**Software in Public Interest, Inc.**
**Financial Statements- Cash Basis**
**December 31, 2018**

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Independent Auditor's Report

To the Board of Directors of
Software in the Public Interest, Inc.

We have audited the accompanying financial statements of Software in the Public Interest, Inc., which comprise the Statement of Financial Position – Cash Basis as of December 31, 2018, and the related Statements of Activities – Cash Basis, Functional Expenses– Cash Basis for the year 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 cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

**Auditor's Responsibility**

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 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 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.

**Opinion**

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., as of December 31, 2018, and the changes in its net assets for the year then ended in accordance with the cash basis of accounting as described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

November 15, 2019

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## Assets

| | | |
|---|---|---:|
| Current Assets | | |
|   Cash | $ | 2,161,906 |
| Total Current Assets | | 2,161,906 |
| | | |
| Total Assets | $ | 2,161,906 |

## Net Assets

| | | |
|---|---|---:|
| Net Assets | | |
|   Without donor restrictions | | 399,082 |
|   With donor restrictions | | 1,762,824 |
| Total Net Assets | | 2,161,906 |
| | | |
| Total Net Assets | $ | 2,161,906 |

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

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## Software in the Public Interest, Inc.
## Statement of Activities - Cash Basis
## For the Year Ended December 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Support and Revenue** | | | |
| Contributions | $ 206,579 | $ 1,228,522 | $ 1,435,101 |
| Program fees | - | 28,236 | 28,236 |
| | 206,579 | 1,256,758 | 1,463,337 |
| Interest income | 383 | - | 383 |
| Net assets released from restrictions: | | | |
| Satisfaction of program restrictions | 361,642 | (361,642) | - |
| Total Support and Revenue | 568,604 | 895,116 | 1,463,720 |
| **Expenses** | | | |
| Program services | 365,737 | - | 365,737 |
| Supporting services: | | | |
| General and administrative | 19,318 | - | 19,318 |
| Total supporting services | 19,318 | - | 19,318 |
| Total Expenses | 385,055 | - | 385,055 |
| Transfer to net assets with donor restrictions | (1,531) | 1,531 | - |
| Change in Net Assets | 182,018 | 896,647 | 1,078,665 |
| Beginning Net Assets | 217,064 | 866,177 | 1,083,241 |
| Ending Net Assets | $ 399,082 | $ 1,762,824 | $ 2,161,906 |

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

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**Software in the Public Interest, Inc.**
**Statement of Functional Expenses - Cash Basis**
**For the Year Ended December 31, 2018**

| | Program Services | Supporting Services General and Administrative | Total |
|---|---|---|---|
| Travel, meals and lodging | $ 207,277 | $ 15,342 | $ 222,619 |
| Information technology | 54,425 | 166 | 54,591 |
| Software-Development | 31,412 | - | 31,412 |
| Internships | 24,786 | - | 24,786 |
| Bank charges and other fees | 6,349 | 1,121 | 7,470 |
| Training | 6,300 | - | 6,300 |
| Advertising | 2,656 | 469 | 3,125 |
| Insurance | - | 1,810 | 1,810 |
| Postage and supplies | 941 | 166 | 1,107 |
| Professional fees | 808 | 143 | 951 |
| Membership | 574 | 101 | 675 |
| Total Expenses | 335,528 | 19,318 | 354,846 |
| | | | |
| Direct conference expenses: | | | |
| Materials | 9,536 | - | 9,536 |
| Services | 6,560 | - | 6,560 |
| Venue rental | 14,113 | - | 14,113 |
| | 30,209 | - | 30,209 |
| | | | |
| Total Expenses | $ 365,737 | $ 19,318 | $ 385,055 |

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

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

Nature of Activities

Software in the Public Interest, Inc. (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., was incorporated in the State of New York in June 1997.

Basis of Accounting

The accompanying financial statements have been prepared on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis differs from generally accepted accounting principles primarily because the Organization has not recognized receivables for contributions and other revenues, accounts payable to vendors and deferred revenues, and their related effects on the change in net assets without donor restrictions. Additionally, the Organization does not capitalize and depreciate purchases of furniture and equipment. Noncash transactions are not recognized and financial transactions are recorded when the actual cash transactions occur irrespective of when revenue is earned or expense obligations are incurred.

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 represent revenues and expenses related to the operations and management of the Organization's primary programs and supporting services. If funds are raised and set aside by the Board for future use, these are considered unrestricted.

Net assets with donor restrictions represent resources available for use, but expendable only for the time and/or purpose specifically stated by the donor. As of December 31, 2018, there was $1,762,824 of net assets with donor restrictions.

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.

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

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.

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

Cash contributions received are recorded as unrestricted or donor restricted depending on the existence and / or nature of any restrictions the donor has placed on the contributions.

Income is recognized on an a cash basis when received.

Concentrations

Approximately 68% of the Organization's support and revenue was from one Organization for the year ended December 31, 2018.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

Subsequent Events

In preparing these financial statements, the Organization, has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements November 15, 2019, the date the financial statements were available to be issued.

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## Note 2 – Net Assets With Donor Restrictions

Donor restricted net assets by revenue source and changes therein for the year ended December 31, 2018, were as follows:

| | Beginning Balance December 31, 2017 (Unaudited) | Additions | Releases from Restrictions | Ending Balance December 31, 2018 |
|---|---|---|---|---|
| **Net assets with donor restrictions as to purpose for the following projects:** | | | | |
| 0 A.D. | $ 31,283 | $ 3,193 | $ 2,046 | $ 32,430 |
| ankur.org.in | 2,819 | - | - | 2,819 |
| aptosid | 344 | 147 | 6 | 485 |
| Arch Linux | 47,630 | 294,270 | 4,687 | 337,213 |
| ArduPilot | 64,840 | 40,466 | 41,508 | 63,798 |
| Chakra | 856 | 388 | 691 | 553 |
| Debian Conference | 75,777 | 156,154 | 117,813 | 114,118 |
| Debian | 204,728 | 335,579 | 78,777 | 461,530 |
| Drizzle | 6,148 | - | - | 6,148 |
| FFmpeg | 16,549 | 106,797 | 8,114 | 115,232 |
| Fluxbox | 997 | 1 | - | 998 |
| Freedesktop.org | 15,266 | 204 | 7,394 | 8,076 |
| FreedomBox | 24 | - | - | 24 |
| Glucosio | - | 3 | 2 | 1 |
| GNU TeXmacs | 1,147 | 162 | 8 | 1,301 |
| Gnustep | 143 | - | - | 143 |
| Haskell.org | 16,483 | 57 | 3 | 16,537 |
| Helios | 213 | - | 213 | - |
| Jenkins | 29,673 | 6,202 | 3,968 | 31,907 |
| LibreOffice | 46,977 | 17,380 | 32,255 | 32,102 |
| Madwifi | 1,495 | - | 1,495 | - |
| MinGW | 4,133 | 30 | 2 | 4,161 |
| NTPsec | 6,085 | 675 | 6,128 | 632 |
| OpenBioinformatics Foundation | 83,926 | 5,441 | 4,869 | 84,498 |
| Open MPI | 546 | 95 | 4 | 637 |
| Open Voting Foundation | 117 | 29 | 1 | 145 |
| OpenEmbedded | 436 | 314 | 18 | 732 |
| OpenVAS | 65 | 10 | 1 | 74 |
| OpenWrt | 6,333 | 2,368 | 39 | 8,662 |
| OpenZFS | - | 22,320 | 22,320 | - |
| OSUNIX | 17 | - | 17 | - |
| **Subtotal** | **$ 665,050** | **$ 992,285** | **$ 332,379** | **$ 1,324,956** |

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## Note 3 – Net Assets With Donor Restrictions (Continued)

| | Balance as of December 31, 2017 (Unaudited) | Additions | Releases from Restriction | Balance as of December 31, 2018 |
|---|---|---|---|---|
| **Net assets with donor restrictions as to purpose for the following projects: (Continued)** | | | | |
| Path64 | $ 20 | $ - | $ 20 | $ - |
| Performance Co-Pilot | 5,588 | 4,940 | 5,175 | 5,353 |
| Plan9 | 6,500 | - | 6,500 | - |
| PostgreSQL | 119,222 | 31,073 | 4,097 | 146,198 |
| Privoxy | 1,735 | 1 | - | 1,736 |
| Swathanthra Malayalam Comp. | 5,763 | - | - | 5,763 |
| Systemd | - | 190,005 | - | 190,005 |
| TideSDK | 354 | - | 354 | - |
| Torch | - | 4 | 2 | 2 |
| Tux4Kids | 16,303 | - | 19 | 16,284 |
| X.Org | 38,666 | 39,981 | 12,350 | 66,297 |
| YafaRay | 6,976 | - | 746 | 6,230 |
| **Grand Total** | **$ 866,177** | **$ 1,258,289** | **$ 361,642** | **$ 1,762,824** |