

NETWORK TIME FOUNDATION, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2022



Network Time Foundation, Inc
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For the Year Ended December 31, 2022

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Network Time Foundation, Inc
Board of Directors
For the Year Ended December 31, 2022

<u>Director</u>	<u>Term Expires</u>
Harlan Stenn, President	12/31/2024
Laura Atkins, Member	12/31/2024
Matt Ploessel, Member	12/31/2023
Majdi Abbas, Member	12/31/2023
Wayne Buckhanan, Member	12/31/2024



Independent Accountants' Review Report

Board of Directors
Network Time Foundation, Inc

We have reviewed the accompanying financial statements of Network Time Foundation, Inc (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization's 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review 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 whether 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 of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Network Time Foundation, Inc and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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.

Molatore, Scroggin, Peterson & Co LLP
Certified Public Accountants

Klamath Falls, OR
June 16, 2023

Network Time Foundation, Inc
Statement of Financial Position
December 31, 2022

Assets

Current Assets

Cash and cash equivalents	\$ 26,713
Accounts receivable	145,000
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Total Current Assets	171,713
	<hr/>

Long Term Assets

Property and equipment	
Office furniture	15,000
Less accumulated depreciation	(15,000)
	<hr/>
Total Long Term Assets	-
	<hr/>

Total Assets	\$ 171,713
	<hr/> <hr/>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 5,300
Credit card payable	2,993
Deferred revenue	145,000
Related party payable	559,974
	<hr/>
Total Current Liabilities	713,267
	<hr/>

Long Term Liabilities

Total Long Term Liabilities	-
	<hr/>
Total Liabilities	713,267
	<hr/>

Net Assets

Unrestricted	(541,554)
	<hr/>

Total Liabilities and Net Assets	\$ 171,713
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See accompanying notes and accountant's review report.

Network Time Foundation, Inc
Statement of Activities
For the Year Ended December 31, 2022

Revenues	
Public support	\$ 49,107
Membership dues & services	358,325
Other	141
Total Revenue	<u>407,573</u>
 Expenses	
Program services	320,482
Management & general	78,071
Fundraising	1,422
Total Expenses	<u>399,975</u>
 Change in Net Assets Without Donor Restrictions	 7,598
 Net Assets, Beginning	 <u>(549,152)</u>
Net Assets, Ending	<u><u>\$ (541,554)</u></u>

See accompanying notes and accountant's review report.

Network Time Foundation, Inc
Statement of Functional Expenses
For the Year Ended December 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Administrative service	\$ -	\$ 29,670	\$ -	\$ 29,670
Advertising	-	-	409	409
Bank & merchant fees	-	459	20	479
Computer parts	1,751	-	-	1,751
Consulting	147,881	-	-	147,881
Contracted services	144,000	-	-	144,000
Donations	3,000	-	-	3,000
Dues & licenses	440	-	-	440
In-kind computer services	16,477	-	-	16,477
Insurance	-	733	-	733
Miscellaneous	-	285	-	285
Office expense	3,727	8,622	-	12,349
Postage	226	-	-	226
Professional fees	-	38,302	-	38,302
Training & travel	2,980	-	993	3,973
	<u>\$ 320,482</u>	<u>\$ 78,071</u>	<u>\$ 1,422</u>	<u>\$399,975</u>

See accompanying notes and accountant's review report.

Network Time Foundation, Inc
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities

Change in net assets	\$ 7,598
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Non-cash in-kind receipts	(38,302)
Non-cash in-kind expenses	38,302
(Increase) decrease in assets:	
Accounts receivable	25,100
Increase (decrease) in liabilities:	
Accounts payable	(355)
Credit card payable	2,949
Related party payable	(15,034)
Deferred revenue	(25,100)
	<u>(4,842)</u>
Cash Provided by (Used for) Operating Activities	<u>(4,842)</u>

Cash Flows from Investing Activities

Cash Provided by (Used for) Investing Activities	<u>-</u>
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Cash Flows from Financing Activities

Cash Provided by (Used for) Financing Activities	<u>-</u>
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Net Increase (Decrease) in Cash	(4,842)
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Cash, Beginning of the Year	<u>31,555</u>
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Cash, End of the Year	<u>\$ 26,713</u>
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See accompanying notes and accountant's review report.

Network Time Foundation, Inc
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Nature of the 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.

Note 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States, unless otherwise stated, and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

As a nonprofit organization, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions and does so in accordance with U.S. generally accepted accounting principles (US GAAP).

Restricted and Unrestricted Support

Restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, net assets are reclassified from net assets with restrictions to net assets without restrictions in the statement of activities. The Foundation did not have any contributions with donor restrictions during the year or restricted from prior years.

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 are 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.

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.

Measure of operations

The statement 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 ongoing marketing services. 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.

Cash, Cash Equivalents and Restricted Cash

The Foundation's cash consists of cash on deposit with banks. Cash equivalents, if any, represent money market funds or short-term investments with original maturities of three months or less from the date of purchase. For purpose of the statement of cash flows, the Foundation considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Network Time Foundation, Inc
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

The following provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows:

Paypal account	\$	25
Checking accounts		2,903
Money market account		23,349
Savings accounts		436
Total	\$	<u>26,713</u>

Accounts Receivable

Accounts receivable represents membership dues from customers. The Foundation has determined that all amounts are collectible, therefore no allowance for uncollectible receivables is necessary. The Foundation has recognized receivables for memberships that were not yet earned, but have ordered memberships in future periods. These amounts that have not yet been earned also have an associated deferred revenue as described in Note 7.

Property and Equipment

Property and equipment purchased is stated at cost at the date of acquisition, while contributed property is stated at fair market value of the property and equipment at the date of the contribution. Significant additions, renewals, and betterments of property and equipment with a useful life of three years or more and a cost of \$1,000 or more are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Capitalized items of property and equipment are depreciated over their estimated useful life using the straight-line method. Gains or losses on the disposition of fixed assets are recorded as proceeds less net book value.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Allowance for doubtful accounts is such an estimate. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Income Taxes

The Foundation is exempt from income tax under IRC 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.

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, 2022, the Foundation had no significant concentrations of credit risk.

Revenue Recognition

The Foundation recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how the revenue is recognized. Other major provisions include the capitalization and amortization of certain costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized.

Network Time Foundation, Inc
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Service contracts – The Foundation 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, are recognized as an account receivable and deferred revenue upon date of membership request. The revenue is considered earned once the period of the membership begins and therefore; reduction to deferred revenue and recognized as revenue.

Advertising Expenses

The Foundation expenses all advertising costs as incurred. Advertising costs are as shown on the statement of functional expenses.

Donated Goods and Services

Volunteers contribute significant amounts of time to 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.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among program services and supporting services benefited. Allocated expenses are based on contracted service costs.

Note 3 – Liquidity and Availability of Funds

The following represents the Foundation’s financial assets at December 31:

Cash and cash equivalents	\$	26,713
Accounts receivable		145,000
Total	\$	<u>171,713</u>

None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all current assets are available to meet the cash needs in the next twelve months. The Foundation’s goal is generally to maintain financial assets to meet 90 days of operating expenses. t

Note 4 – Property and Equipment

	Beginning Balance	Additions	Disposals	Ending Balance
Computer equipment	\$ 15,000	-	-	\$ 15,000
Less: accumulated depreciation	(15,000)	-	-	(15,000)
Net property and equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the year ended December 31, 2022. All property and equipment were considered fully depreciated as of December 31, 2022.

Note 5 – In-Kind donations

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

Network Time Foundation, Inc
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – 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 \$559,974 was owed to PFCS on December 31, 2022, 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, 2022, was \$11,340.

Note 7 – Deferred Revenue

Deferred revenue consists of memberships that have been ordered for future periods. The date of the order resulted in the account receivable and deferred revenue recognition. The revenue will be considered earned once the membership period begins.

Note 8– Commitments

The Foundation entered into a contract for accounting services for 2023. Committed contract charges for outside accounting services were \$450 per month. In addition, the Foundation utilizes other bookkeeping services which are billed on an hourly basis.

Note 9 – Subsequent Events

The Foundation has evaluated subsequent events through June 16, 2023, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.