

**Software in the Public Interest, Inc.
Financial Statements
December 31, 2020**

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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 as of December 31, 2020, and the related statements of activities, functional expenses and cash flows 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 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 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, 2020, 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.

December 20, 2021



CPA PLLC

Software in the Public Interest, Inc.
Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash	\$ 2,663,290
Investments in securities	151,418
Accounts receivable	45,741
Total Current Assets	<u>2,860,449</u>

Other Assets

Equipment	<u>123,038</u>
Total Other Assets	123,038

Total Assets	<u><u>\$ 2,983,487</u></u>
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$ 19,839
Total Current Liabilities	<u>19,839</u>

Net Assets

Without donor restrictions	549,751
With donor restrictions	<u>2,413,897</u>
Total Net Assets	2,963,648

Total Liabilities and Net Assets	<u><u>\$ 2,983,487</u></u>
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See independent auditor's report and accompanying notes to the financial statements.

Software in the Public Interest, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions - cash	\$ 92,404	\$ 418,767	\$ 511,171
Contributions in kind securities	35,678	112,979	148,657
Realized and unrealized gains (losses) on investments	663	2,098	2,761
Investment income, net of expenses	14,640	934	15,574
Foreign currency gain	2,026	72	2,098
Program fees	-	6,275	6,275
Merchandise	-	696	696
	<u>145,411</u>	<u>541,821</u>	<u>687,232</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	216,246	(216,246)	-
Total Support and Revenue	<u>361,657</u>	<u>325,575</u>	<u>687,232</u>
Expenses			
Program services	<u>254,252</u>	-	<u>254,252</u>
Supporting services:			
General and administrative	87,046	-	87,046
Total supporting services	<u>87,046</u>	-	<u>87,046</u>
Total Expenses	<u>341,298</u>	-	<u>341,298</u>
Change in Net Assets	<u>20,359</u>	<u>325,575</u>	<u>345,934</u>
Beginning Net Assets			
As previously reported	425,457	2,045,805	2,471,262
Adjustment for cumulative effect of change from cash to accrual method of accounting	<u>103,935</u>	<u>42,517</u>	<u>146,452</u>
Balance at beginning of year as restated	529,392	2,088,322	2,617,714
Ending Net Assets	<u>\$ 549,751</u>	<u>\$ 2,413,897</u>	<u>\$ 2,963,648</u>

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

Software in the Public, Interest, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>General and Administrative</u>	<u>Total</u>
Travel, meals and lodging	\$ 44,372	\$ -		\$ 44,372
Information technology	95,463	-		95,463
Depreciation expense	27,952	-		27,952
Software-Development	18,955	-		18,955
Internships	15,500	-		15,500
Training	2,300	-		2,300
Bank charges and other fees	11,590	-		11,590
Advertising	3,252	-		3,252
Insurance	-	2,670		2,670
Postage and supplies	1,110	112		1,222
Professional fees	15,994	84,264		100,258
Total Expenses	236,488	87,046		323,534
Direct conference expenses:				
Materials	11,686	-		11,686
Services	302	-		302
Venue rental	5,776	-		5,776
	17,764	-		17,764
Total Expenses	\$ 254,252	\$ 87,046		\$ 341,298

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

Software in the Public Interest, Inc.
Statements of Cash Flows
For the Year Ended December 31, 2020

Cash Flows from Operating Activities

Change in net assets	\$ 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	(2,762)
Depreciation and amortization	27,953
(Increase) in operating assets:	
Accounts receivable	(45,742)
Increase in operating liabilities:	
Accounts payable and accrued expenses	19,839
Net cash provided by operating activities	<u>343,018</u>

Cash Flows from Investing Activities

Purchase of equipment	<u>(150,990)</u>
Net cash used in investing activities	<u>(150,990)</u>

Net Increase in Cash	192,028
Beginning Cash	2,471,262
Ending Cash	<u>\$ 2,663,290</u>

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

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2020

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 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 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 without donor restrictions. 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 represent resources available for use, but expendable only for the time and/or purpose specifically stated by the donor. On December 31, 2020, there were no 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.

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.
Notes to Financial Statements
December 31, 2020

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.

Revenue from Contracts with Customers

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

Contributions 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.

Contributions 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, 2020 the allowance for doubtful accounts was \$0.

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

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2020

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.

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, 2020.

New Accounting Pronouncements

Effective January 1, 2019 the Organization adopted FASB ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This Update affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. This Update requires entities to make new judgements and estimates and provide expended disclosures about revenue. The adoption of this pronouncement had no material effect on the financial statements.

Note 2 - Property and Equipment

Property and equipment consisted of:

Furniture and equipment	\$ 166,345
Less: accumulated depreciation	<u>(43,307)</u>
Property and equipment, net	<u>\$ 123,038</u>

Depreciation expense was \$27,952 for the year ended December 31, 2020.

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2020

Note 3 – Net Assets With Donor Restrictions

Donor restricted net assets by revenue source and changes therein for the year ended December 31, 2020, were as follows:

Net assets with donor restrictions as to purpose for the following projects:	Beginning Balance <u>December 31,</u> <u>2019</u>	Prior period <u>Adjustment</u>	<u>Additions</u>	Releases from <u>Restrictions</u>	Ending Balance <u>December 31,</u> <u>2020</u>
0 A.D.	\$ 34,971	\$ 19	\$ 3,856	\$ 1,047	\$ 37,799
ankur.org.in	2,819	-	-	-	2,819
aptosid	503	-	-	-	503
Arch Linux	344,144	(31)	33,150	10,133	367,130
Archlinux32	-	-	19	1	18
ArduPilot	97,924	-	48,593	28,639	118,878
Chakra	393	(223)	48	49	169
Debian Conference	95,518	22,836	15,799	107,791	26,362
Debian	636,774	2,121	266,302	97,789	807,408
FFmpeg	121,716	387	11,924	3,441	130,586
Fluxbox	1,027	19	-	-	1,046
Ganeti	-	-	136	5	131
Glucosio	21	19	-	-	40
GNU TeXmacs	1,502	19	665	29	2,157
Gnustep	162	19	-	-	181
Haskell.org	16,551	5	57	1	16,612
Jenkins	17,065	(4,163)	4,432	7,953	9,381
LibreOffice	35,614	18,957	36,492	15,130	75,933
MinGW	4,021	-	715	26	4,710
NTPsec	38,649	-	95,578	7	134,220
OFTC	19	19	-	-	38
OpenBioinformatics	102,732	-	18,163	8,542	112,353
Open MPI	646	-	14	1	659
OpenVotingFoundation	703	38	504	-	1,245
OpenEmbedded	10,848	1,026	2,967	1,286	13,555
OpenSAF	2,911	-	-	465	2,446
OpenVAS	93	19	2	-	114
OpenWrt	8,248	309	4,475	302	12,730
OpenZFS	12,215	95	16,301	3,076	25,535
Performance Co-Pilot	8,462	-	2,850	-	11,312
PostgreSQL	138,787	52	14,526	4,785	148,580
Privoxy	6,151	-	2,212	68	8,295
Swathanthra Malayalam	5,857	19	52	5	5,923
Systemd	179,652	-	28,639	5,091	203,200
The Mana World	2	-	38	2	38
Translatewiki.Net	-	-	54	4	50
Tux4Kids	16,497	-	191	-	16,688
X.Org	97,159	955	67,706	55,216	110,604
YafaRay	5,449	-	-	-	5,449
Total	\$ 2,045,805	\$ 42,516	\$ 676,460	\$ 350,884	\$ 2,413,897

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2020

Note 4 - 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, 2020, 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>\$ 151,418</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,418</u>

Note 5 – 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 December 20, 2021, the date the financial statements were available to be issued.

Note 6 – COVID 19

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.

Note 7 –Prior period adjustment

During 2020 management changed the method of accounting used for the Organization's financial reporting from cash to the accrual basis. The cumulative effect of the adjustment was \$146,452 as shown on the Statement of Activities.

See independent auditor's report.

Software In the Public Interest, Inc.
Notes to Financial Statements
December 31, 2020

Note 8 –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	\$ 2,663,290
Investment in securities	151,418
Accounts receivable	<u>45,741</u>
Total financial assets	<u>2,860,449</u>
Less: net assets with donor restrictions	<u>(2,413,897)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 446,552</u>

See independent auditor's report.