

**Software in Public Interest, Inc.
Financial Statements- Cash Basis
December 31, 2019**

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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, 2019, 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, 2019, 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.

July 14, 2020


CPA PLLC

Software in the Public Interest, Inc.
Statement of Financial Position - Cash Basis
December 31, 2019
(With Summarized Financial Information for 2018)

	December 31	December 31
	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 2,471,262	\$ 2,161,906
Total Current Assets	2,471,262	2,161,906
 Total Assets	 \$ 2,471,262	 \$ 2,161,906
 Net Assets		
Net Assets		
Without donor restrictions	425,457	399,082
With donor restrictions	2,045,805	1,762,824
Total Net Assets	2,471,262	2,161,906
 Total Liabilities and Net Assets	 \$ 2,471,262	 \$ 2,161,906

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

Software in the Public Interest, Inc.
Statement of Activities
Other Comprehensive Basis of Accounting - Cash Basis
For the Year Ended December 31, 2019
(With Summarized Financial Information 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Support and Revenue				
Contributions	\$ 84,428	\$ 836,149	\$ 920,577	\$ 1,435,101
Program fees	-	47,140	47,140	28,236
	<u>84,428</u>	<u>883,289</u>	<u>967,717</u>	<u>1,463,337</u>
Interest income	2,757	-	2,757	383
Net assets released from restrictions:				
Satisfaction of program restrictions	600,308	(600,308)	-	-
Total Support and Revenue	<u>687,493</u>	<u>282,981</u>	<u>970,474</u>	<u>1,463,720</u>
Expenses				
Program services	<u>587,461</u>	-	<u>587,461</u>	<u>365,737</u>
Supporting services:				
General and administrative	73,657	-	73,657	19,318
Total supporting services	<u>73,657</u>	-	<u>73,657</u>	<u>19,318</u>
Total Expenses	<u>661,118</u>	-	<u>661,118</u>	<u>385,055</u>
Change in Net Assets	26,375	282,981	309,356	1,078,665
Beginning Net Assets	399,082	1,762,824	2,161,906	1,083,241
Ending Net Assets	<u>\$ 425,457</u>	<u>\$ 2,045,805</u>	<u>\$ 2,471,262</u>	<u>\$ 2,161,906</u>

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

Software in the Public, Interest, Inc.
Statement of Functional Expenses - Cash Basis
For the Year Ended December 31, 2019
(with Summarized Financial Information for 2018)

	<u>Program Services</u>	<u>Supporting Service</u>	<u>2019 Total</u>	<u>2018 Total</u>
		<u>General and Administrative</u>		
Travel, meals and lodging	\$ 296,583	\$ 26,402	\$ 322,985	\$ 222,619
Information technology	138,600	300	138,900	54,591
Software-Development	17,512	-	17,512	31,412
Internships	47,750	-	47,750	24,786
Bank charges and other fees	9,045	1,597	10,642	7,470
Training	8,050	-	8,050	6,300
Advertising	3,102	548	3,650	3,125
Insurance	-	2,483	2,483	1,810
Postage and supplies	1,539	272	1,811	1,107
Professional fees	6,205	41,923	48,128	951
Membership	751	132	883	675
Total Expenses	529,137	73,657	602,794	354,846
Direct conference expenses:				
Materials	30,076	-	30,076	9,536
Services	10,793	-	10,793	6,560
Venue rental	17,455	-	17,455	14,113
	58,324	-	58,324	30,209
Total Expenses	\$ 587,461	\$ 73,657	\$ 661,118	\$ 385,055

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

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2019

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, 2019, there was \$2,045,805 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.

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2019

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 43% of the Organization's support and revenue was from one Organization for the year ended December 31, 2019.

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.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2019

Note 2 – Net Assets With Donor Restrictions

Donor restricted net assets by revenue source and changes therein for the year ended December 31, 2019, were as follows:

	Beginning Balance December 31, 2018	Additions	Releases from Restrictions	Ending Balance December 31, 2019
Net assets with donor restrictions as to purpose for the following projects:				
0 A.D.	\$ 32,430	\$ 4,166	\$ 1,625	\$ 34,971
ankur.org.in	2,819	-	-	2,819
aptosid	485	19	1	503
Arch Linux	337,213	17,426	10,495	344,144
ArduPilot	63,798	70,764	36,638	97,924
Chakra	553	273	433	393
Debian Conference	114,118	153,314	171,914	95,518
Debian	461,530	343,753	168,509	636,774
Drizzle	6,148	-	6,148	-
FFmpeg	115,232	10,436	3,952	121,716
Fluxbox	998	30	1	1,027
Freedesktop.org	8,076	688	8,764	-
FreedomBox	24	-	24	-
Glucosio	1	20	-	21
GNU TeXmacs	1,301	209	8	1,502
Gnustep	143	19	-	162
Haskell.org	16,537	15	1	16,551
Jenkins	31,907	7,781	22,623	17,065
LibreOffice	32,102	45,823	42,311	35,614
MinGW	4,161	195	335	4,021
NTPsec	632	38,019	2	38,649
OFTC	-	19	-	19
OpenBioinformatics Foundation	84,498	28,028	9,794	102,732
Open MPI	637	10	1	646
Open Voting Foundation	145	565	7	703
OpenEmbedded	732	20,840	10,724	10,848
OpenSAF	-	2,977	66	2,911
OpenVAS	74	19	-	93
OpenWrt	8,662	2,173	2,587	8,248
OpenZFS	-	62,583	50,368	12,215
Subtotal	\$ 1,324,956	\$ 810,164	\$ 547,331	\$ 1,587,789

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2019

Note 3 – Net Assets With Donor Restrictions (Continued)

	Balance as of December 31, 2018	Additions	Releases from Restriction	Balance as of December 31, 2019
Net assets with donor restrictions as to purpose for the following projects: (Continued)				
Performance Co-Pilot	\$ 5,353	\$ 7,128	\$ 4,019	\$ 8,462
PostgreSQL	146,198	16,962	24,373	138,787
Privoxy	1,736	4,576	161	6,151
Swathanthra Malayalam Comp. Systemd	5,763	100	6	5,857
The Mana World	190,005	131	10,484	179,652
Torch	-	3	1	2
Tux4Kids	2	-	2	-
X.Org	16,284	214	1	16,497
YafaRay	66,297	44,552	13,690	97,159
	6,230	-	781	5,449
Subtotal	\$ 437,868	\$ 73,666	\$ 53,518	\$ 458,016
Grand Total	\$ 1,762,824	\$ 883,830	\$ 600,849	\$ 2,045,805

Note 4 – 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 July 14, 2020, the date the financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. The COVID-19 outbreak is also disrupting supply chains and affecting the production and sales across a range of industries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on Organizations customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition of the Organization or results of operations is uncertain.