PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

JUNE 30, 2019 AND 2018

NEW ORLEANS, LOUISIANA

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Audited Financial Statements:

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Independent Auditor's Report

To the Board of Directors of
Public Laboratory for Open Technology and Science, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of Public Laboratory for Open Technology and Science, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2019 and 2018, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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 audits. We conducted our audits 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 Public Laboratory for Open Technology and Science, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Hannis T. Bourgeois, LLP

New Orleans, Louisiana
April 6, 2020

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Cash and Cash Equivalents	$ 948,828	$ 794,865
Accounts Receivable	14,808	605,856
Total Assets	$ 963,636	$ 1,400,721

LIABILITIES AND NET ASSETS

	2019	2018
Accounts Payable	$ 64,874	$ 141,421
Accrued Expenses	12,133	21,987
Investment Note Payable:		
Current Portion	-	4,280
Total Liabilities	77,007	167,688
Without Donor Restrictions	95,269	340,300
With Donor Restrictions for Time or Purpose	791,360	892,733
Total Net Assets	886,629	1,233,033
Total Liabilities and Net Assets	$ 963,636	$ 1,400,721

The accompanying notes are an integral part of these financial statements.

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants	$ -	$ 936,653	$ 936,653
Contributions	91,389	-	91,389
Sponsorships	29,134	-	29,134
Retail Sales:			
Retail Revenue	46,025	-	46,025
Cost of Retail Revenue	(54,931)	-	(54,931)
	(8,906)	-	(8,906)
Net Assets Released from Restriction	1,038,026	(1,038,026)	-
Total Support and Revenue	1,149,643	(101,373)	1,048,270
Expenses:			
Program Services	1,227,765	-	1,227,765
Supporting Services:			
Management and General	101,338	-	101,338
Fundraising	65,571	-	65,571
Total Supporting Services	166,909	-	166,909
Total Expenses	1,394,674	-	1,394,674
Change in Net Assets	(245,031)	(101,373)	(346,404)
Net Assets - Beginning of Year	340,300	892,733	1,233,033
Net Assets - End of Year	$ 95,269	$ 791,360	$ 886,629

(CONTINUED)

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants	$ 296,935	$ 1,178,632	$ 1,475,567
Contributions	103,668	-	103,668
Sponsorships	67,313	-	67,313
Retail Sales:			
Retail Revenue	119,376	-	119,376
Cost of Retail Revenue	(41,396)	-	(41,396)
	77,980	-	77,980
Net Assets Released from Restriction	1,081,806	(1,081,806)	-
Total Support and Revenue	1,627,702	96,826	1,724,528
Expenses:			
Program Services	967,157	-	967,157
Supporting Services:			
Management and General	128,433	-	128,433
Fundraising	76,235	-	76,235
Total Supporting Services	204,668	-	204,668
Total Expenses	1,171,825	-	1,171,825
Change in Net Assets	455,877	96,826	552,703
Net Assets (Deficit)- Beginning of Year	(115,577)	795,907	680,330
Net Assets - End of Year	$ 340,300	$ 892,733	$ 1,233,033

The accompanying notes are an integral part of these financial statements.

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	2019			
	Program Services	Management and General	Fundraising	Total
Salaries	$ 294,753	$ 51,090	$ 47,160	$ 393,003
Payroll Taxes and Employee Benefits	55,424	9,607	8,868	73,899
Contract Labor	176,819	24,429	-	201,248
Professional Fees	9,344	1,620	1,495	12,459
Program Supplies	5,584	-	-	5,584
Travel Expenses	97,071	5,586	2,793	105,450
Operations	43,470	607	561	44,638
Office Expenses	28,007	6,696	2,358	37,061
Grant Expense	402,571	-	-	402,571
Fellows	104,895	-	-	104,895
Insurance Expense	9,827	1,703	1,572	13,102
Fundraising	-	-	764	764
Total Functional Expenses	$ 1,227,765	$ 101,338	$ 65,571	$ 1,394,674

(CONTINUED)

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2018

	2018			
	Program Services	Management and General	Fundraising	Total
Salaries	$ 330,288	$ 57,249	$ 52,846	$ 440,383
Payroll Taxes and Employee Benefits	62,048	10,755	9,927	82,730
Contract Labor	237,354	41,319	-	278,673
Professional Fees	1,780	309	285	2,374
Program Supplies	2,982	-	-	2,982
Travel Expenses	65,479	4,853	2,427	72,759
Operations	35,659	561	518	36,738
Office Expenses	22,519	6,736	2,315	31,570
Grant Expense	199,469	-	-	199,469
Insurance Expense	9,579	1,660	1,532	12,771
Fundraising	-	-	6,385	6,385
Interest Expense	-	4,991	-	4,991
Total Functional Expenses	$ 967,157	$ 128,433	$ 76,235	$ 1,171,825

The accompanying notes are an integral part of these financial statements.

PUBLIC LABORATORY FOR OPEN TECHNOLOGY AND SCIENCE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities:		
Change in Net Assets	$ (346,404)	$ 552,703
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities		
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	591,048	(536,656)
Increase (Decrease) in Accounts Payable	(76,547)	133,371
Increase (Decrease) in Accrued Expenses	(9,854)	(358)
Net Cash Provided by Operating Activities	158,243	149,060
Cash Flows from Financing Activities:		
Payments on Long-Term Debt	(4,280)	-
Net Cash Used in Financing Activities	(4,280)	-
Net Increase in Cash and Cash Equivalents	153,963	149,060
Cash and Cash Equivalents, Beginning of Year	794,865	645,805
Cash and Cash Equivalents, End of Year	$ 948,828	$ 794,865

The accompanying notes are an integral part of these financial statements.

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

Nature of Activities

The Public Laboratory for Open Technology and Science, Inc. ("the Organization") is a community which develops and applies open-source tools to environmental exploration and investigation. Its goal is to increase the ability of underserved communities to identify, redress, remediate, and create awareness and accountability around environmental concerns. The Organization achieves this by providing online and offline training, education and support, and by focusing on locally-relevant outcomes that emphasize human capacity and understanding.

The Organization is operating as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resource be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributed Goods and Services

The Organization accepts in-kind contributions of goods and services. The fair value of in-kind contributions received for donated website and server hosting services, lodging, printing, and donated use of facilities amounted to $16,234 and $24,588 for each of the years ended June 30, 2019 and 2018, respectively, and is recognized in contribution revenue on the statement of activities. This expense is included in operations expenses in the statement of functional expenses.

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it is not susceptible to objective measurement or valuation.

Accounts Receivable

Accounts receivable consist of grants, contributions, and trade receivables. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, management believes that the effect of the use of direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Concentrations of Credit Risk

The primary source of revenue for the Organization are grants from various funding sources. The continued operations of the Organization are dependent on the renewal of grants from current funding sources as well as obtaining new funding.

The Organization maintains cash accounts with a commercial bank which is insured by the Federal Deposit Insurance Corporation. Periodically, cash may exceed the federally insured amount.

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 certain reported amounts and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported 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 when purchased to be cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Directly identifiable expenses are charged to program services, management and general and fundraising. Expenses related to more than one function are charged to program services, management and general, and fundraising on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Expenses related to shipping and handling are included in costs of retail revenue on the statement of activities.

Income Taxes

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization files income tax returns in the U.S. federal tax jurisdiction. With few exceptions, the Organization is no longer subject to federal income tax examinations by tax authorities for years before 2016. Any interest and penalties assessed by income taxing authorities are not significant and are included in general and administrative expenses in these financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended June 30, 2019 and 2018.

Recent Accounting Pronouncements

During the year ended June 30, 2019 the Organization implemented Accounting Standards Update (ASU) 2016-14, *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of net assets that were previously presented as unrestricted and temporarily restricted have been presented as without donor restrictions and with donor restrictions, respectively, in these financial statements. The ASU also requires additional disclosures regarding liquidity and availability of certain financial assets which is discussed at Note 2 in these financial statements. Lastly, the ASU requires the presentation of expenses by function and natural classification which has been reflected in the Statements of Functional Expenses in these financial statements. This is a presentation standard and had no effect on the previously reported change in net assets and net assets without donor restrictions and with donor restrictions.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This standard will be effective for periods beginning after December 15, 2018. The Organization is evaluating the impact the pronouncement may have on its financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2019, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10 delaying the effective date for non-public companies to fiscal years beginning after December 15, 2020. The Organization is evaluating the impact the pronouncement may have on its financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date*. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on its financial statements.

Note 2 - Liquidity and Availability -

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date. The Organization's goal is to maintain liquid financial assets to meet 90 days of operating expenses.

Financial assets at year-end:	
Cash and Cash Equivalents	$ 948,828
Accounts Receivable	14,808
	963,636
Less amounts not available for general expenditures within one year, due to:	
Net Assets with Donor Restrictions	(791,360)
Financial assets available to meet cash needs for general expenditures within one year	$ 172,276

Note 3 - EDGI Agreement -

In February 2017, the Organization entered into an agreement to work with Environmental Data and Governance Initiative ("EDGI"). EDGI is a collaborative project of an international network of academics and not-for-profits addressing threats to federal environmental and energy policy, and to the scientific research built to investigate, inform, and enforce them by building online tools, events, and research networks to proactively archive public environmental data and ensure its continued public availability. EDGI aims to serve the environmental community and its allies and to create an open, collaborative network of individuals, not-for-profits, universities, and companies who believe that science and data are vital for environmental governance. The activities and mission of EDGI are directly in line with the Organization's tax-exempt purpose. The Organization collects contributions on behalf of EDGI at the donors' discretion. These contributions are donor restricted funds used to support the implementation and operation of EDGI, and the Organization accounts for increases and decreases in the net assets of EDGI in its financial statements.

Note 4 - Investment Note Payable -

The Organization entered into an investment note payable on July 18, 2013, with an unrelated party. Under the terms of the agreement, the Organization received $10,000 from the lender and became liable to make payments in quarterly amounts equal to 3% of the Organization's earned income. Earned income was defined in the agreement as all income other than grants, donations, awards and other philanthropic amounts. The payment obligations ceased when the lender received a total of $15,000 or the payments owed by the maturity date which was November 14, 2018. Due to this stipulation, the Organization considered payments made up to $10,000 to be return of principal and considered payments made in excess of $10,000 to be interest.

For the year ended June 30, 2018, the Organization had gross retail income of $77,980, and under the terms of the agreement was liable for payments of 3%, or $2,339, of the gross amount. As of June 30, 2018, this amount was included in the short-term portion of the note. This note was considered paid in full at June 30, 2019. Interest expense recorded at June 30, 2019 and 2018 related to this note is $-0- and $4,991, respectively.

Note 5 - Grants -

The Organization received grant funding from the following sources for the years ended June 30, 2019 and 2018, respectively:

	2019	2018
Foundations	$ 769,382	$ 1,441,723
Government	167,271	33,844
	$ 936,653	$ 1,475,567

Note 6 - Restrictions on Net Assets -

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
11th Hour Networks	$ 158,011	$ 169,323
NASA/AREN GLOBE Program	21,705	-
Building Scientific Literacy and Resilience	-	30,205
Sloan Foundation - Workshops and Roadmapping for Open Source Hardware	-	50,000
Moore Foundation - Low Cost Tools and Technology for Everyday Exploration	100,165	197,922
National Endowment for Democracy	-	60,000
National Geographic	6,075	-
Brown University	2,963	-
National Academies of Science	92,132	-
AutoDesk Foundation	-	12,911
Schmidt Foundation	8,925	-
Stanford	9,436	-
Dodge Foundation	-	5,000
Environmental Data and Governance Initiative	391,948	367,372
	$ 791,360	$ 892,733

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30:

	2019	2018
11th Hour Networks	$ 171,312	$ 20,677
Listen for Good	-	25,827
Communication Engagement Evaluation Framework	-	83,484
Oil & Gas Accountability Toolkit	-	168,758
NASA/AREN GLOBE Program	3,523	35,565
Building Scientific Literacy and Resilience	30,205	106,926
Sloan Foundation - Workshops and Roadmapping for Open Source Hardware	50,000	23,720
Moore Foundation - Low Cost Tools and Technology for Everyday Exploration	45,434	269,371
National Science Foundation - SmART Form App for Residential Testing for Formaldehyde	-	10,244
National Endowment for Democracy	60,000	-
National Geographic	25,225	-
Moore Make (GOSH 2)	52,323	116,380
Brown University	7,308	-
National Academies of Science	49,851	-
AutoDesk Foundation	12,911	2,089
Schmidt Foundation	116,075	-
DIAL Catalytic	25,000	-
Stanford	19,164	-
Google	85,800	-
Dodge Foundation	5,000	-
Environmental Data and Governance Initiative	278,895	218,765
	$ 1,038,026	$ 1,081,806

Note 7 - Operating Lease Commitments -

On September 15, 2015, the Organization entered into a month-to-month use agreement for office space in Somerville, Massachusetts requiring payments of $175 per month. Rent payments under this lease totaled $2,100 for each of the years ended June 30, 2019 and 2018, and are included in office expense in the financial statements.

In October 2015, the Organization entered into a month-to-month lease to rent office space for the Organization's Durham, North Carolina location. The base rent at inception of this lease was $215 per month with a 3% increase January 1st of each year. Rent expense under this lease totaled $2,778 and $2,697 for the years ended June 30, 2019 and 2018, respectively and is included in office expense in the financial statements.

On June 15, 2016, the Organization entered into a month-to-month membership in a shared workspace in New Orleans, Louisiana. The rent under the shared workspace membership is $650 per month. The total rent expense under this lease was $7,800 for each of the years ended June 30, 2019 and 2018, and is included in office expense in the financial statements.

On July 1, 2018, the Organization entered into a month-to-month lease to rent work space in Providence, Rhode Island. The rent under the shared workspace membership is $550 per month. The total rent expense under this lease was $6,600 for the year ended June 30, 2019, and is included in office expense in the financial statements.

On October 1, 2015, a staff member of the Organization entered into a lease agreement to rent office space for the Organization's New York, New York location. The monthly rent $2,925 from October 1, 2016 to September 30, 2017 is split between multiple groups for the shared use of the space. The Organization was liable for monthly payments of $320 from October 1, 2016 to September 30, 2017. Rent expense of $-0- and $960 under the lease were included in office expense in the financial statements for the years ended June 30, 2019 and 2018, respectively and is included in office expense in the financial statements. The lease expired on September 30, 2017 and was not renewed.

In July 2015, the Organization entered into a month-to-month lease to rent office space for the Organization's Portland, Oregon location. The base rent at inception of this lease was $875 per month with a 3% increase March 1st of each year. This lease was terminated as of August 31, 2018. Rent expense under this lease totaled $-0- and $1,857 for the years ended June 30, 2019 and 2018, respectively and is included in office expense in the financial statements.

There are no future minimum lease payments on the above lease obligations as of June 30, 2019.

Note 8 - Functional Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program service, management and general or fundraising function. Therefore, expenses require allocation on a reasonable basis that is consistently applicable. Salaries, payroll taxes and employee benefits, professional fees, travel expenses, operations, offices expenses, and insurance expense are allocated based on management's best estimate of time and effort spent on program services, management and general, or fundraising activities. Other expenses are allocated directly to either program services, management and general, or fundraising.

Note 9 - Subsequent Event -

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of schools and businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and its impacts on the Organization's donors, customers, employees and vendors. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations cannot be reasonably estimated at this time.

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure in the financial statements through April 6, 2020, the date the financial statements were available to be issued.