

NETWORK TIME FOUNDATION, INC.

FINANCIAL STATEMENTS

For the Year Ended

December 31, 2021

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT
MEDFORD

NETWORK TIME FOUNDATION, INC.

December 31, 2020

BOARD OF DIRECTORS

Name

Harlan Stenn
President

Laura Atkins

Matt Ploessel

Majdi Abbas

OTHER INFORMATION

Thaddeus G. Pauck
Registered Agent - OR

300 Crater Lake Ave, Ste. 202
Medford, OR 97504

CT Corporation
Registered Agent - CA

1350 Treat Blvd., Ste. 350
Walnut Creek, CA 94597

NETWORK TIME FOUNDATION, INC.
For the Year Ended December 31, 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

RICHARD W. BREWSTER, CPA, PC

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Network Time Foundation, Inc.
P.O. Box 918
Talent, Oregon 97540

I have reviewed the accompanying financial statements of Network Time Foundation, 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, I 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

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Network Time Foundation, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am 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.



Richard W. Brewster
Certified Public Accountant

July 26, 2022

FINANCIAL STATEMENTS

NETWORK TIME FOUNDATION, INC.
Statement of Financial Position
December 31, 2021

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 31,555
TOTAL CURRENT ASSETS	31,555
Property and equipment	
Equipment	15,000
Less accumulated depreciation	(15,000)
Net property and equipment	-
TOTAL ASSETS	\$ 31,555
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 5,655
Credit cards payable	44
Total current liabilities	5,699
OTHER LIABILITIES	
Related party payable	575,008
Total other liabilities	575,008
Total liabilities	580,707
NET ASSETS (DEFICIT)	
Without donor restrictions (deficit)	(549,152)
Total net assets (deficit)	(549,152)
TOTAL LIABILITIES AND NET ASSETS	\$ 31,555

See accompanying notes and independent accountant's review report.

NETWORK TIME FOUNDATION, INC.
Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions	\$ 12,036	\$ -	\$ 12,036
In-kind contributions	16,477		16,477
	28,513	-	28,513
Total public support			
Revenue			
Dues and sponsorship	288,100		288,100
City of Talent PPP	2,500		2,500
Interest income	89		89
	290,689	-	290,689
Total revenue			
Total support and revenue	319,202	-	319,202
EXPENSES			
Program services	248,246		248,246
Support services			
Management and general	72,421		72,421
Fundraising	700		700
	321,367	-	321,367
Total expenses			
CHANGE IN NET ASSETS	(2,165)	-	(2,165)
NET ASSETS (DEFICIT) - AT BEGINNING OF YEAR	(546,987)	-	(546,987)
NET ASSETS (DEFICIT) - AT END OF YEAR	\$ (549,152)	\$ -	\$ (549,152)

See accompanying notes and independent accountant's review report.

NETWORK TIME FOUNDATION, INC.
Statement of Functional Expenses
For the year ended December 31, 2021

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	
EXPENSES				
Contracted services	\$ 115,200	\$ 28,800	\$ -	\$ 144,000
Administrative service		19,215		19,215
Legal fees		2,298		2,298
Professional fees	102,562	22,108	700	125,370
Dues and licenses	687			687
Postage	158			158
Advertising	604			604
Training and travel	1,928			1,928
Office equipment and supplies	9,368			9,368
Insurance	639			639
Bank and merchant fees	286			286
In-kind computer services	16,477			16,477
Miscellaneous	337			337
Total other expenses	<u>248,246</u>	<u>72,421</u>	<u>700</u>	<u>321,367</u>
Depreciation expense	-			-
Total Expenses	<u>\$ 248,246</u>	<u>\$ 72,421</u>	<u>\$ 700</u>	<u>\$ 321,367</u>
Percent of total	<u>77.2%</u>	<u>22.5%</u>	<u>0.2%</u>	<u>100.0%</u>

See accompanying notes and independent accountant's review report.

NETWORK TIME FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	<u>\$ (2,165)</u>
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Noncash donated services	16,477
Noncash professional services	(16,477)
Depreciation	
Changes in	
Accounts payable	2,655
Credit card payables	<u>(4,404)</u>
Total adjustments	<u>(1,749)</u>
Net Cash Provided (Used) by Operating Activities	<u>(3,914)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Net increase (decrease) of related party payable	<u>1,039</u>
Net Cash Provided (Used) by Financing Activities	<u>1,039</u>
Net change in cash, cash equivalents, and restricted cash	(2,875)
Cash, cash equivalents, and restricted cash – beginning of year	<u>34,430</u>
Cash, cash equivalents, and restricted cash – end of year	<u><u>\$ 31,555</u></u>

There were no noncash financing activities.

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

NETWORK TIME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Network Time Foundation, Inc., the "Foundation", is a 501(c)(3) nonprofit organization, tax exempt corporation formed in 2011. The Foundation was formed with the specific purpose to provide direct services and support to improve the state of accurate computer network timekeeping in the general community. Network Time Foundation is all about advancing and supporting these efforts. The scope of this work ranges from helping to craft the precise description of how to exchange time (standardizing protocols and behaviors), writing high-quality software and documentation, understanding and accommodating how things behave in a wide variety of real-world situations, and helping people and organizations trust that they have reliable and accurate timestamps.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP") and accordingly, reflect all significant receivables, payables, and other liabilities, and recognizes revenues when earned and expenses when incurred.

The financial statements of the Foundation have been prepared in accordance with US GAAP, which requires it to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets 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 Foundation's management and board of directors.

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 Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of operations – the statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation's programs. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature, if any.

INCOME TAXES

The Foundation is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code of 1954 whereby only unrelated business income is subject to federal income tax. The Foundation currently has no unrelated business income. Accordingly, no provision for income taxes has been made to these financial statements.

NETWORK TIME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Foundation considers all highly liquid unrestricted investments with an original maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, to be cash and cash equivalents.

FIXED ASSETS

Office equipment and furnishings with a cost of \$1,000 or more is recorded at cost at date of purchase or at estimated fair value at the date of gift. Donations worth \$1,000 or more are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the three to seven year estimated useful lives of the assets.

REVENUE RECOGNITION

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statement of activities and changes in net assets for the year ending December 31, 2021.

Service contracts – The Organization provides services to various organizations based on contracts. The performance obligation is met when services are rendered. Revenues for these services are recorded and considered earned when billed after completion of the services. The contracts with these organizations are short-term and do not require an allowance for doubtful accounts based on payment history

Membership dues which are considered nonrefundable do not comprise an exchange element. There are no comparative benefits received based on the membership dues paid over the membership period, which is based on one calendar year. Amounts received in advance are included in income in the year received based on their contribution element.

CONTRIBUTIONS

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

NETWORK TIME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTIONS (Continued)

When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are in place.

DONATED MATERIALS AND SERVICES

Volunteers contribute significant amounts of time to our program services, administration, and fundraising; however, the financial statements do not reflect the value of these services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at respective fair values of the services received.

FAIR VALUE OF FINANCIAL INSTRUMENTS

At December 31, 2021, the fair value of the Foundation's financial instruments approximated their carrying amount.

CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and promises to give receivables. The Foundation places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. As of December 31, 2021, the Foundation had no significant concentrations of credit risk.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

NETWORK TIME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADVERTISING COSTS

Advertising costs are expensed as incurred, or at the first time the advertising takes place. Advertising costs for the year ended December 31, 2021 was zero.

2. LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2021
Cash and cash equivalents	\$ 31,555
Total financial assets available to meet expenditures within the next 12 months	\$ 31,555

The Foundation's assets available for use consist of cash held in financial institutions. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. CASH AND CASH EQUIVALENTS

On December 31, 2021, cash and cash equivalents consisted of the following:

	2021
PayPal account	\$ 1,077
Checking accounts	4,228
Money market account	25,822
Savings accounts	428
Total cash and cash equivalents	\$ 31,555

4. PROPERTY AND EQUIPMENT

	Balance		Balance
	Jan. 1, 2021	Additions	Subtractions
	Dec. 31, 2021		Dec. 31, 2021
Computer equipment	\$ 15,000	\$ -	\$ -
Less accumulated depreciation	(15,000)		(15,000)
Net property and equipment	\$ -	\$ -	\$ -

There was no calculated depreciation expense for the year ended December 31, 2021. All property and equipment were considered fully depreciated as of December 31, 2021.

NETWORK TIME FOUNDATION, INC.
Notes to Financial Statements
December 31, 2021

5. STATEMENT OF FUNCTIONAL EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supported services benefited. Allocated expenses are based on contracted service costs.

6. IN-KIND DONATIONS

During the year ended December 31, 2021, the Foundation received non-cash services valued at \$16,477. This amount of in-kind services was recorded in in-kind computer service expense.

7. RELATED PARTY TRANSACTIONS

The Foundation entered into a contractor agreement beginning September 25, 2013 with PFCS Corporation. PFCS Corporation is solely owned by Harlan Stenn, who is also the President of the Foundation. The lease is for \$12,000 per month for performance of services. The agreed upon services include transportation, equipment, facilities, and instrumentalities of every kind required for the prompt and efficient execution of services. An additional \$575,008 is owed to PFCS on December 31, 2021, based on current and past contract obligations. No interest has been or is being accrued on this note.

The Foundation entered into a contract with Jardin Consulting. Jardin Consulting is owned by Margaret Clark, a corporate officer of PFCS. The agreement is to provide administrative services on a month to month basis. The total amount paid for services during the year ended December 31, 2021, was \$13,120.

8. COMMITMENTS

The Foundation entered into a contract for accounting services for 2021. Committed contract charges for outside accounting services for were \$450 per month. In addition, the Foundation utilizes other bookkeeping services which are billed on an hourly basis.

9. SUBSEQUENT EVENTS

The Foundation evaluated subsequent events as of July 26, 2022, which is the date of the review report. The report was available to be issued on August 9, 2022.

