

**WORLD INFORMATION TECHNOLOGY
AND SERVICES ALLIANCE**

FINANCIAL STATEMENTS

AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

DECEMBER 31, 2012

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

FINANCIAL STATEMENTS

DECEMBER 31, 2012

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	2
Statement of Activities.....	3
Statement of Functional Expenses.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-10



CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
World Information Technology and Services Alliance
Vienna, Virginia

We have reviewed the accompanying statement of financial position of World Information Technology and Services Alliance as of December 31, 2012 and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America

Jones & McIntyre, PLLC

June 14, 2013

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	203,385
Accounts receivable, net of allowance for doubtful accounts of \$382,000		81,045
Prepaid expenses		1,974
Total current assets	\$	<u>286,404</u>

PROPERTY & EQUIPMENT, at cost

Furniture and equipment	\$	1,707
Computer equipment		7,481
Accumulated depreciation		(9,188)
Property & equipment, net	\$	<u>-</u>

OTHER ASSETS

Investments	\$	<u>255,660</u>
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TOTAL ASSETS	\$	<u><u>542,064</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	3,387
Accrued expenses		15,569
Accrued salaries		24,005
Unearned dues & sponsorships		126,042
Total current liabilities	\$	<u>169,003</u>

UNRESTRICTED NET ASSETS		<u>373,061</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>542,064</u></u>
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See accompanying notes and independent accountants' review report

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES AND SUPPORT

World Congress on IT	\$	481,535
Contributed services and facilities		28,400
Membership dues		138,677
Special event sponsorship & founding partners		53,683
Advertising & publications		1,270
Interest		5,050
		<hr/>
Total Revenues and Support	\$	708,615

EXPENSES

Programs:		
General	\$	408,002
World Congress		473,837
		<hr/>
Total Programs	\$	881,839
Management and General		132,623
		<hr/>
Total Expenses	\$	1,014,462

CHANGE IN NET ASSETS \$ (305,847)

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR - AS RESTATED

678,908

UNRESTRICTED NET ASSETS, END OF YEAR

\$ 373,061

See accompanying notes and independent accountants' review report

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>World Congress</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 338,427	\$ -	\$ 338,427	\$ 1,496	\$ 339,923
Payroll taxes	17,181	-	17,181	69	17,250
Employee benefits	48,929	-	48,929	197	49,126
Bad debt	-	375,000	375,000	-	375,000
Travel and meetings	3,382	90,343	93,725	24,621	118,346
Bank service charges	83	(159)	(76)	2,793	2,717
Professional services	-	8,653	8,653	70,525	79,178
Depreciation	-	-	-	1,511	1,511
Office	-	-	-	184	184
Rent	-	-	-	8,400	8,400
Books and subscriptions	-	-	-	127	127
Postage and mailing	-	-	-	90	90
Printing and copying	-	-	-	2,104	2,104
Supplies	-	-	-	724	724
Telecommunications	-	-	-	6,666	6,666
Data backup	-	-	-	200	200
Payroll services	-	-	-	4,000	4,000
Insurance	-	-	-	3,188	3,188
Memberships and dues	-	-	-	4,217	4,217
Meals and entertainment	-	-	-	1,511	1,511
Total Functional Expenses	<u>\$ 408,002</u>	<u>\$ 473,837</u>	<u>\$ 881,839</u>	<u>\$ 132,623</u>	<u>\$ 1,014,462</u>

See accompanying notes and independent accountants' review report

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (305,847)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	1,511
(Increase) decrease in:	
Accounts receivable, net	(60,260)
Prepaid expenses	802
Increase (Decrease) in:	
Accounts payable	(2,016)
Accrued expenses	(426)
Accrued salaries	1,876
Unearned dues & sponsorships	<u>79,167</u>
NET CASH FROM OPERATING ACTIVITIES	\$ (285,193)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest retained in investment accounts	<u>(3,838)</u>
NET DECREASE IN CASH	\$ (289,031)
CASH, BEGINNING OF YEAR	<u>492,416</u>
CASH, END OF YEAR	<u><u>\$ 203,385</u></u>

See accompanying notes and independent accountants' review report

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

(See Independent Accountants' Review Report)

Note 1. **Organization and Summary of Significant Accounting Policies:**

Organization:

World Information Technology and Services Alliance (WITSA) is a trade association servicing the information technology (IT) industry. WITSA was established in 1978 as a consortium of IT industry associations from 70 countries around the world. WITSA serves as the global voice of the IT industry and is dedicated to advocating policies that advance the industry's growth and development worldwide. This includes facilitating international trade and investment in IT products, strengthening national industry associations, and hosting the World Congress of Information Technology and the Global Public Conference.

Financial Statement Presentation:

The accompanying policies of WITSA are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding years.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, WITSA considers all highly liquid investments with a maturity of three months or less to be cash equivalents. WITSA's demand deposits with financial institutions may at times exceed federally insured limits. WITSA has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risks.

Accounts Receivable:

Accounts receivable represent amounts due for sponsorships, membership dues, and program services. WITSA provides an allowance for doubtful accounts that is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Long-Term Investments:

Long-term investments consist of certificates of deposit purchased in 2011 with 24 and 36 month maturities.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is provided using the straight line method over the useful life of the assets. WITSA capitalizes property and equipment purchases with a unit cost exceeding \$500.

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

(See Independent Accountants' Review Report)

Note 1. Organization and Summary of Significant Accounting Policies: (Continued)

Income Taxes:

WITSA is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and the applicable income tax regulations of the Commonwealth of Virginia on income other than unrelated business income. WITSA had no unrelated business income during 2012.

WITSA believes that it has appropriate support for any income tax positions taken, and, as such, does not have any uncertain income tax positions that are material to the financial statements. WITSA's income tax returns are generally subject to examination by the Internal Revenue Service and other state and local taxing authorities for three years after they were filed.

Classification of Net Assets:

WITSA's net assets are generally grouped into the following two classes:

Unrestricted net assets – Unrestricted net assets generally result from revenues derived from providing services, receiving unrestricted contributions less expenses incurred in providing services, raising contributions, and performing administrative functions.

Temporarily restricted net assets – Temporarily restricted net assets generally result from contributions and other inflows of assets whose use by WITSA is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of WITSA pursuant to those stipulations; however, if a restriction is fulfilled in the same time period in which the contribution is received, WITSA reports the support as unrestricted. For 2012, there were no temporarily restricted net assets.

Revenues/Bad Debt:

Membership dues are recognized ratably in the applicable membership period. Dues for full and pending members are based upon each member's latest fiscal year's reported aggregate gross revenue relating to computer services. Dues for associate members are based on total gross revenue.

Fee and service revenue received in advance are deferred and recorded as revenue when the event occurs or when services are provided.

WITSA is the owner of all rights to World Congress trademarks and proprietary material used in the marketing and holding of World Congress on Information Technology events. These rights are licensed to the sponsoring WITSA member association and WITSA has no further responsibilities to the sponsoring association under these agreements.

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

(See Independent Accountants' Review Report)

Note 1. **Organization and Summary of Significant Accounting Policies:** (Concluded)

Revenues/Bad Debt: (Concluded)

Sponsoring associations make two to three payments to WITSA under the licensing agreements. The sponsoring WITSA member association assumes all financial responsibility associated with the World Congress, which is held approximately every two years.

The sponsor of the 2012 World Congress event owed \$400,035 to WITSA as of December 31, 2012 and has not made any payments to WITSA as of the date of these financial statements. WITSA has recorded an allowance for doubtful accounts and bad debt expense of \$375,000 related to this receivable.

Allocation of Expenses:

WITSA allocates salaries and benefits to its programs and supporting administrative services in the statement of activities based on actual time spent. Other expenses are allocated to its program and management and general services based on direct costs.

Use of Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those used in determining the net realizable value of accounts receivable.

Note 2. **Accounts Receivable:**

As of December 31, 2012, accounts receivable net of an allowance for doubtful accounts is as follows:

Accounts receivable	\$ 463,045
Allowance for doubtful accounts	<u>(382,000)</u>
	<u>\$ 81,045</u>

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

(See Independent Accountants' Review Report)

Note 3. **Related Party Transactions:**

Various members provide in-kind contributions to facilitate WITSA's mission outside the United States. These contributions include office space, personnel, and other administrative support to WITSA.

Note 4. **Retirement Plan**

WITSA has a 401(k) retirement plan covering all full time employees from the date of hire. WITSA contributes 5% of each employee's salary to the plan each year. Contributions made for the year ended December 31, 2012 amounted to \$15,569.

Note 5. **Fair Value Measurements:**

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad categories: levels 1, 2 and 3. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and lowest priority to unobservable inputs (level 3).

In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy that the assets or liability falls under is based on the lowest input level that is significant to the fair value measurement in its entirety. The fair value of WITSA's investments is based on quoted market prices in active markets (level 1 inputs).

Note 6. **Concentrations of Credit Risk:**

Financial instruments that potentially subject WITSA to concentrations of credit risk consist primarily of temporary cash investments, certificates of deposit and accounts receivable. WITSA grants credit terms in the normal course of business to its members and sponsors for the payment of accounts receivable. As part of its ongoing procedures, WITSA monitors the credit worthiness of its members and sponsors.

Credit risk for accounts receivable is concentrated as over 50% of the receivable balance is from one member association.

WORLD INFORMATION TECHNOLOGY AND SERVICES ALLIANCE

NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

DECEMBER 31, 2012

(See Independent Accountants' Review Report)

Note 7. Contributed Services and Facilities:

WITSA periodically receives contributed services from member organizations that enhance activities. During 2012, WITSA received services worth an estimated fair value of \$20,000 and donated facilities of \$8,400. Contributed services and facilities are included in the financial statements as unrestricted revenues and administrative expenses. These amounts have no effect on the change in net assets of the periods presented.

Note 8. Restatement:

Net assets at December 31, 2011 have been restated to reflect the estimated liability for compensatory vacation leave. It is WITSA's policy to compensate employees upon termination for 100% of their unused vacation leave (up to a maximum payment of 120 hours). At December 31, 2011 accrued salaries was increased by \$12,708 and net assets were decreased by \$12,708.

Note 9. Subsequent Events:

Management has evaluated subsequent events through June 14, 2013, the date which the financial statements were available for issue.