

Public.Resource.Org, Inc.

Financial Statements

December 31, 2021

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Carl Malamud, President and CEO
Public.Resource.Org, Inc.

Management is responsible for the accompanying financial statements of Public.Resource.Org, Inc. (the "Organization"), which comprise the statement 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

BAKER TILLY US, LLP

Baker Tilly US, LLP

San Francisco, California
February 17, 2022

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 687,453
Prepaid expenses	<u>201,383</u>
	888,836

Property and Equipment

Computer and video hardware	252,881
Accumulated depreciation	<u>(252,881)</u>

Total assets \$ 888,836

LIABILITIES AND NET ASSETS

Net Assets

Net assets without donor restrictions	<u>\$ 888,836</u>
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Total liabilities and net assets \$ 888,836

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>
SUPPORT AND REVENUE	
Contributions	\$ 1,258,183
In-kind contributions	1,020,559
Interest income	<u>410</u>
Total support and revenue	<u>2,279,152</u>
EXPENSES	
Program services	2,034,835
Management and general	56,601
Fundraising	<u>2,445</u>
Total expenses	<u>2,093,881</u>
CHANGE IN NET ASSETS	185,271
NET ASSETS - beginning of year	<u>703,565</u>
NET ASSETS - end of year	<u>\$ 888,836</u>

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
In-kind legal services	\$ 994,624	\$ -	\$ -	\$ 994,624
Contract labor	348,548	-	-	348,548
Salaries and benefits	265,337	27,482	2,000	294,819
Professional fees	243,606	9,075	-	252,681
Grant expense	52,103	204	-	52,307
Supplies	38,727	1,113	-	39,840
Public domain materials	37,929	-	-	37,929
In-kind scanning	25,937	-	-	25,937
Insurance	-	17,722	-	17,722
Legal fees	12,542	-	-	12,542
Copying and printing	10,482	-	-	10,482
Postage and delivery	5,000	-	218	5,218
Bank service charges	-	820	227	1,047
Travel	-	166	-	166
Licenses and permits	-	19	-	19
Total expenses	\$ 2,034,835	\$ 56,601	\$ 2,445	\$ 2,093,881

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 185,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Prepaid expenses	<u>(24,906)</u>
Net cash provided by operating activities	<u>160,365</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 160,365
 CASH AND CASH EQUIVALENTS - beginning of year	 <u>527,088</u>
 CASH AND CASH EQUIVALENTS - end of year	 <u><u>\$ 687,453</u></u>

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. DESCRIPTION OF ORGANIZATION

Public.Resource.Org, Inc. (the Organization) was founded April 13, 2007, to create, architect, design, implement, operate and maintain public works projects on the Internet. The Organization's primary source of revenue is contribution income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

- *Without donor restrictions* – Net assets not subject to donor-imposed stipulations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. When net assets subject to donor imposed restrictions are received and then subsequently released in the same year, they are classified as net assets without donor restrictions. At December 31, 2021, the Organization did not have any 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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, at the time of purchase to be cash equivalents.

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Depreciation

The Organization records acquisitions with a useful life over one year and a cost or basis of \$5,000 or more as property and equipment. Property and equipment are recorded at cost when purchased and fair value when received as a donation. Depreciation is provided over the estimated useful lives of the respective assets, using the straight-line method of depreciation. Costs for repairs and maintenance are expensed as incurred.

Revenue Recognition

Contributions

Contributions are recognized when the donor makes a promise 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 restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Conditional contributions for which donor-imposed conditions and donor-imposed restrictions are met in the same reporting period are reported as increases in net assets without donor restrictions. At December 31, 2021, the Organization had \$3,150,000 in conditional grants for which the conditions related to providing for open access and digital preservation requirements had not yet been met, and as such, revenue had not been recognized.

In-Kind Donations

Contributed services are recognized at their fair value on the date of contribution if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Gifts of property and equipment are recorded as support without donor restrictions unless explicit donor stipulations specify how the donated asset must be used.

In-kind services received and recorded as in-kind contributions in the statement of activities consisted of legal services and scanning services. During the year ended December 31, 2021, in-kind legal services amounted to \$994,624 and in-kind scanning services amounted to \$25,937.

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the estimates of employee time and on usage of resources.

Income Taxes

The Organization is a tax-exempt organization under the provisions of the Internal Revenue Code, Section 501(c)(3), and the California Revenue and Taxation Code, Section 23701(d). Accordingly, no provision for federal and state income taxes has been reflected in these financial statements.

Management evaluated the Organization's tax positions and concluded that the Organization had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date the financial statements are available to be issued February 17, 2022.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary source of revenue is contributions. The sources that provide liquidity during the period is cash and cash equivalents. General expenditures include program and supporting expenses that are expected to be paid in the subsequent year.

The table below presents financial assets available to fund general operating expenditures within one year at December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 687,453
Financial assets available to meet general expenditures within one year	<u>\$ 687,453</u>

PUBLIC.RESOURCE.ORG, INC.
(a California Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

4. CONCENTRATIONS

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor).

Other

For the year ended December 31, 2021, approximately 91% of contributions was received from one donor.

5. COMMITMENTS

On April 8, 2020, the Organization entered into a five-year, \$500,000, agreement with a related party to publish the regulations of all fifty states which will be made available to the public at no charge with no restrictions (refer to Note 6). The agreement calls for \$250,000 payable at signing, \$125,000 will be due twelve months after signing, and the final payment of \$125,000 will be due twenty-four months after signing. For the year ended December 31, 2021, \$125,000 was paid under this contract.

On August 5, 2019, the Organization entered into a three-year agreement with an unrelated party for internet connectivity. The terms of the agreement require monthly payments of \$399 per month. The year ended December 31, 2021, \$4,788 was paid under this contract.

The future minimum payments under these agreements are as follows:

<u>Year ending December 31</u>	
2022	\$ 128,192

6. RELATED PARTY TRANSACTIONS

The Organization has entered into a five-year agreement with Fastcase, Inc. to publish regulations for all fifty states. The CEO of Fastcase, Inc. is also a Board member of the Organization. The terms of the agreement require \$250,000 payable at signing, \$125,000 will be due twelve months after signing, and the final payment of \$125,000 will be due twenty-four months after signing. For the year ended December 31, 2021, \$125,000 was paid under this contract.

All related party transactions were approved by a vote of disinterested Board members.

PUBLIC.RESOURCE.ORG, INC.
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NOTES TO FINANCIAL STATEMENTS
December 31, 2021

7. UNCERTAINTIES

In March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. In addition, the California State Governor ordered the closure of the physical location of every business, except those identified in the “critical infrastructure sectors”, for a limited period of time. The outbreak has led to severe disruptions and uncertainty to economic conditions and credit and capital markets and funding sources. The duration and economic impact of the outbreak are uncertain but it is possible operations may be negatively impacted. The Organization will continue to monitor the situation closely, but given the uncertainty about the situation, management cannot estimate the impact to the financial statements.