KNOWLEDGE FUTURES, INC.

Reviewed Financial Statements

June 30, 2020
INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Board of Directors of
Knowledge Futures, Inc.

We have reviewed the accompanying financial statements of Knowledge Futures, Inc. (the “Organization”), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and 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 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.

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.

May 10, 2021
KNOWLEDGE FUTURES, INC.  
STATEMENT OF FINANCIAL POSITION  
AT JUNE 30, 2020

<table>
<thead>
<tr>
<th>Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$423,961</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$426,961</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$11,100</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>11,100</strong></td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>65,861</td>
<td></td>
</tr>
<tr>
<td>With donor restrictions (Note 3)</td>
<td>350,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>415,861</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$426,961</strong></td>
<td></td>
</tr>
</tbody>
</table>

*See independent accountant’s review report.*
## Statement of Activities

**Knowledge Futures, Inc.**

*For the Year Ended June 30, 2020*

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public support and revenue:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$73,000</td>
<td>$350,000</td>
<td>$423,000</td>
</tr>
<tr>
<td>Program service revenue</td>
<td>4,000</td>
<td></td>
<td>4,000</td>
</tr>
<tr>
<td><strong>Total public support and revenue</strong></td>
<td>77,000</td>
<td>350,000</td>
<td>427,000</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional fees</td>
<td>11,100</td>
<td></td>
<td>11,100</td>
</tr>
<tr>
<td>Other expenses</td>
<td>39</td>
<td></td>
<td>39</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>11,139</td>
<td>0</td>
<td>11,139</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>65,861</td>
<td>350,000</td>
<td>415,861</td>
</tr>
<tr>
<td><strong>Net assets - beginning of year</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net assets - end of year</strong></td>
<td>$65,861</td>
<td>$350,000</td>
<td>$415,861</td>
</tr>
</tbody>
</table>

*See independent accountant’s review report.*
Cash flows from operating activities:

Change in net assets $415,861

Adjustments to reconcile change in net assets to net cash flows provided by operating activities:

Changes in assets and liabilities:

Accounts receivable (3,000)

Accounts payable and accrued expenses 11,100

Total adjustments 8,100

Net cash flows provided by operating activities/net increase in cash and cash equivalents 423,961

Cash and cash equivalents - beginning of year 0

Cash and cash equivalents - end of year $423,961

No interest or taxes were paid.
Note 1 - Nature of Entity

Knowledge Futures, Inc. (the “Organization”) was formed in Massachusetts in 2019 as a not-for-profit organization. The Organization builds and sustains technology for the production, curation, and preservation of knowledge in service of the public good. The Organization is developing a collaborative, academic publishing platform called PubPub, and also works on the Innovative Information Initiative, which aims to improve data sharing.

The Organization’s main source of revenue is foundation grants.

The Organization is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, the Organization adopted ASU No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.
b. **Basis of Presentation**

The Organization reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no specific restrictions by donors as to their use.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. **Revenue Recognition**

The Organization receives program service revenue that falls under Topic 606. Program service revenue is recognized as revenue as the performance obligations are met. Program service revenue that has been earned but not paid at year end is recognized as income and a related receivable. Cash that has been received but not earned at year end is recognized as deferred revenue.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a 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. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

d. **Cash and Cash Equivalents**

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. **Concentration of Credit Risk**

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist of cash and money market accounts that have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. While at year end the Organization had uninsured balances, management feels they have little risk and has not experienced any losses due to bank failure.
f. **Fixed Assets**
The Organization capitalizes fixed assets that exceed predetermined levels and benefit future periods. There were no fixed assets capitalized during the year.

g. **In-Kind Contributions**
The Organization recognizes contributions of services that create or enhance non-financial assets or require specialized skills, are performed by those who possess such skills, and would ordinarily pay for such services if they had not been provided in-kind. Many individuals volunteer their time and perform a variety of services that assist the Organization with specific assistance programs, campaign solicitation, and various committee assignments. These volunteer services do not meet the criteria outlined above and have not been recognized in the financial statements.

h. **Management Estimates**
The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

i. **Functional Allocation of Expenses**
The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements.

All expenses have been directly charged to supporting services.

j. **Accounting for Uncertainty of Income Taxes**
The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for the period ending June 30, 2020 (initial filing) are subject to examination by applicable taxing authorities.

k. **New Accounting Pronouncements**
FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.
Note 3 - Net Assets With Donor Restrictions

During the year ended June 30, 2020, donor restricted net assets were restricted for Rapid Reviews COVID-19.

Note 4 - Availability and Liquidity

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget and relies on contributions to fund its operations and program activities.

The following reflects the Organization's financial assets at June 30, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:
- Cash and cash equivalents $423,961
- Accounts receivable 3,000

Total financial assets $426,961

Less amounts not available for general expenditures:
- Donor contributions restricted to specific purposes (350,000)

Financial assets available to meet cash needs for general expenditures within one year $76,961

Note 5 - Subsequent Events

Management has evaluated the impact of all subsequent events through May 10, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 6 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.