

Software in the Public Interest, Inc.
(a Not-for-Profit Corporation)
Financial Statements
December 31, 2022

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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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

November 14, 2023



Software in the Public Interest, Inc.
(a Not-for-Profit Corporation)
Statement of Financial Position
December 31, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash	\$ 2,752,658	\$ 2,729,749
Investments	155,267	192,834
Accounts receivable	23,330	47,442
Prepaid expense	-	28
Total Current Assets	2,931,255	2,970,053
Other Assets		
Property and equipment	84,845	126,213
Total Other Assets	84,845	126,213
Total Assets	\$ 3,016,100	\$ 3,096,266
Liabilities and Net Assets		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 41,780	\$ 23,071
Total Current Liabilities	41,780	23,071
Net Assets		
Without donor restrictions	382,103	501,178
With donor restrictions	2,592,217	2,572,017
Total Net Assets	2,974,320	3,073,195
Total Liabilities and Net Assets	\$ 3,016,100	\$ 3,096,266

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, 2022
(With Summarized Financial Information for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>2021</u>
Support and Revenue				
Contributions - cash	\$ 55,036	\$ 387,468	\$ 442,504	\$ 474,360
Program fees	7,473	29,906	37,379	4,775
Unrealized gains (losses) on investments	(37,567)	-	(37,567)	41,286
Investment income	-	3,960	3,960	1,984
Foreign currency gains	-	1,494	1,494	314
	<u>24,942</u>	<u>422,828</u>	<u>447,770</u>	<u>522,719</u>
Releases from restrictions:	402,628	(402,628)	-	-
Total Support and Revenue	<u>427,570</u>	<u>20,200</u>	<u>447,770</u>	<u>522,719</u>
Expenses				
Program services	<u>385,923</u>	-	<u>385,923</u>	<u>328,160</u>
Supporting services:				
General and administrative	160,722	-	160,722	85,012
Total supporting services	<u>160,722</u>	-	<u>160,722</u>	<u>85,012</u>
Total Expenses	<u>546,645</u>	-	<u>546,645</u>	<u>413,172</u>
Change in Net Assets	(119,075)	20,200	(98,875)	109,547
Net Assets, Beginning of Year	501,178	2,572,017	3,073,195	2,963,648
Net Assets, End of Year	<u>\$ 382,103</u>	<u>\$ 2,592,217</u>	<u>\$ 2,974,320</u>	<u>\$ 3,073,195</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, 2022
(With Summarized Financial Information for 2021)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>General and Administrative</u>	<u>Total 2022</u>	<u>2021</u>
Information technology	\$ 71,697	\$	39,933	\$ 111,630	\$ 122,853
Professional fees	850		118,893	119,743	97,869
Travel, meals and lodging	108,435		-	108,435	736
Software-Development	66,565		-	66,565	87,676
Depreciation expense	41,368		-	41,368	37,318
Internships	29,000		-	29,000	28,700
Bank charges and other fees	9,000		1,767	10,767	12,148
Insurance	2,844		-	2,844	2,670
Postage and supplies	1,538		129	1,667	1,462
Advertising	1,113		-	1,113	1,088
Training	-		-	-	422
Total Expenses	332,410		160,722	493,132	392,942
Direct conference expenses:					
Services	35,519		-	35,519	13,600
Materials	3,491		-	3,491	4,192
Venue rental	14,503		-	14,503	2,438
	53,513		-	53,513	20,230
Total Expenses	\$ 385,923	\$	160,722	\$ 546,645	\$ 413,172

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, 2022
(With Summarized Financial Information for 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (98,875)	\$ 109,547
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gains (losses) on investments	37,567	(41,416)
Depreciation and amortization	41,368	37,318
(Increase) decrease in operating assets:		
Accounts receivable	24,112	(1,701)
Prepaid expenses	28	(28)
Increase in operating liabilities:		
Accounts payable and accrued expenses	18,709	3,232
Net cash provided by operating activities	22,909	106,952
Cash Flows from Investing Activities		
Purchase of equipment	-	(40,493)
Net cash (used in) investing activities	-	(40,493)
Net Increase in Cash	22,909	66,459
Cash, Beginning of Year	2,729,749	2,663,290
Cash, End of Year	2,752,658	\$ 2,729,749

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, 2022

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.

The Organization 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, 2022

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

The Organization sponsors conferences for people working in the area of open source software and is dedicated to providing inclusive experience. Registration fees comprise the related revenue.

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.

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, 2022 the allowance for doubtful accounts was \$0.

All accounts 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.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

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

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, investments, accounts receivable prepaid expenses, and accounts payable 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, 2022.

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
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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.

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 14, 2023, the date the financial statements were available to be issued.

Accounting Pronouncements Adopted in the Current Year

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization adopted and implemented this pronouncement on January, 1 2022 using the prospective method of application.

Note 2 - Property and Equipment

Property and equipment consisted of:

Property and Equipment	\$ 206,838
Less: accumulated depreciation	<u>(121,993)</u>
Property and equipment, net	<u>\$ 84,845</u>

Depreciation expense was \$41,368 for the year ended December 31, 2022.

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

Note 3 - 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, 2022, 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 Fund	<u>\$ 155,267</u>	<u>\$ - .</u>	<u>\$ - .</u>	<u>\$ 155,267</u>

Note 4 – Liquidity and Availability of Financial Assets

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. 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 and program activities that are timed according to expected requirements. The goal of the Organization is to maintain available financial assets to meet its next 90 day of operating expense.

The Organization receives contribution restricted by donors and considers contribution restricted for programs which are not ongoing, major and central to its annual operations to not be available to meet cash needs for general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year comprise the following:

Cash	\$ 2,752,656
Investment in securities	155,267
Accounts receivable	<u>23,330</u>
Total financial assets	2,931,253
 Less: net assets with donor restrictions	 (<u>2,592,217</u>)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 339,036</u>

See independent auditor's report.

Software In the Public Interest, Inc.
(a Not-for-Profit Corporation)
Notes to Financial Statements
December 31, 2022

Note 5 – Net Assets With Donor Restrictions

Donor restricted net assets by revenue source and changes therein for the year ended December 31, 2022, were as follows:

	Beginning Balance December 31, 2021	Additions	Releases from Restrictions	Ending Balance December 31, 2022
Net assets with donor restrictions as to purpose for the following projects:				
0 A.D.	\$ 41,993	\$ 3,042	\$ 927	\$ 44,108
Adelie Linux	32	7,903	169	7,766
ankur.org.in	2,819	-	-	2,819
aptosid	503	-	-	503
Arch Linux	392,203	36,353	6,517	422,039
Archlinux32	18	3	1	20
ArduPilot	111,925	14,167	41,166	84,926
Debian Conference	39,391	32,822	49,100	23,113
Debian	780,042	44,756	127,764	697,034
FFmpeg	139,579	13,488	3,589	149,478
Fluxbox	1,046	-	-	1,046
Gallery	95	-	-	95
Ganeti	184	49	-	233
Glucosio	40	-	40	-
GNU TeXmacs	2,526	366	20	2,872
Gnustep	181	-	-	181
Haskell.org	17,549	5	17,550	4
Jenkins	9,381	95	4	9,472
LibreOffice	113,721	18,166	884	131,003
MinGW	4,804	105	5	4,904
MPI Forum	-	75,031	36,296	38,735
Ns-3	1,140	1,425	-	2,565
NTPsec	134,507	1,224	47	135,684
OFTC	38	-	35	3
OpenBioinformatics Foundation	125,817	19,047	14,947	129,917
Open MPI	659	-	-	659
Open Voting Foundation	1,785	347	-	2,132
OpenEmbedded	20,848	787	195	21,440
OpenSAF	2,446	-	-	2,446
OpenVAS	114	24	57	81
OpenWrt	13,721	231	13,952	-
OpenZFS	40,718	32,699	44,242	29,175
PMix	28	-	-	28
PostgreSQL	197,013	36,361	3,948	229,425
Privoxy	7,262	2,335	3,320	6,277
Swathanthra Malayalam Computin	5,976	-	-	5,976
Systemd	173,269	10,227	33	183,463
The Mana World	39	528	76	491
Translatewiki.Net	122	272	31	363
Tux4Kids	16,866	238	17	17,087
Wesnoth	-	701	247	454
X.Org	166,168	70,027	37,449	198,746
YafaRay	5,449	4	-	5,453
Total	\$ 2,572,017	\$ 422,828	\$ 402,628	\$ 2,592,217

See independent auditor's report.