

AUDITED FINANCIAL STATEMENTS

PSL FOUNDATION

June 30, 2023

TABLE OF CONTENTS
PSL FOUNDATION
June 30, 2023

Independent Auditors' Report	1
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AUDITED FINANCIAL STATEMENTS

Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
PSL Foundation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PSL Foundation (the "*Foundation*"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Columbia, South Carolina
October 2, 2023

The Holla Group, P.A.

AUDITED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
PSL FOUNDATION
June 30, 2023

ASSETS

Current Assets

Cash and cash equivalents

	\$	404,866
Total Current Assets		<u>404,866</u>

Noncurrent Assets

Software development in progress

	233,881
Total Noncurrent Assets	<u>233,881</u>

TOTAL ASSETS	\$	<u><u>638,747</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses

\$	19,240
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Total Current Liabilities	19,240
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Net Assets

Net assets without donor restrictions

266,534

Net assets with donor restrictions

352,973

Total Net Assets	<u>619,507</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>638,747</u></u>
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The accompanying notes are an integral part of these financial statements

STATEMENT OF ACTIVITIES
PSL FOUNDATION
For the Year Ended June30, 2023

	Without donor restrictions	With donor restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 94,501	\$ 252,540	\$ 347,041
Services	22,320		22,320
Miscellaneous	2,000		2,000
Net assets released from restriction	134,567	(134,567)	-
Total Revenues and Other Support	<u>253,388</u>	<u>117,973</u>	<u>371,361</u>
EXPENSES			
Program services			
Policy Engine	3,900		3,900
QuantEcon	499		499
Supporting services			
Management and general	2,476		2,476
Total Expenses	<u>6,875</u>		<u>6,875</u>
CHANGE IN NET ASSETS	246,513	117,973	364,486
Net assets at beginning of year	<u>20,021</u>	<u>235,000</u>	<u>255,021</u>
NET ASSETS AT END OF YEAR	<u>\$ 266,534</u>	<u>\$ 352,973</u>	<u>\$ 619,507</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF FUNCTIONAL EXPENSES
PSL FOUNDATION
For the Year Ended June 30, 2023

	Program Services		Supporting Services	
	Policy Engine	QuantEcon	Management and General	Total
Contractors			\$ 233	\$ 233
Job Supplies			183	183
Bank Charges & Fees		\$ 49	87	136
Legal & professional services	\$ 3,900		757	4,657
Office Supplies & Software		450	232	682
Other Business Expenses			229	229
Postage			166	166
QuickBooks Payments Fees			482	482
Workshop			107	107
TOTAL EXPENSES	<u>\$ 3,900</u>	<u>\$ 499</u>	<u>\$ 2,476</u>	<u>\$ 6,875</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS
PSL FOUNDATION
For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 364,486
Changes in operating assets and liabilities	
Increase in accounts payable and accrued expenses	7,352
NET CASH USED IN OPERATING ACTIVITIES	<u>371,838</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment - software development	<u>(233,881)</u>
NET CASH PROVIDED USED IN INVESTING ACTIVITIES	<u>(233,881)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	137,957
Cash and cash equivalents at beginning of year	<u>266,909</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 404,866</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
PSL FOUNDATION
June 30, 2023

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

PSL Foundation (the "*Foundation*") is a 501(c)(3) non-profit organization whose specific purpose is to promote the use of the Policy Simulation Library and otherwise to advance accessible and reproducible computing in the analysis of public policy. This is accomplished through the promotion and support of open source modeling and reproducible policy analysis through education programs.

The Foundation is accomplishing its mission through two programs:

Policy Engine: A Foundation sponsored project that provides analysis for dozens of policies in 2022. This program allows its users to easily track and review the proposed policies and provide proposals addressing.

QuantEcon: The Foundation partners with QuantEcon, acting as a fiscal sponsor for their projects that provide training and training materials for economic modeling and econometrics using open source tools.

Summary of Significant Accounting Policies

Basis of Accounting: The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation: The Foundation classifies its resources for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

Net assets without donor restrictions: The portion of the net assets of the Foundation that can be used subject only to the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its by-laws. The Foundation has the ability to choose when using these resources.

Net assets with donor restrictions: The portion of net assets of the Foundation that is subject to either donor-imposed time restrictions or donor-imposed purposes restrictions. These restrictions limit the Foundation's choices when using these resources because the Foundation has a fiduciary responsibility to the donors to follow their instructions.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions: Contributions received are recorded as net assets with or without donor restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, or the purpose of the restriction is satisfied 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.

NOTES TO THE FINANCIAL STATEMENTS
PSL FOUNDATION

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- Continued

Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assts without donor restrictions.

Software development costs: The Foundation follows ASC Topic 985, *Software*, where the Foundation expenses costs associated with the software development until technological feasibility has been established. Once the technological feasibility has been established and the software is made available to customers and users, the capitalization period ends and amortization on the related asset begins.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principals in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, 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.

Functional Allocation of Expenses: Expenses are allocated based on the underlying nature of the direct program and/or function that they benefit.

Income Taxes: The Foundation has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal income tax only on net unrelated business income. Management has determined that the Foundation has no current obligations for unrelated business income tax. Accordingly, no provisions for federal and state income taxes are required.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdiction; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for tax years prior to 2020.

Subsequent events: Management has evaluated subsequent events through October 2, 2023, which represents the date the financial statements were available to be issued.

NOTE B -- CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of bank balances that at times may exceed federally insured limits. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Management believes it is not exposed to any significant credit risk on its balances. The bank balances consisted of the following at June 30, 2023:

NOTES TO THE FINANCIAL STATEMENTS
PSL FOUNDATION

NOTE B -- CONCENTRATION OF CREDIT RISK - Continued

Item and Credit Risk		
Cash on deposit, insured	\$	251,139
Cash on deposit, uninsured		193,752
TOTAL	\$	<u>444,891</u>

The Foundation's financial institution automatically uses sweep networks with partner financial institutions to ensure deposits are insured for up to \$1,000,000.

NOTE C -- SOFTWARE DEVELOPMENT IN PROGRESS

Software development in progress, which represent capitalized costs associated with the software development, is as follows as of June 30, 2023:

QuantEcon	\$	134,068
Policy Engine		99,813
TOTAL	\$	<u>233,881</u>

NOTE D -- NET ASSETS WITH DONOR RESTRICTIONS

A summary of net assets with donor restrictions is as follows at June 30, 2023:

	Beginning Balance	Revenue Received	Revenue Released	Ending Balance
QuantEcon	\$ 235,000	\$ 252,540	\$ (134,567)	\$ 352,973

NOTE E -- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Foundation's financial assets as of June 30, 2023, reduced for amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Foundation has set aside the funds for a specific contingency reserve.

Financial assets:	
Cash and cash equivalents	\$ 404,866
Total Financial Assets	404,866
Less those unavailable for general expenditure within one year, due to:	
Funds with donor restrictions	(352,973)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 51,893</u>