



# LEONARDO

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

(A CALIFORNIA NONPROFIT ORGANIZATION)

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT ACCOUNTANT'S REVIEW**

**YEAR ENDED DECEMBER 31, 2021**

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

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1000 Broadway #200-G, Oakland, CA 94607 | (510) 467-9506 | [io@irynacpa.com](mailto:io@irynacpa.com) | [www.irynacpa.com](http://www.irynacpa.com)

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of  
INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.

We have reviewed the accompanying financial statements of INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC. (a nonprofit organization), which comprise the statement of 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results our procedures provide a reasonable basis for our conclusion.

We are required to be independent of INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "D. M. J.", is written over a light blue horizontal line.

*Iryna Accountancy Corporation*

Oakland, California  
November 01, 2022

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 536,102	\$ 47,750	\$ 583,852
Investments	50,659	-	50,659
Accounts receivable	84,435	-	84,435
Pledges receivable	-	35,000	35,000
Memberships receivable	4,864	-	4,864
Prepaid expenses	<u>16,896</u>	<u>-</u>	<u>16,896</u>
<b>TOTAL CURRENT ASSETS</b>	<b>692,956</b>	<b>82,750</b>	<b>775,706</b>
Security deposit	1,562	-	1,562
Property and equipment, net	1,651	-	1,651
Other assets	<u>4,000</u>	<u>-</u>	<u>4,000</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>700,169</u></b>	<b>\$ <u>82,750</u></b>	<b>\$ <u>782,919</u></b>
<b>LIABILITIES</b>			
Accounts payable	8,172	-	8,172
Accrued liabilities	26,072	-	26,072
Refundable advances	<u>402,182</u>	<u>-</u>	<u>402,182</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>436,426</b>	<b>-</b>	<b>436,426</b>
Notes payable, related party	<u>107,000</u>	<u>-</u>	<u>107,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>543,426</u></b>	<b><u>-</u></b>	<b><u>543,426</u></b>
<b>NET ASSETS</b>			
Without donor restrictions	156,743	-	156,743
With donor restrictions			
Purpose and time restrictions	<u>-</u>	<u>82,750</u>	<u>82,750</u>
<b>TOTAL NET ASSETS</b>	<b><u>156,743</u></b>	<b><u>82,750</u></b>	<b><u>239,493</u></b>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b>\$ <u>700,169</u></b>	<b>\$ <u>82,750</u></b>	<b>\$ <u>782,919</u></b>

See independent accountant's review report and accompanying notes to financial statements.

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

**STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 179,856	\$ 100,000	\$ 279,856
Government supports	102,195		102,195
In-kind donations	978	-	978
Earned revenue	257,533	-	257,533
Membership dues	13,000	-	13,000
Investment return	9,905	-	9,905
Net assets released from restrictions	<u>17,514</u>	<u>(17,514)</u>	<u>-</u>
Total support and revenue	<u>580,981</u>	<u>82,486</u>	<u>663,467</u>
<b>EXPENSES</b>			
Program services			
Publications	140,239	-	140,239
Crip Tech	95,706	-	95,706
Residencies	23,795	-	23,795
LASER	21,930	-	21,930
Others	63,011	-	63,011
Management and general	131,569	-	131,569
Fundraising	<u>17,855</u>	<u>-</u>	<u>17,855</u>
Total expenses	<u>494,105</u>	<u>-</u>	<u>494,105</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>86,876</b>	<b>82,486</b>	<b>169,362</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>69,867</u>	<u>264</u>	<u>70,131</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 156,743</u>	<u>\$ 82,750</u>	<u>\$ 239,493</u>

See independent accountant's review report and accompanying notes to financial statements.

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	<u>Program Services</u>					<u>Supporting</u>		<u>Total</u>
	<u>Publication</u>	<u>Crip Tech</u>	<u>Residencies</u>	<u>LASER</u>	<u>Others</u>	<u>Management and general</u>	<u>Fundraising</u>	
Salaries and wages	\$ 85,510	\$ 49,815	\$ 5,230	\$ 6,489	\$ 34,771	\$ 78,865	\$ 12,931	\$ 273,611
Payroll taxes	6,381	3,605	394	500	2,719	6,193	1,009	20,801
Employee benefits	3,813	2,274	187	196	1,154	2,793	380	10,797
Professional fees	-	18,000	-	-	-	26,127	-	44,127
Advertising	-	511	-	-	590	25	58	1,184
Contractor	32,657	12,132	-	13,903	18,821	-	1,205	78,718
Dues, subscriptions, fees	-	-	-	-	100	1,579	-	1,679
Equipment	3,685	2,304	5,212	263	1,514	3,499	523	17,000
Artist fees	-	1,500	12,250	-	-	-	-	13,750
Insurance	2	500	-	-	-	1,613	-	2,115
Interest	-	-	-	-	-	1,123	-	1,123
Office supplies	1,601	1,185	98	122	651	2,186	242	6,085
Printing and postage	58	9	-	-	-	112	-	179
Staff development	9	350	-	-	240	1,021	9	1,629
Rent	6,027	3,521	369	457	2,451	5,740	911	19,476
Repair maintenance	-	-	-	-	-	120	-	120
Travel	496	-	55	-	-	243	587	1,381
Depreciation expense	-	-	-	-	-	330	-	330
<b>Total expenses</b>	<b>\$ <u>140,239</u></b>	<b>\$ <u>95,706</u></b>	<b>\$ <u>23,795</u></b>	<b>\$ <u>21,930</u></b>	<b>\$ <u>63,011</u></b>	<b>\$ <u>131,569</u></b>	<b>\$ <u>17,855</u></b>	<b>\$ <u>494,105</u></b>

See independent accountant's review report and accompanying notes to financial statements.

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.**

**STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 169,362
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Net unrealized loss (gain)	(4,120)
Depreciation expense	330
Forgiveness of PPP loan	(50,822)
(Increase) decrease in operating assets:	
Accounts receivable	(2,459)
Pledges receivable	(30,016)
Memberships receivable	(3,614)
Prepaid expenses	(12,968)
Increase (decrease) in operating liabilities:	
Accounts payable	5,635
Accrued liabilities	5,715
Deferred revenue	(900)
Refundable advances	402,182
NET CASH (USED)/PROVIDED BY OPERATING ACTIVITIES	<u>478,325</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investment	<u>(5,784)</u>
NET CASH (USED)/PROVIDED BY INVESTING ACTIVITIES	<u>(5,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on note payable	<u>(25,000)</u>
NET CASH (USED)/PROVIDED BY FINANCING ACTIVITIES	<u>(25,000)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>447,541</u>
CASH AND CASH EQUIVALENTS, beginning of the year	
Without donor restrictions	136,047
With donor restrictions	264
TOTAL CASH AND CASH EQUIVALENTS, beginning of the year	<u>136,311</u>
CASH AND CASH EQUIVALENTS, end of year	
Without donor restrictions	536,102
With donor restrictions	47,750
TOTAL CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 583,852</u>
SUPPLEMENTAL INFORMATION: NONCASH INVESTING ACTIVITIES	
Interest paid	911

See independent accountant's review report and accompanying notes to financial statements.

**INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF ACTIVITIES**

INTERNATIONAL SOCIETY FOR ARTS, SCIENCE AND TECHNOLOGY, INC. also known as Leonardo (the Organization) is a non-profit organization which is incorporated in the State of California on July 21, 1982. The mission of the Organization is to identify new avenues to serve the art, science, and technology community. The Organization is recognized as a global leader in the interdisciplinary world of art, science, and technology. For over 50 years, the Organization has promoted and publicized the work of creative individuals who look beyond the barriers that separate the arts and sciences, focusing instead on the strengths that emerge from cross-fertilization among disciplines. As for now, the Organization sees heightened awareness and interest in hybridized practices, as the challenges facing society become increasingly complex. The Organization is in Oakland, California.

**NOTE 2 – PROGRAM SERVICES**

The Organization serves its mission by providing various program activities:

*Publications*

The Organization serves as a critical provider through print and digital publications, which include scholarly journals Leonardo and Leonardo Book Series, which is all published by MIT Press. Publishing activities have grown to include online and digital publishing initiatives that explore experimental projects in interactive and emerging media, encompassing both open participation and peer-review practices.

*Crip Tech*

The Organization offers an art and technology fellowship centered on disability innovation. This innovation incubator creates a platform for disabled artists to engage and remake creative technologies through the lens of accessibility. Crip Tech incubator reimagines enshrined notions of how a body-mind can move, look and communicate. Employing a broad understanding of technologies, including prosthetic tools, neural networks, software, and the built environment, Crip Tech Incubator reimagines enshrined notions of how a body-mind can move, look, communicate.

*Residencies*

The Organization partners with a variety of organizations to implement art science residencies such as the Leonardo at Djerassi residency, the Residency in the Silicon Valley, and Seize the Moment at ASU. The Organization and Djerassi Resident Artist Program (DRAP) collaborate on annual Leonardo at Djerassi artist/scientist residency that brings together artists and scientists for a monthlong retreat in the Santa Cruz Mountains. The Organization and the Experiments in Art and Technology (E.A.T.) program at Nokia Bell Labs launched a joint Residency in the Silicon Valley that brings in art researchers with an interest in science and engineering to spend time at the Nokia Bell Labs Sunnyvale offices.

*LASER Talks*

The Organization facilitates international gatherings that bring artists, scientists, humanists, and technologists together for informal presentations, performances, and conversations with the wider public. The mission is to encourage contribution to the cultural environment of a region by fostering interdisciplinary dialogue and opportunities for community building.

*Other*

Other programs include Art Experiences, E-newsletter, EdTech, Events, Experimental Media, Leaf, Marketing, Member Support, etc.



### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES**

#### *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### *Net Assets*

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board can designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment. There were no board-designated net assets as of December 31, 2021.

*Net Assets With Donor Restrictions* – Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no donor-imposed restrictions perpetual in nature as of December 31, 2021.

#### *Functional Allocation of Expenses*

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or support services, are allocated based on the management's best estimate.

#### *Income Taxes*

The Organization is a not-for-profit organization that is exempt from federal income tax on income under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701 (d). However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There was no tax on unrelated business income for year ended December 31, 2021.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2021, the Organization does not have any significant tax positions for which a provision would be necessary.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

#### *Property, Equipment and Depreciation*

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, or improvements that significantly prolong the useful lives of the assets are capitalized. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to seven years.

#### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all cash accounts with a maturity of three months or less to be cash equivalents.

#### *Investments*

The Organization carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains and losses, interest, dividends, realized changes and related fees are included in the change in net assets in the statement of activities.

#### *Contributions*

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met.

Contributions receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Accounts Receivable*

Accounts receivable are primarily unsecured non-interest-bearing amounts due from grantors on a cost reimbursement or performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### *Pledges Receivable*

Pledges receivable, including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Pledges receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition.

#### *Contributions In-kind*

Donated goods are recorded at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their market value at the time the services are rendered. Donated services that do not meet the criteria for recognition, but which are, nonetheless, central to the Organization's operations are not reflected in the financial statements.

#### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Service income, publication charges, membership dues are recognized as revenue in the period in which the service is provided. Grants are recognized as revenue in the period in which they are awarded in writing, if not conditional. The Organization's primary revenue sources are contracts and grants.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from contracts, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

The Organization did not have any special events for the year ended December 31, 2021.

#### *Advertising Expenses*

Advertising costs are expensed when the advertising first occurs. Advertising expense for year ended December 31, 2021 was 1,184.

#### *Prepaid Expenses*

Prepaid expenses are amortized over the period of future benefit.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Refundable Advances*

Refundable advances represent an unearned portion of the conditional grants received prior to when the related services are provided/ condition is met.

*Deposits*

Deposits consist of security deposit amounts held with a leasing company and are recorded at the time the lease agreement was signed.

*Fair Value of Financial Instruments*

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, short-term investments, grant and accounts receivables, prepaid expenses, deposits, and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables are approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

*Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

*Level 1* – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in active markets, valuation of these balances does not entail a significant degree of judgment.

*Level 2* – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data.

*Level 3* – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization’s best estimate of what hypothetical market participants would use to determine a transaction price for an asset or liability.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property, equipment, related accumulated depreciation and depreciation expense is as follows:

Office furniture	\$	2,312
Accumulated depreciation		<u>(661)</u>
Net book value	\$	<u><u>1,651</u></u>

Depreciation expense for the year ended December 31, 2021 was \$330.

## NOTE 5 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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 contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash and cash equivalents	\$	583,852
Investments		50,659
Accounts receivable		84,435
Pledges receivable		35,000
Memberships receivable		4,864
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions		<u>(82,750)</u>
Financial assets available for general expenditure within one year	\$	<u><u>676,060</u></u>

\$676,060 of financial assets are available to cover the Organization’s liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash and receivables, to meet the total of next fiscal year’s projected management/general and fundraising expenses, which are expected to be approximately \$149,424. The Organizations program activity is funded by expense reimbursement contracts, primarily. Based on projected estimate, the Organization has sufficient liquid assets to cover its current liabilities.

## NOTE 6 – NOTES PAYABLE

### *Payroll Protection Program:*

The Paycheck Protection Program (PPP) was signed into law on June 5, 2020 and extended the deferral payment period from six months after the loan disbursement date until the date on which the loan can be forgiven. A borrower could apply for the loan forgiveness if a borrower meets the criteria under which the loan can be forgiven. Once the loan is forgiven, a borrower recognizes the loan as a revenue.

On May 1, 2020, the Organization obtained the first loan under PPP from Bank of America for \$50,822. On April 4, 2021, the Organization obtained the second loan under PPP from Bank of America for \$50,822.

As of December 31, 2021, both loans and accrued interest were forgiven in full and was recorded as a government supports on the statement of activities.

### *Loan From Related Party*

Starting 2005, the Organization obtained several loans from a board member for total of \$382,000 to support payroll and various operating activities. The lender forgives part of the loan annually; thus, this is expected that the full amount will be forgiven overtime. The loan bears 0.69% interest and is classified as a long term on the statement of activities.

For the year ended December 31, 2021, \$25,000 wase forgiven and recorded as a contribution of the statement of activities. The total outstanding balance for the loan is \$107,000 and the interest paid on the loan was \$911.

## NOTE 7 – OPERATING LEASES

### *Office Lease*

In 2021, the Organization leased its primary office in Oakland, California. The lease will expire on October 31, 2023. Monthly rent payments for the year ended December 31, 2021 were \$1,562.

**NOTE 7 – OPERATING LEASES (continued)**

The office lease expense was \$19,460 for the year ending December 31, 2021.

*Storage Space*

The Organization also leased a storage space in Oakland, California. The lease is classified as operating leases. The lease will expire on October 31, 2022. Monthly base lease payment for storage was \$48.

The future minimum lease payments on above leases are as of follow:

As of December 31,		<u>Office lease</u>		<u>Storage</u>
2022	\$	18,744	\$	480
2023		<u>15,620</u>		-
Total	\$	<u>34,364</u>	\$	<u>480</u>

**NOTE 8 – CONTINGENCIES**

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency or be subject to reductions in future funding. Management does not anticipate any material questioned costs for the contracts and grants administered during the period.

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

On December 31, 2021, the following have not been recognized in the accompanying statement of activities because the condition of on which they depend has not yet been met:

<u>Condition</u>		<u>Amount</u>
Appropriate use of funds	\$	427,182

**NOTE 9 – CONTRIBUTIONS IN-KIND**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended December 31, 2021, the Organization received 1000 hours of donated services from 16 unpaid volunteers for editorial advising and academic peer review that do not satisfy the criteria for recognition under FASB ASC 958-605-25-16.

Donated professional services and donated materials for the year end December 31, 2021 recorded in the statement of activities were as follows:

Donated services	\$	978
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**NOTE 10 – INVESTMENTS**

Investments consists of a portfolio of mutual funds based on guidelines established by the Organization’s Board of Directors. Investments are valued at \$50,659 on December 31, 2021.

Investment return for the year ended December 31, 2021 is as of follow:

Interest and dividend	\$	5,785
Unrealized gain and loss		<u>4,120</u>
Total investment return	\$	<u><u>9,905</u></u>

Fair value of the investment is measured on a recurring basic at December 31, 2021 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>
Investments, mutual funds	\$ <u>50,659</u>	\$ <u>50,659</u>
Total	\$ <u><u>50,659</u></u>	\$ <u><u>50,659</u></u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

**NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods for the year ended December 31, 2021 was as following:

<u>Purpose</u>	<u>12/31/2020</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2021</u>
Leonardo Electronic Almanac	\$ 264	\$ -	\$ (264)	\$ -
Domestic Light project	-	30,000	(17,250)	12,750
Crip Tech Incubator	-	70,000	-	70,000
Total	\$ <u>264</u>	\$ <u>100,000</u>	\$ <u>(17,514)</u>	\$ <u>82,750</u>

**NOTE 12 – ACCRUED VACATION AND SICK LEAVE**

Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulate sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the Organization since payment of such benefits are not probable, thus sick leave benefits are recorded as expenditures in the period sick leave are taken.

Accrued unpaid employee vacation benefits are recognized as liabilities of the Organization. Accrued vacation at December 31, 2021 was \$16,939.

**NOTE 13 – RETIREMENT PLAN**

The Organization offers a SIMPLE IRA plan (the Plan) to cover all employees who meet age and length of service requirements. The Organization made contribution to the Plan totaling \$3,441 for the year ended December 31, 2021.

**NOTE 14 – CONCENTRATION OF CREDIT RISK**

*FASB ASC 825* requires disclosure of significant concentrations of credit risk arising from all financial instruments. Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and accounts receivable. The Organization places its cash and in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, the Organization's checking and other deposit accounts may be maintained with a balance in excess of the \$250,000 federally insured limit.

As of December 31, 2021, the uninsured amount was \$334,821.

**NOTE 15 – SUBSEQUENT EVENTS**

Management of the Organization has reviewed the results of operations for the period of time from its year end December 31, 2021 through November 01, 2022, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

In the US, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on 27 March 2020 in response to the global COVID-19 pandemic. While the extent and duration of the economic and community health fallout from the pandemic remains unclear, the Organization's future operations and financial reserves may be affected by the pandemic.



**IRYNA ACCOUNTANCY CORPORATION**

1000 Broadway 200-C  
Oakland, CA 94607  
(510) 467-9506 Tel  
(510) 280-9756 Fax  
[info@irynacpa.com](mailto:info@irynacpa.com)  
[www.irynacpa.com](http://www.irynacpa.com)