TEXAS TECHNOLOGY STUDENTS ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2009

with

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Texas Technology Students Association

We have audited the accompanying statement of financial position of Texas Technology Students Association (the Association) (a Texas non-profit corporation) as of August 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 Texas Technology Students Association as of August 31, 2009, and the results of its activities and its cash flows for the year ended August 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Stewart, Martin, Dudley & Webb, L.L.P.

February 11, 2010

TEXAS TECHNOLOGY STUDENTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION

August 31, 2009

ASSETS

Current assets:	
Cash and cash equivalents	$ 65,949
Short-term investments	108,844
Certificate of deposit	12,797
Total current assets	187,590
Equipment	2,569
Less accumulated depreciation	(1,976)
Net equipment	593
Long-term investments	66,067
	$254,250

LIABILITIES AND NET ASSETS

Current liabilities - accounts payable	$ 710
Net assets:	
Unrestricted	177,473
Unrestricted - board designated	10,000
Permanently restricted	66,067
Total net assets	253,540
	$254,250

See accompanying notes.

TEXAS TECHNOLOGY STUDENTS ASSOCIATION

STATEMENT OF ACTIVITIES

Year ended August 31, 2009

Unrestricted net assets:	
Unrestricted revenue and support:	
Affiliation dues	$ 31,795
Contest revenue	62,792
Grants	36,247
Other income and fees	3,000
Dividend income	3,407
Interest income	461
Unrealized losses on investments	(20,641)
Temporarily restricted net assets released for scholarships and awards	348
Total unrestricted revenue and support	117,409
Expenses:	
Contest expenses	57,126
Officer and director fees	34,073
Travel and other expenses for conferences and meetings	14,345
Scholarships	11,500
Student officers' supplies and expense	8,837
Accounting fees	8,450
Promotional supplies	6,589
Website expenses	1,967
Regional leadership grants	756
Office supplies and expense	665
Postage	330
Telephone	260
Depreciation	181
Miscellaneous	75
Total expenses	145,154
Decrease in unrestricted net assets	(27,745)
Temporarily restricted net assets:	
Contributions received for scholarships and awards	348
Contributions used for scholarships and awards	(348)
Change in temporarily restricted net assets	-

Continued

TEXAS TECHNOLOGY STUDENTS ASSOCIATION

STATEMENT OF ACTIVITIES (CONT'D)

Year ended August 31, 2009

Permanently restricted net assets:	
Realized gains on investment	$ 1,401
Unrealized losses on investment	(19,306)
Decrease in permanently restricted net assets	(17,905)
Decrease in net assets	(45,650)
Net assets at beginning of year	299,190
Net assets at end of year	$253,540

See accompanying notes.

TEXAS TECHNOLOGY STUDENTS ASSOCIATION

STATEMENT OF CASH FLOWS

Year ended August 31, 2009

Cash flows from operating activities:	
Decrease in net assets	$(45,650)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	181
Decrease in prepaid expense	1,254
Decrease in miscellaneous receivables	420
Decrease in accounts payable	(384)
Net unrealized losses on investments	39,947
Net realized gains on investments	(1,401)
Dividend income	(3,407)
Interest income	(461)
Net cash used by operating activities	(9,501)
Cash flows from investing activities:	
Gains, interest and dividends on investments	5,269
Purchase of mutual funds	(2,761)
Purchase of certificate of deposit	(281)
Net cash provided by investing activities	2,227
Net decrease in cash and cash equivalents	(7,274)
Cash and cash equivalents at beginning of year	73,223
Cash and cash equivalents at end of year	$ 65,949

See accompanying notes.

TEXAS TECHNOLOGY STUDENTS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

August 31, 2009

1. Summary of significant accounting policies

Nature of activities

Texas Technology Students Association (the Association) is a non-profit corporation organized exclusively for educational purposes. It is a member of and operates under a charter granted by Technology Students Association, Inc. (TSA). The Association seeks to widen and deepen the interest and knowledge of students in this technology age, to reinforce basic skills, and to promote technology education in the schools of Texas. Leadership training is provided through curriculum activities in which students learn to conduct and participate constructively in organized meetings, speak effectively before groups, work cooperatively with others, solve problems, and compete as individuals.

The Association's revenue comes primarily from contest entry fees, affiliation dues and government grants.

Income taxes

The Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association 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.

1. Summary of significant accounting policies (cont'd)

Contributions

The Association has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributed services

During the year ended August 31, 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect amounts reported on the financial statements. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with an initial maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are composed of mutual funds investing in debt and equity securities. The Association has adopted SFAS No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations". Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

1. Summary of significant accounting policies (cont'd)

Investments (cont'd)

Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and equipment

Property and equipment are carried at cost. It is the Association's policy to capitalize expenditures for these items in excess of $250. Lesser amounts are expensed. Property and equipment are being depreciated over estimated useful lives of three to five years using the straight-line method.

2. Investments

The carrying value of investments is fair value. Investments as of August 31, 2009, are summarized as follows:

	Cost	Fair value	Unrealized appreciation (depreciation)
Unrestricted mutual funds:			
Hartford Capital Appreciation	$ 57,244	$ 52,957	$ (4,287)
Hartford Value Opportunities	37,806	25,292	(12,514)
Hartford Dividend and Growth	27,562	22,363	(5,199)
Hartford Mid Cap Value	12,173	8,232	(3,941)
Total unrestricted	$134,785	$108,844	$(25,941)
Restricted mutual fund:			
Washington Mutual Investors	$ 91,784	$ 66,067	$(25,717)

2. Investments (cont'd)

The following schedule summarizes the net investment loss and its classification in the statement of activities for the year ended August 31, 2009.

	Unrestricted	Permanently restricted	Total
Dividend income	$ 3,407	$ -	$ 3,407
Realized gains	-	1,401	1,401
Unrealized losses	(20,641)	(19,306)	(39,947)
Total net investment loss	$(17,234)	$(17,905)	$(35,139)

3. Property and equipment

The following is a summary of property and equipment as of August 31, 2009.

Office equipment	$ 1,120
Computers	749
Other equipment	700
	2,569
Less accumulated depreciation	(1,976)
	$ 593

4. Permanently restricted net assets

Permanently restricted net assets consist of mutual fund investments which are never to be expended according to the donor's request. The income from such funds will become restricted if reinvested in the same fund.

5. Grant monies

The Association has been awarded grant monies from the Carl Perkins Federal Fund under a contract with the Texas Education Agency. Permissible expenditures may include, but are not limited to, positions of state coordinators, directors and advisors, leadership development workshops, and instructional programs in technology education. Revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the year ended August 31, 2009, was as follows:

Grant receipts	$ 36,247
Grant expenditures	$(36,247)

6. Contest expenses

Contest expenses incurred during the year ended August 31, 2009, were as follows:

Awards	$16,888
Facility rental	15,525
Events contracts	9,435
Security	3,625
Motel for judges	3,616
Insurance	2,985
Meals for judges	1,788
Scantron expenses	1,730
General sessions	1,000
Supplies	509
Other	25
Total	$57,126

7. Fair value of financial instruments

Cash, receivables and payables - The carrying amount approximates fair value because of their short maturities or due dates.

Investments - The fair values of all investments are based on quoted market prices for those in similar investments.

7. Fair value of financial instruments (cont'd)

Investments (cont'd) - The following table presents the Association's fair value hierarchy for the financial assets measured at fair value on a recurring basis at August 31, 2009:

	Fair value	Quoted prices in active markets for identical assets (Level 1)
Investments:		
Growth and income mutual funds	$ 88,430	$ 88,430
Growth mutual funds	86,481	86,481
	$174,911	$174,911

8. Subsequent events

Subsequent events were evaluated through February 11, 2010, the date these financial statements were available to be issued.