

NYC TECHNOLOGY DEVELOPMENT CORPORATION
(A Component Unit of The City of New York)

Financial Statements

Years Ended June 30, 2015 and 2014

(With Independent Auditor's Report Thereon)

NYC TECHNOLOGY DEVELOPMENT CORPORATION
(A Component Unit of The City of New York)

FINANCIAL STATEMENTS

(Together with Independent Auditor's Report)
YEARS ENDED JUNE 30, 2015 AND 2014

Table of Contents

| | Page |
|---|-------------|
| Independent Auditor's Report | 1 – 2 |
| Management's Discussion and Analysis (Unaudited) | 3 – 6 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements | |
| Statements of Net Position (Deficit) | 7 |
| Statements of Activities | 8 |
| General Fund Financial Statements | |
| General Fund Balance Sheets | 9 |
| General Fund Statements of Revenues, Expenditures, and Changes in Fund Balances | 10 |
| Notes to Financial Statements | 11 – 14 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
NYC Technology Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the NYC Technology Development Corporation (the "Corporation"), a component unit of The City of New York, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 Corporation'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 Corporation'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 respective financial position of the governmental activities and the general fund of the Corporation, as of June 30, 2015 and 2014, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte Touche LLP

September 18, 2015

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Management's Discussion and Analysis

June 30, 2015 and 2014

(Unaudited)

(Amounts in thousands, except as noted)

The following is a narrative overview and analysis of the financial activities of NYC Technology Development Corporation ("TDC" or the "Corporation") as of June 30, 2015 and 2014 and for the years then ended. It should be read in conjunction with TDC's government-wide financial statements, general fund financial statements and the notes to the financial statements.

The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the general fund financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the Corporation as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of TDC's finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

TDC's general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred.

As of June 30, 2015 and 2014, all of TDC's assets are currently available financial resources and there are no general long-term liabilities. Therefore, there are no differences between the government-wide financial statements and the general fund financial statements for fiscal years 2015 and 2014, and thus no reconciliations are provided.

Financial Highlights and Overall Analysis

TDC was incorporated for the purpose of enhancing The City of New York's (the "City") ability to effectively manage and deploy information technology ("IT") projects through (i) attracting, developing and retaining highly experienced and skilled IT professionals; (ii) successfully delivering large, critical, and cross-agency IT projects in a timely and cost-effective manner; (iii) providing a common framework, resources, best practices and diagnostics for large IT projects; and (iv) providing and supporting citywide governance over IT programs, environments and services.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2015 and 2014

(Unaudited)

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis (continued)

Under its contract with the City, TDC provides four broad categories of “program services”: (i) senior management services for three major City IT initiatives named in the contract and for other IT projects, upon the request of the City’s Chief Technology Officer (“CTO”), and, under certain circumstances, also upon the approval of a supermajority of the Board of Directors; (ii) solution architect services; (iii) multi-agency vendor management services; and (iv) portfolio management and additional IT consulting services, as directed by the CTO.

The following summarizes the activities of TDC for the years ended June 30, 2015, 2014, and 2013:

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2015 v 2014</u> <u>Change</u> | <u>2014 v 2013</u> <u>Change</u> |
|--|----------------|----------------|---------------|-------------------------------------|-------------------------------------|
| Revenue: | | | | | |
| Program revenue | \$ 3,679 | \$ 3,489 | \$ 1,797 | \$ 190 | \$ 1,692 |
| Expenses: | | | | | |
| Consulting fees | 147 | 1,368 | 413 | (1,221) | 955 |
| General and administrative | 3,559 | 2,643 | 885 | 916 | 1,758 |
| Total expenses | <u>3,706</u> | <u>4,011</u> | <u>1,298</u> | <u>(305)</u> | <u>2,713</u> |
| Change in net position | (27) | (522) | 499 | 495 | (1,021) |
| Net position (deficit) - beginning of year | <u>(23)</u> | <u>499</u> | <u>-</u> | <u>(522)</u> | <u>499</u> |
| Net position (deficit) - end of year | <u>\$ (50)</u> | <u>\$ (23)</u> | <u>\$ 499</u> | <u>\$ (27)</u> | <u>\$ (522)</u> |

TDC’s contract with the City was registered on December 24, 2012, and the Corporation began operations on January 1, 2013. Pursuant to this contract, TDC receives quarterly payments that cover its projected expenses for the forthcoming quarter. During fiscal years 2015 and 2014, TDC received \$3.7 million and \$3.5 million in contractual payments from the City, respectively. During the period January 1, 2013 (inception) through June 30, 2013, TDC received \$1.8 million in contractual payments from the City, which reflected only six months of operations. Program revenue is paid quarterly and is based on projected subsequent quarter expenses; as such there are variances between program revenue and actual expenses.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2015 and 2014

(Unaudited)

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis (continued)

Total expenses primarily consisted of salaries and consulting fees for personal services in connection with TDC accomplishing its mission. Expenses incurred during fiscal years 2015, 2014, and 2013 were \$3.7 million, \$4.0 million, and \$1.3 million, respectively. In accordance with the City's and TDC's plan to build TDC's capacity to support the City's largest and most complex IT projects, TDC's staff of IT professionals increased during fiscal year 2015 from 12 to 18. Adding these new resources enabled TDC to continue significant projects such as the implementation of a mobile inspection system for the Department of Buildings, planning for the procurement of services to re-architect the 311 system, and develop of the Pre-K for All (PKA) outreach and enrollment system. TDC also engaged several new projects such as the accelerated development of a system for issuing municipal identification cards (IDNYC), planning for the procurement of a new Automated Procurement Tracking System (APT2), and management of a program to provide streamlined technologies for the Small Business First (SB1) program. Part of the increase in expenses in fiscal year 2014 was attributable to the fact that it was TDC's first full fiscal year of operations.

The following summarizes the assets, liabilities, and net position (deficit) as of June 30, 2015, 2014, and 2013:

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2015 v 2014</u> <u>Change</u> | <u>2014 v 2013</u> <u>Change</u> |
|------------------------------|----------------|----------------|---------------|-------------------------------------|-------------------------------------|
| Assets: | | | | | |
| Non-capital | \$ 337 | \$ 458 | \$ 1,015 | \$ (121) | \$ (557) |
| Total assets | <u>337</u> | <u>458</u> | <u>1,015</u> | <u>(121)</u> | <u>(557)</u> |
| Liabilities: | | | | | |
| Current liabilities | <u>387</u> | <u>481</u> | <u>516</u> | <u>(94)</u> | <u>(35)</u> |
| Total liabilities | <u>387</u> | <u>481</u> | <u>516</u> | <u>(94)</u> | <u>(35)</u> |
| Net Position (Deficit): | | | | | |
| Unrestricted | <u>(50)</u> | <u>(23)</u> | <u>499</u> | <u>(27)</u> | <u>(522)</u> |
| Total net position (deficit) | <u>\$ (50)</u> | <u>\$ (23)</u> | <u>\$ 499</u> | <u>\$ (27)</u> | <u>\$ (522)</u> |

As of June 30, 2015 and 2014, TDC's assets totaled \$337 thousand and \$458 thousand, respectively and primarily consisted of unrestricted cash and cash equivalents, which were used to meet period obligations of \$387 thousand and \$481 thousand, respectively.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Management's Discussion and Analysis (continued)

June 30, 2015 and 2014

(Unaudited)

(Amounts in thousands, except as noted)

Financial Highlights and Overall Analysis (continued)

This financial report is designed to provide a general overview of TDC's finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Treasurer, NYC Technology Development Corporation, 15 Metrotech Center, 19th Floor, Brooklyn, NY 11201.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Statements of Net Position (Deficit)

June 30, 2015 and 2014

(Amounts in thousands)

| | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|
| ASSETS: | | |
| Unrestricted cash and cash equivalents | \$ 336 | \$ 457 |
| Prepaid insurance | <u>1</u> | <u>1</u> |
| Total assets | <u>337</u> | <u>458</u> |
| LIABILITIES: | | |
| Accrued expenses | 196 | 481 |
| Due to The City of New York | <u>191</u> | <u>-</u> |
| Total liabilities | <u>387</u> | <u>481</u> |
| NET POSITION (DEFICIT): | | |
| Unrestricted (deficit) | <u>(50)</u> | <u>(23)</u> |
| TOTAL NET POSITION (DEFICIT) | <u>\$ (50)</u> | <u>\$ (23)</u> |

See accompanying notes to financial statements.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Statements of Activities

Years ended June 30, 2015 and 2014

(Amounts in thousands)

| | <u>2015</u> | <u>2014</u> |
|--|-----------------|-----------------|
| REVENUES: | | |
| Program revenue | <u>\$ 3,679</u> | <u>\$ 3,489</u> |
| Total revenues | <u>3,679</u> | <u>3,489</u> |
| EXPENSES: | | |
| Salaries | 2,837 | 2,057 |
| Fringe benefits | 438 | 279 |
| Rent | 175 | 175 |
| Administrative | 42 | 54 |
| Professional fees | 12 | 11 |
| Management fees | 55 | 67 |
| Consulting fees | <u>147</u> | <u>1,368</u> |
| Total expenses | <u>3,706</u> | <u>4,011</u> |
| CHANGE IN NET POSITION (DEFICIT) | <u>(27)</u> | <u>(522)</u> |
| NET POSITION (DEFICIT) - Beginning of year | (23) | 499 |
| NET POSITION (DEFICIT) - End of year | <u>\$ (50)</u> | <u>\$ (23)</u> |

See accompanying notes to financial statements.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

General Fund Balance Sheets

June 30, 2015 and 2014

(Amounts in thousands)

| | <u>2015</u> | <u>2014</u> |
|--|---------------|---------------|
| ASSETS: | | |
| Unrestricted cash and cash equivalents | \$ 336 | \$ 457 |
| Prepaid insurance | <u>1</u> | <u>1</u> |
| Total assets | <u>337</u> | <u>458</u> |
| LIABILITIES: | | |
| Accrued expenses | 196 | 481 |
| Due to The City of New York | <u>191</u> | <u>-</u> |
| Total liabilities | <u>387</u> | <u>481</u> |
| FUND BALANCES: | | |
| Nonspendable | 1 | 1 |
| Unassigned | <u>(51)</u> | <u>(24)</u> |
| Total fund balances | <u>(50)</u> | <u>(23)</u> |
| Total liabilities and fund balances | <u>\$ 337</u> | <u>\$ 458</u> |

See accompanying notes to financial statements.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

General Fund Statements of Revenues, Expenditures, and Changes in Fund Balances

For the years ended June 30, 2015 and 2014

(Amounts in thousands)

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|----------------|----------------|
| REVENUES: | | |
| Program revenue | \$ 3,679 | \$ 3,489 |
| Total revenues | <u>3,679</u> | <u>3,489</u> |
| EXPENDITURES: | | |
| Salaries | 2,837 | 2,057 |
| Fringe benefits | 438 | 279 |
| Rent | 175 | 175 |
| Administrative | 42 | 54 |
| Professional fees | 12 | 11 |
| Management fees | 55 | 67 |
| Consulting fees | <u>147</u> | <u>1,368</u> |
| Total expenditures | <u>3,706</u> | <u>4,011</u> |
| Net changes in fund balances | (27) | (522) |
| FUND BALANCES - Beginning of year | <u>(23)</u> | <u>499</u> |
| FUND BALANCES - End of year | <u>\$ (50)</u> | <u>\$ (23)</u> |

See accompanying notes to financial statements.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Notes to Financial Statements

June 30, 2015 and 2014

(1) Organization

NYC Technology Development Corporation (“TDC” or the ‘Corporation’) is a Type C not-for-profit corporation organized under the Not-For-Profit Corporation Law of the State of New York (the “State”). TDC is governed by a Board of Directors appointed by the sole Member of the Corporation, the Mayor of the City of New York (the “City”). The Board may have up to seven members and is required to have a minimum of three members. The Mayor is authorized to appoint up to four members of his own discretion, three of whom are to be appointed by virtue of holding their City position, and one private member. The City Comptroller is authorized to recommend two members for appointment by the Mayor, one by virtue of holding his or her City position and one private member. The Speaker of the Council of the City is authorized to recommend one more private member for appointment. TDC’s By-Laws require the vote of a supermajority of all but one of the then appointed members of the Board to take certain actions. Although legally separate from the City, TDC is an instrumentality of the City and, accordingly, is included in the City’s financial statements as a blended component unit in accordance with Governmental Accounting Standards Board (“GASB”) standards.

TDC was incorporated for the purpose of enhancing the City’s ability to effectively manage and deploy information technology (“IT”) projects through (i) attracting, developing and retaining highly experienced and skilled IT professionals; (ii) successfully delivering large, critical, and cross-agency IT projects in a timely and cost-effective manner; (iii) providing a common framework, resources, best practices and diagnostics for large IT projects; and (iv) providing and supporting citywide governance over IT programs, environments and services.

Under its contract with the City, TDC provides four broad categories of “program services”: (i) senior management services for three major City IT initiatives named in the contract and for other IT projects, upon the request of the City’s Chief Technology Officer (“CTO”), and, under certain circumstances, also upon the approval of a supermajority of the Board of Directors; (ii) solution architect services; (iii) multi-agency vendor management services; and (iv) portfolio management and additional IT consulting services, as directed by the CTO.

TDC’s contract with the City was registered on December 24, 2012, and the Corporation began operations on January 1, 2013. For fiscal year 2016, a one year contract renewal was registered to be effective on July 1, 2015. Pursuant to this contract, TDC receives quarterly payments that cover its projected expenses for the forthcoming quarter and these contractual payments are TDC sole source of revenue.

TDC’s staff of information technology professionals provides the services that TDC was created to perform, but most of its legal and financial affairs are administered by employees of the City and another component unit of the City, for which TDC reimburses and pays a management and overhead fee based on its allocated share of personnel and overhead costs.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies

The government-wide financial statements of TDC, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

TDC's general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal period. Revenues are generally considered available if expected to be received within one year after period-end. Expenditures are recognized when the related liability is incurred.

TDC uses a general fund ("GF") to report its activities. The GF is used to account for all financial resources and activities that relates to TDC's administrative and operating expenditures.

Fund balances of the general fund are classified as either: 1) nonspendable, 2) restricted, 3) committed, 4) assigned or 5) unassigned.

Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Resources constrained because externally imposed by creditors, imposed by law or enabling legislations are classified as restricted on the statements of net position (deficit) and the general fund balance sheets.

The Board of Directors (the "Board") of TDC constitutes TDC's highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

If and when fund balances are constrained for use for a specific purpose based on the direction of any officer of TDC who is duly authorized to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Resources that are not constrained are reported as unrestricted in the statements of net position (deficit) and unassigned in the general fund balance sheets.

When both restricted and unrestricted resources are available for use for a specific purpose, it is TDC's policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is TDC's policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies, continued

Investments are reported at fair value as of the reporting date.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires TDC's management to make estimates and assumptions in determining the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

As a component unit of the City, TDC implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards requiring implementation in the current year and standards which may impact TDC in future years.

- In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015. TDC has early adopted the standard during fiscal year 2015. Pursuant to the standard, TDC has disclosed the hierarchy of valuation inputs and valuation techniques in its notes the financial statements.
- In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provision of GASB 67 and GASB 68* ("GASB 73"). GASB 73 provides guidance on assets accumulated for pension plans that are not administered through a trust and provides clarity on certain provision of GASB 67 and GASB 68. The requirements for GASB 73 are effective for fiscal years beginning after June 15, 2015. TDC has not completed the process of evaluating GASB 73, but does not expect it to have an impact on TDC's financial statements, as it does not have a defined benefit plan.
- In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("GASB 74"). GASB 74 establishes financial reporting standards for state and local governmental other postemployment benefit ("OPEB") plans. The requirements of GASB 74 are effective for fiscal years beginning after June 15, 2016. TDC has not completed the process of evaluating GASB 74, but does not expect it to have an impact on TDC's financial statements, as it does not offer such benefits.
- In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). GASB 75 establishes accounting and financial reporting standards for OPEB that is provided to employees of state and local governmental employers. The requirements of GASB 75 are effective for fiscal years beginning after June 15, 2017. TDC has not completed the process of evaluating GASB 75, but does not expect it to have an impact on TDC's financial statements, as it does not offer such benefits.

NYC TECHNOLOGY DEVELOPMENT CORPORATION

(A Component Unit of The City of New York)

Notes to Financial Statements (continued)

June 30, 2015 and 2014

(2) Summary of Significant Accounting Policies, continued

- In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (“GASB 76”). GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction is not specified within the source of authoritative GAAP. The requirements of GASB 76 are effective for fiscal years beginning after June 15, 2015. TDC has not completed the process of evaluating GASB 76, but does not expect it to have an impact on TDC’s financial statements.

(3) Cash and Cash Equivalents

As of June 30, 2015 and 2014, TDC’s cash was comprised of unrestricted bank deposits in the amounts of \$171 thousand and \$238 thousand, respectively, and there were no differences between the carrying amounts and bank balances. At June 30, 2015 and 2014, accounts with balances up to \$250 thousand were covered by Federal Deposit Insurance Corporation (“FDIC”) insurance.

As of June 30, 2015 and 2014, TDC’s cash equivalents were comprised of Money Market Funds in the amount of \$165 thousand and \$219 thousand, respectively. TDC categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. TDC’s Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).

(4) Defined Contribution Plan

Effective September 1, 2013, TDC offered its employees, through ADP Total Source, a deferred compensation plan in accordance with the Internal Revenue Code 401k. Eligibility is available from the first day of employment and TDC matches 100 percent of the contributed amount up to a maximum of four percent of employee compensation. During fiscal year 2015, TDC contributed \$78.6 thousand to the plan. Plan assets are held under an insurance contract issued by an insurance company or in a trust for the exclusive use of the participants and their beneficiaries, and are invested in accordance with participant instructions. Accordingly, at June 30, 2015, plan assets and liabilities were not reflected in the accompanying financial statements.
