149	976,156
Net Assets:		
Without donor restrictions:		
Operating	826,209	472,569
Software	4,146	12,436
Total without donor restrictions	830,355	485,005
With donor restrictions	1,210,925	1,053,196
Total net assets	2,041,280	1,538,201
Total liabilities and net assets	<u>\$ 2,786,429</u>	<u>\$ 2,514,357</u>

TECH GOES HOME INCORPORATEDStatements of Activities and Changes in Net Assets
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Changes in Net Assets Without Donor Restrictions:		
Operating revenue:		
Government grants	\$ 1,419,745	\$ 792,714
Grants and contributions	456,826	550,188
Interest and other income	26,014	8,397
In-kind good and services	-	33,284
Net assets released from restrictions	<u>1,536,271</u>	<u>981,529</u>
Total operating revenue	<u>3,438,856</u>	<u>2,366,112</u>
Operating expenses:		
Program	2,549,614	1,768,956
General and administrative	317,546	203,066
Development	<u>226,346</u>	<u>223,123</u>
Total operating expenses	<u>3,093,506</u>	<u>2,195,145</u>
Changes in net assets without donor restrictions	<u>345,350</u>	<u>170,967</u>
Changes in Net Assets With Donor Restrictions:		
Grants	1,694,000	1,732,536
Net assets released from restrictions	<u>(1,536,271)</u>	<u>(981,529)</u>
Changes in net assets with donor restrictions	<u>157,729</u>	<u>751,007</u>
Changes in net assets	503,079	921,974
Net Assets:		
Beginning of year	<u>1,538,201</u>	<u>616,227</u>
End of year	<u>\$ 2,041,280</u>	<u>\$ 1,538,201</u>

TECH GOES HOME INCORPORATED

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 503,079	\$ 921,974
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	230,042	(509,146)
Prepaid computers and other	(698,683)	115,872
Accounts payable and accrued expenses	88,853	16,979
Conditional advances	(319,860)	226,893
Net cash provided by (used in) operating activities	(188,279)	780,862
Cash and Cash Equivalents:		
Beginning of year	<u>1,601,645</u>	<u>820,783</u>
End of year	<u>\$ 1,413,366</u>	<u>\$ 1,601,645</u>

TECH GOES HOME INCORPORATED

Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	2021			2020				
	Program	General and Administrative	Development	Total	Program	General and Administrative	Development	Total
Operating Expenses:								
Technology equipment, software and installation	\$ 1,087,316	\$ 20,085	\$ -	\$ 1,107,401	\$ 826,194	\$ -	\$ -	\$ 826,194
Salaries and related	693,623	182,113	217,870	1,093,606	432,161	82,316	171,493	685,970
Training	290,894	-	-	290,894	252,760	-	-	252,760
Outreach and awareness	171,090	44,910	-	216,000	102,061	-	34,020	136,081
Outside contracted services - technology	99,002	25,988	-	124,990	2,996	-	529	3,525
Professional fees	82,581	21,677	-	104,258	-	46,219	-	46,219
In-kind goods and services	56,784	-	-	56,784	33,284	-	-	33,284
Other	32,605	8,559	970	42,134	89,183	52,571	5,460	147,214
Rent	18,646	4,894	5,855	29,395	21,960	4,296	9,548	35,804
Insurance	11,815	3,101	-	14,916	-	4,274	-	4,274
Amortization	5,258	1,381	1,651	8,290	6,217	-	2,073	8,290
Publication	-	2,492	-	2,492	256	13,390	-	13,646
Travel	-	2,346	-	2,346	1,884	-	-	1,884
Total operating expenses	\$ 2,549,614	\$ 317,546	\$ 226,346	\$ 3,093,506	\$ 1,768,956	\$ 203,066	\$ 223,123	\$ 2,195,145

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2021 and 2020

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 learners will continue to benefit from the wealth of online resources well after our program ends.

This past year, guided by the lessons of 2020, TGH and our partners were able to offer our digital inclusion programming to more communities than ever before, at a time when connection to the digital world remains vitally important. In 2021, thousands of learners used the tools and skills they gained through TGH programs to complete virtual school assignments, work or search for jobs from home, utilize telehealth services, and connect with loved ones across Massachusetts and around the world. To meet the ongoing need, TGH offered both virtual and in-person course options, as well as expanded digital resources and webinar offerings.

TGH also significantly expanded our geographic footprint, reaching new communities and more learners throughout Eastern Massachusetts. We launched intentional advocacy efforts, working with elected officials, other stakeholders, and members of our community to promote inclusive, sustainable digital equity solutions. TGH has also grown our team substantially, hiring new staff to support learners and instructors, enrich our curriculum, and increase our impact.

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, 2021 and 2020

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 as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 1,078,573	\$ -
Purpose restricted	<u>132,352</u>	<u>1,053,196</u>
	<u>\$ 1,210,925</u>	<u>\$ 1,053,196</u>

Revenue Recognition and Funding

In accordance with ASC Subtopic 958-605, *Revenue Recognition - Contributions*, (Topic 958), 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 accompanying statements of financial position. During 2021 and 2020, TGH received cost-reimbursable, conditional grants of \$1,019,608 that have not been fully recognized, because qualifying expenditures have not been incurred. The remaining balance of the grants is \$575,179 and \$895,039, which is included in the accompanying statements of financial position as conditional advances at December 31, 2021 and 2020, respectively. See Note 8 for disclosure related to an additional conditional grant received 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.

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2021 and 2020.

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.

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, 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.

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 29, 2022, 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, 2021 and 2020. 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 \$8,962 and \$25,445 for these services for the years ended December 31, 2021 and 2020, respectively, which are included in professional fees in the accompanying statements of functional expenses. At December 31, 2021 and 2020, no amounts were due to the company. During 2021, TGH terminated the contract with this company.

During 2021 and 2020, two members of the Board of Directors provided training services for TGH's programs. During 2021 and 2020, these individuals received stipends totaling \$13,800 and \$11,960, respectively. These amounts are included in training in the accompanying statements of functional expenses.

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2021 and 2020

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 2021, in-kind goods included donated computers of \$104,000 which is included in net assets released from restrictions in the accompanying statement of activities and changes in net assets. Of the donated computers received in 2021, approximately \$47,000 is included in prepaid computers in the accompanying statement of financial position at December 31, 2021.

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.

Funding

Government grants from the City of Boston comprise 42% and 34% of operating revenue without donor restrictions for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, or on its changes in net assets for the years then ended. Conditional advances at December 31, 2021 and 2020, are comprised entirely of funds received from the City of Boston.

Three grantors accounted for 88% and 58% of accounts receivable at December 31, 2021 and 2020, respectively.

Concentrations of grant funding with donor restrictions for the years ended December 31, 2021 and 2020, were comprised of the following:

<u>Donor</u>	<u>2021</u>	<u>2020</u>
A	15%	0%
B	15%	0%
C	5%	12%
D	4%	12%

TECH GOES HOME INCORPORATED

Notes to Financial Statements
December 31, 2021 and 2020

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,413,366	\$ 1,601,645
Grants receivable	309,104	539,146
Less - amounts with donor-imposed restrictions	<u>(132,352)</u>	<u>(1,053,196)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,590,118</u>	<u>\$ 1,087,595</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, 2021 and 2020, TGH has financial assets equal to approximately six months 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 twenty-one years and older are eligible to participate. TGH makes matching 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 contributed \$27,792 and \$21,974 to the Plan for the years ended December 31, 2021 and 2020, respectively, which are included salaries and related in the accompanying statements of functional expenses.

8. CONDITIONAL GRANT

TGH applied for and was awarded a loan of \$97,900 from the Paycheck Protection Program (PPP) 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.

9. RECLASSIFICATION

Certain amounts in the 2020 financial statements have been reclassified to conform with the 2021 financial statement presentation.