

Software in the Public Interest, Inc.
(a Not - for - Profit Corporation)
Financial Statements
December 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Software in the Public Interest, Inc. (a Not - for - Profit Corporation)

Opinion

We have audited the accompanying financial statements of Software in the Public Interest, Inc. (a Not - for - Profit Corporation) which comprise the Statement of Financial Position as of December 31, 2021, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Software in the Public Interest, Inc. (a Not - for - Profit Corporation) as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Software in the Public Interest, Inc. (a Not - for - Profit Corporation) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Software in the Public Interest, Inc. (a Not - for - Profit Corporation)'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 generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Software in the Public Interest, Inc. (a Not - for - Profit Corporation)'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 Software in the Public Interest, Inc. (a Not - for - Profit Corporation)'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.

Report on Summarized Comparative Information

We have previously audited Software in the Public Interest, Inc. (a Not - for - Profit Corporation)'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 15, 2022



Software in the Public Interest, Inc.
(a Not - for - Profit Corporation)
Statement of Financial Position
December 31, 2021
(With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash	\$ 2,729,749	\$ 2,663,290
Investments in securities	192,834	151,418
Accounts receivable	47,442	45,741
Prepaid expense	28	-
Total Current Assets	2,970,053	2,860,449
Other Assets		
Equipment	126,213	123,038
Total Other Assets	126,213	123,038
Total Assets	\$ 3,096,266	\$ 2,983,487
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 23,071	\$ 19,839
Total Current Liabilities	23,071	19,839
Net Assets		
Without donor restrictions	501,178	549,751
With donor restrictions	2,572,017	2,413,897
Total Net Assets	3,073,195	2,963,648
Total Liabilities and Net Assets	\$ 3,096,266	\$ 2,983,487

See independent auditor's report and accompanying notes to the financial statements.

Software in the Public Interest, Inc.
(a Not - for - Profit Corporation)
Statement of Activities
For the Year Ended December 31, 2021
(With Summarized Financial Information for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>2020</u>
Support and Revenue				
Contributions - cash	\$ 57,283	\$ 417,077	\$ 474,360	\$ 511,171
Contributions in kind securities	-	-	-	148,657
Realized and unrealized gains (losses) on investments	9,810	31,476	41,286	2,761
Investment income, net of expenses	724	1,260	1,984	15,574
Foreign currency gain	32	282	314	2,098
Program fees	-	4,775	4,775	6,275
Merchandise	-	-	-	696
	<u>67,849</u>	<u>454,870</u>	<u>522,719</u>	<u>687,232</u>
Net assets released from restrictions:				
Satisfaction of program restrictions	296,750	(296,750)	-	-
Total Support and Revenue	<u>364,599</u>	<u>158,120</u>	<u>522,719</u>	<u>687,232</u>
Expenses				
Program services	<u>328,160</u>	-	<u>328,160</u>	<u>254,252</u>
Supporting services:				
General and administrative	<u>85,012</u>	-	<u>85,012</u>	<u>87,046</u>
Total supporting services	<u>85,012</u>	-	<u>85,012</u>	<u>87,046</u>
Total Expenses	<u>413,172</u>	-	<u>413,172</u>	<u>341,298</u>
Change in Net Assets	(48,573)	158,120	109,547	345,934
Beginning Net Assets	549,751	2,413,897	2,963,648	2,617,714
Ending Net Assets	<u>\$ 501,178</u>	<u>\$ 2,572,017</u>	<u>\$ 3,073,195</u>	<u>\$ 2,963,648</u>

See independent auditor's report and accompanying notes to the financial statements.

Software in the Public, Interest, Inc.
(a Not - for - Profit Corporation)
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Financial Information for 2020)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total 2021</u>	<u>2020</u>
	\$	\$	\$	\$
Information technology	122,853	-	122,853	95,463
Professional fees	15,659	82,210	97,869	100,258
Software-Development	87,676	-	87,676	18,955
Depreciation expense	37,318	-	37,318	27,952
Internships	28,700	-	28,700	15,500
Bank charges and other fees	12,148	-	12,148	11,590
Insurance	-	2,670	2,670	2,670
Postage and supplies	1,330	132	1,462	1,222
Advertising	1,088	-	1,088	3,252
Travel, meals and lodging	736	-	736	44,372
Training	422	-	422	2,300
Total Expenses	307,930	85,012	392,942	323,534
Direct conference expenses:				
Services	13,600	-	13,600	302
Materials	4,192	-	4,192	11,686
Venue rental	2,438	-	2,438	5,776
	<u>20,230</u>	<u>-</u>	<u>20,230</u>	<u>17,764</u>
Total Expenses	\$ 328,160	\$ 85,012	\$ 413,172	\$ 341,298

See independent auditor's report and accompanying notes to the financial statements.

Software in the Public Interest, Inc.
(a Not - for - Profit Corporation)
Statements of Cash Flows
For the Year Ended December 31, 2021
(With Summarized Financial Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 109,547	\$ 345,934
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Adjustment for cumulative effect of change from cash to accrual method of accounting	-	146,452
Contributions in kind securities	-	(148,656)
Realized and unrealized gain on investment securities	(41,416)	(2,762)
Depreciation and amortization	37,318	27,953
(Increase) in operating assets:		
Accounts receivable	(1,701)	(45,742)
Prepaid expenses	(28)	-
Increase in operating liabilities:		
Accounts payable and accrued expenses	3,232	19,839
Net cash provided by operating activities	106,952	343,018
Cash Flows from Investing Activities		
Purchase of equipment	(40,493)	(150,990)
Net cash used in investing activities	(40,493)	(150,990)
Net Increase in Cash	66,459	192,028
Beginning Cash	2,663,290	2,471,262
Ending Cash	2,729,749	\$ 2,663,290

See independent auditor's report and accompanying notes to the financial statements.

Software In the Public Interest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Software in the Public Interest, Inc. (a Not - for - Profit Corporation) (the Organization) is a not - for - profit organization which was founded to help organizations develop and distribute open source hardware and software. The mission of the Organization is to help genuine, substantial, and significant free and open source software projects by handling their non-technical administrative tasks so that they aren't required to operate their own legal entity.

The Organization acts as a fiscal sponsor to many free and open source projects. The Organization provides fiscal oversight to ensure that these funds are spent in a manner that advances the project and fits with the Organization's 501(c)(3) mission to promote, advance, and defend software freedom.

Software in the Public Interest, Inc. (a Not - for - Profit Corporation), was incorporated in the State of New York in June 1997.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and donor restricted net assets.

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 the organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other costs were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Revenue Recognition

Contribution Revenue

Contribution revenue is recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same reporting period in which the Contribution revenue is recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

Accounts Receivable

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. For the year ended December 31, 2021 the allowance for doubtful accounts was \$0.

All accounts receivable are expected to be received within the current operating cycle of one year.

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, prepaid expenses, and accrued expenses, approximated their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ending December 31, 2021.

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follow:

Equipment	5 years
Furniture and fixtures	5 years
Leasehold costs	30 years
Leasehold improvements	Life of lease

It is the policy of the Organization to capitalize items with a value greater than \$5,000.

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

Note 2 – Subsequent Events

In preparing these financial statements, the Organization, has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 15, 2022, the date the financial statements were available to be issued.

Note 3 – COVID 19

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. The organization has continued its activities during this time. Management continues to monitor the potential impact of the outbreak on its operation, but believes it has sufficient liquidity and income to maintain operations and activities during this time.

Note 4 - Property and Equipment

Property and equipment consisted of:

Furniture and equipment	\$ 206,838
Less: accumulated depreciation	<u>(80,625)</u>
Property and equipment, net	<u>\$ 126,213</u>

Depreciation expense was \$37,318 for the year ended December 31, 2021.

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 5 – Net Assets With Donor Restrictions

Donor restricted net assets by revenue source and changes therein for the year ended December 31, 2021, were as follows:

	Beginning Balance December 31, 2020	Additions	Releases from Restrictions	Ending Balance December 31, 2021
Net assets with donor restrictions as to purpose for the following projects:				
0 A.D.	\$ 37,799	\$ 5,256	\$ 1,062	\$ 41,993
Adelie Linux	-	34	2	32
ankur.org.in	2,819	-	-	2,819
aptosid	503	-	-	503
Arch Linux	367,130	39,311	14,238	392,203
Archlinux32	18	-	-	18
ArduPilot	117,877	46,286	52,238	111,925
Chakra	169	103	272	-
Debian Conference	26,362	16,847	3,818	39,391
Debian	807,408	94,682	122,048	780,042
FFmpeg	130,586	21,090	12,097	139,579
Fluxbox	1,046	-	-	1,046
Gallery	-	95	-	95
Ganeti	131	53	-	184
Glucosio	40	-	-	40
GNU TeXmacs	2,157	390	21	2,526
Gnustep	181	-	-	181
Haskell.org	16,612	976	39	17,549
Jenkins	9,381	-	-	9,381
LibreOffice	75,934	37,979	192	113,721
MinGW	4,710	99	5	4,804
Ns-3	-	1,140	-	1,140
NTPsec	134,220	294	7	134,507
OFTC	38	-	-	38
OpenBioinformatics Foundation	112,353	18,822	5,358	125,817
Open MPI	659	-	-	659
Open Voting Foundation	1,245	540	-	1,785
OpenEmbedded	13,555	7,510	217	20,848
OpenSAF	2,446	-	-	2,446
OpenVAS	114	-	-	114
OpenWrt	12,730	1,042	51	13,721
OpenZFS	25,536	31,507	16,325	40,718
Performance Co-Pilot	11,312	22	11,334	-
PMIx	-	29	1	28
PostgreSQL	148,580	55,669	7,236	197,013
Privoxy	8,295	985	2,018	7,262
Swathanthra Malayalam Computin	5,923	57	4	5,976
Systemd	203,198	245	30,174	173,269
The Mana World	39	-	-	39
Translatewiki.Net	50	80	8	122
Tux4Kids	16,688	238	60	16,866
X.Org	110,604	73,489	17,925	166,168
YafaRay	5,449	-	-	5,449
Total	\$ 2,413,897	\$ 454,870	\$ 296,750	\$ 2,572,017

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not - for - Profit Corporation)
Notes to Financial Statements
December 31, 2021

Note 6 - Investment

The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

Level 1 assets have observable market prices.

Level 2 assets do not have observable prices, but have inputs that are based on observable prices.

Level 3 assets have inputs that do not have observable prices.

As of December 31, 2021, the Organization's investments consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
S&P 500 Exchange Traded Funds	<u>\$ 192,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,834</u>

Note 7 –Liquidity and Availability of Financial Assets

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising activities that are timed to fulfill anticipated funding requirements. Management estimates that the financial assets available to meet operating cash needs for general expenditures represents 12 months of operations.

The following reflects the Organization's financial assets as of the balance sheet date:

Cash	\$ 2,729,749
Investment in securities	192,834
Accounts receivable	<u>47,442</u>
Total financial assets	2,970,025
Less: net assets with donor restrictions	<u>(2,572,017)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 398,008</u>
general expenditures within one year	<u>\$ 398,008</u>

See independent auditor's report.