

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | |
|---|----------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| BALANCE SHEETS | 3 |
| STATEMENTS OF ACTIVITIES | 4 |
| STATEMENTS OF FUNCTIONAL EXPENSE | 5 |
| STATEMENTS OF CASH FLOWS | 7 |
| NOTES TO FINANCIAL STATEMENTS | 8 |



INDEPENDENT AUDITORS' REPORT

Board of Directors
Minnesota High Tech Association
Minneapolis, Minnesota

We have audited the accompanying financial statements of Minnesota High Tech Association (the Association), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of activities, functional expense, 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.

Auditors' 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 auditors' 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.

Board of Directors
Minnesota High Tech Association

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota High Tech Association as of December 31, 2018 and 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 12, 2019

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017**

| ASSETS | 2018 | 2017 |
|-----------------------------------|------------|------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 490,878 | \$ 606,919 |
| Program Revenue Receivables, Net | 98,536 | 141,347 |
| Prepaid Expenses | 24,272 | 33,140 |
| Total Current Assets | 613,686 | 781,406 |
| FIXED ASSETS | | |
| Equipment and Furniture | 27,917 | 27,917 |
| Leasehold Improvements | 9,254 | 9,254 |
| Website | 123,503 | 123,503 |
| Less: Accumulated Depreciation | (152,013) | (140,318) |
| Net Fixed Assets | 8,661 | 20,356 |
| INTANGIBLE ASSETS | | |
| Goodwill | - | 193,000 |
| Total Assets | \$ 622,347 | \$ 994,762 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 8,776 | \$ 4,400 |
| Accrued Expenses | 112,616 | 141,141 |
| Deferred Membership Dues | 237,957 | 322,671 |
| Other Deferred Revenue | 86,555 | 84,260 |
| Total Current Liabilities | 445,904 | 552,472 |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| Undesignated | 176,443 | 442,290 |
| Total Net Assets | 176,443 | 442,290 |
| Total Liabilities and Net Assets | \$ 622,347 | \$ 994,762 |

See accompanying Notes to Financial Statements.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|--|------------|------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTION | | |
| UNDESIGNATED SUPPORT AND REVENUE | | |
| Membership Dues | \$ 572,563 | \$ 598,360 |
| Events and Programs | 634,035 | 739,548 |
| Grants | 1,397,783 | 1,150,225 |
| Interest | 5,749 | 1,825 |
| Miscellaneous | 17,827 | 13,756 |
| Loss on Goodwill Impairment | (193,000) | - |
| Total Undesignated Support and Revenue | 2,434,957 | 2,503,714 |
| EXPENSE | | |
| Program Services: | | |
| Communications | 281,812 | 287,405 |
| Programs and Events | 2,076,251 | 1,878,500 |
| Total Program Services | 2,358,063 | 2,165,905 |
| Supporting Services: | | |
| General Administration | 153,838 | 158,765 |
| Membership Development | 188,903 | 197,640 |
| Total Supporting Services | 342,741 | 356,405 |
| Total Expense | 2,700,804 | 2,522,310 |
| CHANGE IN NET ASSETS | (265,847) | (18,596) |
| Net Assets – Beginning of Year | 442,290 | 460,886 |
| NET ASSETS – END OF YEAR | \$ 176,443 | \$ 442,290 |

See accompanying Notes to Financial Statements.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2018**

| | 2018 | | | | | | |
|-------------------------------|---------------------|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------------|---------------------|
| | Program Services | | | Supporting Services | | | |
| | Communi- cations | Programs and Events | Total Program Services | General Administration | Membership Development | Total Supporting Services | Total |
| Salaries | \$ 155,961 | \$ 457,324 | \$ 613,285 | \$ 85,656 | \$ 126,135 | \$ 211,791 | \$ 825,076 |
| Employee Benefits | 25,748 | 75,502 | 101,250 | 14,141 | 20,824 | 34,965 | 136,215 |
| Payroll Taxes | 12,597 | 36,938 | 49,535 | 6,918 | 10,188 | 17,106 | 66,641 |
| Total Salaries and Expenses | <u>194,306</u> | <u>569,764</u> | <u>764,070</u> | <u>106,715</u> | <u>157,147</u> | <u>263,862</u> | <u>1,027,932</u> |
| Bank Charges | 4,089 | 11,990 | 16,079 | 2,246 | 3,307 | 5,553 | 21,632 |
| Consulting | 46,000 | - | 46,000 | - | - | - | 46,000 |
| Depreciation and Amortization | 2,211 | 6,482 | 8,693 | 1,214 | 1,788 | 3,002 | 11,695 |
| Dues and Subscriptions | 789 | 2,312 | 3,101 | 433 | 638 | 1,071 | 4,172 |
| Equipment Rental | 1,687 | 4,947 | 6,634 | 927 | 1,364 | 2,291 | 8,925 |
| Insurance | 1,096 | 3,213 | 4,309 | 602 | 886 | 1,488 | 5,797 |
| Programs and Events | - | 405,784 | 405,784 | - | - | - | 405,784 |
| SciTechsperience | - | 973,071 | 973,071 | - | - | - | 973,071 |
| Occupancy Expenses | 15,290 | 44,834 | 60,124 | 8,397 | 12,366 | 20,763 | 80,887 |
| Office Supplies | 2,077 | 6,093 | 8,170 | 1,141 | 1,681 | 2,822 | 10,992 |
| Postage and Delivery | 101 | 298 | 399 | 56 | 82 | 138 | 537 |
| Professional Fees | 5,227 | 17,707 | 22,934 | 25,287 | 2,414 | 27,701 | 50,635 |
| Public Relations | 1,627 | 8,315 | 9,942 | 2,804 | 1,316 | 4,120 | 14,062 |
| Telephone | 4,230 | 12,404 | 16,634 | 2,323 | 3,421 | 5,744 | 22,378 |
| Outreach and Meetings | 3,082 | 9,037 | 12,119 | 1,693 | 2,493 | 4,186 | 16,305 |
| Total Allocated Expenses | <u>87,506</u> | <u>1,506,487</u> | <u>1,593,993</u> | <u>47,123</u> | <u>31,756</u> | <u>78,879</u> | <u>1,672,872</u> |
| Total Functional Expenses | <u>\$ 281,812</u> | <u>\$ 2,076,251</u> | <u>\$ 2,358,063</u> | <u>\$ 153,838</u> | <u>\$ 188,903</u> | <u>\$ 342,741</u> | <u>\$ 2,700,804</u> |

See accompanying Notes to Financial Statements.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2017**

| | 2017 | | | | | | |
|-------------------------------|---------------------|---------------------------|------------------------------|---------------------------|---------------------------|---------------------------------|---------------------|
| | Program Services | | | Supporting Services | | | |
| | Communi- cations | Programs and Events | Total Program Services | General Administration | Membership Development | Total Supporting Services | Total |
| Salaries | \$ 157,706 | \$ 440,542 | \$ 598,248 | \$ 87,438 | \$ 128,677 | \$ 216,115 | \$ 814,363 |
| Employee Benefits | 26,254 | 73,339 | 99,593 | 14,556 | 21,421 | 35,977 | 135,570 |
| Payroll Taxes | 13,226 | 36,947 | 50,173 | 7,333 | 10,792 | 18,125 | 68,298 |
| Total Salaries and Expenses | <u>197,186</u> | <u>550,828</u> | <u>748,014</u> | <u>109,327</u> | <u>160,890</u> | <u>270,217</u> | <u>1,018,231</u> |
| Bank Charges | 4,280 | 11,957 | 16,237 | 2,373 | 3,492 | 5,865 | 22,102 |
| Consulting | 46,000 | - | 46,000 | - | - | - | 46,000 |
| Depreciation and Amortization | 4,796 | 13,398 | 18,194 | 2,659 | 3,913 | 6,572 | 24,766 |
| Dues and Subscriptions | 803 | 2,242 | 3,045 | 445 | 655 | 1,100 | 4,145 |
| Equipment Rental | 2,007 | 5,606 | 7,613 | 1,113 | 1,637 | 2,750 | 10,363 |
| Insurance | 1,337 | 3,734 | 5,071 | 741 | 1,091 | 1,832 | 6,903 |
| Programs and Events | - | 386,652 | 386,652 | - | - | - | 386,652 |
| SciTechsperience | - | 791,201 | 791,201 | - | - | - | 791,201 |
| Occupancy Expenses | 15,061 | 42,072 | 57,133 | 8,350 | 12,289 | 20,639 | 77,772 |
| Office Supplies | 1,509 | 4,215 | 5,724 | 837 | 1,231 | 2,068 | 7,792 |
| Postage and Delivery | 148 | 414 | 562 | 82 | 121 | 203 | 765 |
| Professional Fees | 4,243 | 35,654 | 39,897 | 24,879 | 4,132 | 29,011 | 68,908 |
| Public Relations | 2,711 | 10,069 | 12,780 | 3,898 | 2,212 | 6,110 | 18,890 |
| Telephone | 4,312 | 12,045 | 16,357 | 2,391 | 3,518 | 5,909 | 22,266 |
| Outreach and Meetings | 3,012 | 8,413 | 11,425 | 1,670 | 2,459 | 4,129 | 15,554 |
| Total Allocated Expenses | <u>90,219</u> | <u>1,327,672</u> | <u>1,417,891</u> | <u>49,438</u> | <u>36,750</u> | <u>86,188</u> | <u>1,504,079</u> |
| Total Functional Expenses | <u>\$ 287,405</u> | <u>\$ 1,878,500</u> | <u>\$ 2,165,905</u> | <u>\$ 158,765</u> | <u>\$ 197,640</u> | <u>\$ 356,405</u> | <u>\$ 2,522,310</u> |

See accompanying Notes to Financial Statements.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017**

| | 2018 | 2017 |
|---|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (265,847) | \$ (18,596) |
| Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation and Amortization | 11,695 | 24,766 |
| Loss on Disposal of Fixed Assets | - | 764 |
| Loss on Goodwill Impairment | 193,000 | - |
| (Increase) Decrease in Current Assets: | | |
| Program Revenue Receivables | 42,811 | (63,535) |
| Prepaid Expenses | 8,868 | (4,856) |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts Payable | 4,376 | 2,472 |
| Accrued Expenses | (28,525) | 14,752 |
| Deferred Rent | - | (1,043) |
| Deferred Membership Dues | (84,714) | 76,089 |
| Other Deferred Revenue | 2,295 | 41,325 |
| Net Cash Provided (Used) by Operating Activities | (116,041) | 72,138 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | - | (7,498) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on Capital Leases | - | (3,395) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (116,041) | 61,245 |
| Cash and Cash Equivalents – Beginning of Year | 606,919 | 545,674 |
| CASH AND CASH EQUIVALENTS – END OF YEAR | \$ 490,878 | \$ 606,919 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest Paid | \$ - | \$ 79 |

See accompanying Notes to Financial Statements.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Organization

MHTA, or the Minnesota High Tech Association (the Association), is incorporated in the state of Minnesota as a nonprofit corporation. The Association's mission is to fuel Minnesota's prosperity through innovation and technology. MHTA activities are dedicated to promoting the importance of innovation and technology to Minnesota and its people. Its operations are focused on workforce development, innovation, entrepreneurship, and public policy. Members include technology-based businesses, ancillary support firms, and public and nonprofit organizations that support Minnesota's technology ecosystem.

MHTA is also a member of TECNA, the Technology Councils of North America, which provides a national network of technology industry knowledge and expertise in business development, public relations, and government affairs.

Financial Statement Presentation

The Association's net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board of directors has set aside for a particular purpose.

Net Assets With Donor Restrictions

Those resources subject to donor-imposed restrictions. Some are temporary in nature, which will be satisfied by actions of the Association or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Association had no net assets with donor restrictions at December 31, 2018 and 2017.

Tax-Exempt Status

The Association qualifies as a tax-exempt organization described in Section 501(c)(6) and is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. As such, it is exempt from federal unemployment taxes and state of Minnesota sales tax, but is subject to federal and state income taxes on net unrelated business income.

The Association has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on the Association's financial statements. The Association files as tax-exempt organizations.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risks

Members and donors are primarily companies which operate in high technology environments in Minnesota.

Cash and Cash Equivalents

The Association classifies all highly liquid debt securities with a maturity of three months or less at the time of purchase to be cash equivalents. Cash is maintained in various bank deposit accounts which, at times, may exceed insured limits.

Program Receivables

Receivables are stated at net realizable value. Bad debts are provided for using the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At December 31, 2018 and 2017, the allowance was \$1,250.

Fixed Assets

All capital expenditures over \$1,000 are evaluated to determine if they should be recorded as a fixed asset at cost. Contributed items and contributed services related to the development of the web site are recorded at fair value as the development services or items are provided. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of fixed assets are recorded as net assets without donor restrictions. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of fixed assets are three to five years for the website, and three to seven years for furniture and equipment. Leasehold improvements are amortized over the shorter of their useful lives or lease term.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and Intangibles

Goodwill and intangibles were recorded at fair market value at the date of purchase of the Minnesota Venture & Finance Conference by the Association. Goodwill is tested annually for impairment. As of December 31, 2018 and 2017, respectively, impairment loss was \$193,000 and \$-0-. During the year ended December 31, 2018, it was determined that the Association will no longer hold the conference that the goodwill was associated with. It was determined that the profitability of the conference was significantly reduced, changes occurred related to event partners and the marketability of the conference was greatly reduced due to outside factors. Due to these facts, the conference will no longer be held in any form nor is it saleable in the marketplace. As such, the full value of the goodwill was determined to be impaired and was written off as a permanent impairment.

Intangibles are amortized over their useful life of three years. Amortization expense was \$-0- and \$500 for 2018 and 2017, respectively.

Revenue Recognition

The Association recognizes membership dues as revenues ratably over the applicable membership period. Unearned membership dues are reflected on the balance sheet as deferred membership dues. Receivables are recorded for past year dues when a membership commitment has been made.

Program revenues are recognized when the event occurs or services are provided. The unearned program revenues are presented as other deferred revenue on the balance sheet.

All contributions are considered to be available for undesignated use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions not held in perpetuity are reclassified to net assets without donor restrictions. Unconditional promises to give are recorded as received. Conditional promises to give are not included as support until the conditions are substantially met.

Functional Expenses

The Association charges identifiable expenses directly to the appropriate program service. Expenses of a general nature are allocated to program service based on a pro-rated percentage of usage and on management's estimate.

Reclassifications

Certain amounts for the year ended December 31, 2017 have been reclassified to conform to the presentation of the December 31, 2018 amounts. The reclassifications have no effect on net assets for the year ended December 31, 2017.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

The Association adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. These changes were applied retrospectively to ensure comparability with the prior year presented herein. The adoption did not impact the Association's financial position at December 31, 2018 and 2017 or the changes in its net assets or cash flows for the years then ended.

Subsequent Events

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through July 12, 2019, the date the financial statements were available to be issued noting none.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2018 and 2017, the Association has liquidity, which it considers to be cash, cash equivalents, and accounts receivable, totaling \$589,414 and \$748,266, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Nor does the Association have any board-designated funds. The board of directors reviews liquidity at each meeting.

The Association's financial assets available within one year of the balance sheet date for general expenditure are as follows for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|---------------------------|------------|------------|
| Cash and Cash Equivalents | \$ 490,878 | \$ 606,919 |
| Accounts Receivable | 98,536 | 141,347 |
| Total | \$ 589,414 | \$ 748,266 |

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 3 LEASES

Effective May 1, 2018, the Association entered into a new lease for the same office space through June 30, 2023. In addition, the Association leases additional space on a month-to-month basis. The Association incurred rent expense of \$80,887 and \$77,772 for the years ended December 31, 2018 and 2017, respectively, for office facilities under operating leases.

During the year ended December 31, 2017, the Association signed a lease for office equipment. The lease required monthly payments of \$329 for a term of 60 months.

Future minimum operating lease payments are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---------------------------------|-------------------|
| 2019 | \$ 53,310 |
| 2020 | 53,310 |
| 2021 | 53,310 |
| 2022 | 50,349 |
| 2023 | 24,681 |
| Total | <u>\$ 234,960</u> |

NOTE 4 RELATED PARTIES

Minnesota High Technology Foundation (the Foundation) is a related organization through the appointment of several board members and similar operational staff. The Foundation made payments to the Association for the following programs:

| | <u>2018</u> | <u>2017</u> |
|----------------------|-----------------|-----------------|
| Tekne Expenses | \$ 1,725 | \$ 1,725 |
| Bids & Bytes | 5,000 | 5,000 |
| Total Reimbursements | <u>\$ 6,725</u> | <u>\$ 6,725</u> |

The Association paid directly the expenses of the Foundation and was reimbursed for the following items:

| | <u>2018</u> | <u>2017</u> |
|---------------|-------------|-------------|
| Staff Support | \$ 50,000 | \$ 50,000 |

In 2013, the Association entered into an agreement with the Foundation whereby the Association would donate 200 hours of administrative services valued at \$15,000 to the Foundation. Any hours in excess of 200 hours will be billed to the Foundation. As of December 31, 2018 and 2017 this amount was \$-0-.

**MINNESOTA HIGH TECH ASSOCIATION
(A MINNESOTA NONPROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

NOTE 4 RELATED PARTIES (CONTINUED)

Certain members of the Association's Board of Directors are employees, officers, or owners of companies from which the Association purchases goods and services in the normal course of business. During the years ended December 31, 2018 and 2017, the Association purchased the following goods and services from these companies:

| | 2018 | 2017 |
|-----------------------|-----------|-----------|
| Professional Services | \$ 51,455 | \$ 51,565 |

NOTE 5 IN-KIND REVENUE AND BARTER SERVICES

The Association received donated advertising, professional fees, repairs and maintenance, public relations, and website development services from vendors in exchange for Association membership benefits and event sponsorships. The value received by the Association in these exchanges is reported as in-kind revenue. These transactions are reported on the financial statements as follows:

| | 2018 | 2017 |
|---------------------|-----------|-----------|
| Revenue: | | |
| Membership Dues | \$ - | \$ 4,000 |
| Events and Programs | 23,200 | 52,600 |
| Total | \$ 23,200 | \$ 56,600 |
| Expenses: | | |
| Professional Fees | \$ 23,200 | \$ 55,600 |
| Public Relations | - | 1,000 |
| Total | \$ 23,200 | \$ 56,600 |

NOTE 6 PENSION PLAN

The Association has a defined contribution pension plan covering substantially all full-time employees who have met the age and service requirements of the plan. The Association contributions to the plan are based on a percentage of the eligible employee's base salary and were \$47,359 and \$51,047 for the years ended December 31, 2018 and 2017, respectively.