

KOPERNIK SOLUTIONS

Financial Statements

December 31, 2021

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Kopernik Solutions

We have reviewed the accompanying financial statements of Kopernik Solutions (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 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.

Accountants' 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.

We are required to be independent of Kopernik Solutions and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.



**Fasten
Halberstam**

Accountants' 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.

Respectfully submitted,

Fasten Halberstam LLP

Fasten Halberstam LLP
New York, New York
November 15, 2022

KOPERNIK SOLUTIONS
Statement of Financial Position
December 31, 2021

ASSETS

Current assets

Cash	\$ 230,722
Investments	573,502
Contributions receivable	100
Prepaid expenses and other assets	1,168
Total current assets	<u>805,492</u>

Total assets	<u>\$ 805,492</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ <u>13,500</u>
Total current liabilities	<u>13,500</u>

Net assets

Without donor restrictions	<u>791,992</u>
Total liabilities and net assets without donor restrictions	<u>\$ 805,492</u>

KOPERNIK SOLUTIONS
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>
Revenues	
Grants	\$ 209,200
General contributions	49,540
Total revenues	<u>258,740</u>
Operating expenses	
Program services	<u>357,407</u>
Supporting services	
Management and general	27,845
Fundraising	8,379
Total supporting services	<u>36,224</u>
Total operating expenses	<u>393,631</u>
Change in net assets from operations	<u>(134,891)</u>
Other income	
Other income	36
Net investment return	4,677
Total other income	<u>4,713</u>
Change in net assets	(130,178)
Net assets - beginning of year	<u>922,170</u>
Net assets - end of year	\$ <u><u>791,992</u></u>

See Accompanying Notes and Accountants' Report

KOPERNIK SOLUTIONS
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
License, dues and fees	40	1,617	2,361	3,978	4,018
Information technology	-	1,761	1,818	3,579	3,579
Officers' compensation and benefits	3,231	8,996	-	8,996	12,227
Office expenses	4,136	-	-	-	4,136
Professional fees	-	14,246	4,200	18,446	18,446
Staff training and development	-	1,225	-	1,225	1,225
Total functional expenses	\$ 357,407	\$ 27,845	\$ 8,379	\$ 36,224	\$ 393,631

See Accompanying Notes and Accountants' Report

KOPERNIK SOLUTIONS
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities

Change in net assets	\$ (130,178)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Net realized and unrealized gains on investments	(4,677)
Changes in operating assets and liabilities	
Contributions receivable	20,670
Prepaid expenses and other assets	(654)
Accounts payable and accrued expenses	10,392
Grants payable	(82,546)
Net cash used in operating activities	<u>(186,993)</u>
Cash flows from investing activities	
Purchase of investments	(558,910)
Net cash used in investing activities	<u>(558,910)</u>
Net decrease in cash, cash equivalents and restricted cash	(745,903)
Cash, cash equivalents and restricted cash - beginning of year	<u>976,625</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$ 230,722</u></u>

See Accompanying Notes and Accountants' Report

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Kopernik Solutions (the Organization) is a not-for-profit organization incorporated on September 18, 2009 in New York State. The Organization was formed for the charitable purpose of providing developmental assistance to poor and disadvantaged communities in the world through the use of technology or innovative products, services and solutions designed to improve the quality of their lives.

Support for the Organization's programs is derived from foundation grants and general contributions. The Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements.

Basis of Accounting

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations on an accrual basis. The significant accounting and reporting policies used by the Organization are described below.

Net Assets

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be used for any purpose in performing the main objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to terms imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has specified the funds be maintained in perpetuity.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

The Organization maintains all of its cash, aside from petty cash, in a financial institution. The financial institution is FDIC insured up to \$250,000 per depositor. At times, the Organization's cash balance may exceed the FDIC's insured limits. This exposes the Organization to potential risk of loss in the event of the financial institution becomes insolvent.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions 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

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectable contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Property and Equipment

Land, buildings, property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$3,000 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Revenue

Contributions are recognized as support when received or when evidenced by a written promise to give. Conditional contributions are recognized when the conditions have been substantially met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

Grant revenue is recognized when the Organization has substantially met its obligation to be entitled to the benefits represented by the revenue. Cost-reimbursement grants are recognized as revenue when the related expenses are incurred. In the event a grant stipulates performance measures, revenue is considered earned when the performance measures have been completed.

The Organization reports contributions and grants as revenue and net assets with donor restrictions if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are released and reclassified to net assets without donor restrictions in the statement of activities. Gains or losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or by law. Contributions, grants, investment income, and conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars, the reporting currency at exchange rates in effect at the consolidated statement of financial position date, and revenue and expenses are translated at rates which approximate those in effect on transactions dates. When relevant, net transaction and translation gains and losses are included as foreign currency exchange gain or loss in the accompanying statement of activities.

Gifts-in-Kind (Non-Cash Contributions)

The Organization periodically receives contributions in a form other than cash or investments. If the Organization receives a non-cash contribution, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the

NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Volunteer Services

The volunteer services the Organization receives are essential to helping fulfill its mission. Although substantial, these services do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are reported accordingly. Other expenses that are common to several functions are allocated by various statistical bases which attribute the cost to functional categories. Statistical bases utilized include square footage, occupied by business units and estimated time and effort supporting other functions.

Performance Indicator

The statement of activities includes change in net assets from operations as the performance indicator.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. At December 31, 2021, the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Subsequent Events

The Organization has evaluated subsequent events through November 15, 2022, the date these financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for

FAIR VALUE MEASUREMENTS (continued):

identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that a not-for-profit organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions). The primary uses of fair value measures in the Organization's financial statements are the recurring measurement of investments.

Mutual Funds consist of investments in securities that are freely tradable and listed on major securities exchanges at their last reported sales price as of the valuation date. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

There were no significant transfers between the levels during the year. The following table summarizes the levels in the fair value hierarchy of the Organization's investments at December 31, 2021:

	<u>Level 1</u>
Mutual funds – bonds	\$ 458,802
Mutual funds – stocks	114,700
Total investments	<u>\$ 573,502</u>

3. GRANTS:

In September of 2021, the Organization received a grant from First Sentier Investors totaling \$209,200 to provide COVID-19 relief work in Indonesia. Funds from the grant may only be used for COVID-19 relief purposes related to prevention, emergency response, coordination and livelihood support. During 2021, all the funds were used for these purposes.

4. LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets available for general expenditure at December 31, 2021:

Cash	\$	230,722
Investments		573,502
Accounts receivable		100
Prepaid expenses and other assets		1,168
Total financial assets available to meet general expenditures over the next twelve months		805,492

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due. During the year ended December 31, 2021, the level of liquidity and reserves was managed within the policy requirements.

5. CONCENTRATIONS: For the year ended December 31, 2021, three donors' contributions accounted for approximately 50% of the Organization's donations.

For the year ended December 31, 2021, all of the grants were made to Yayasan Kopernik in Indonesia.

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Because of the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the financial statements.

6. CORONAVIRUS PANDEMIC:

The COVID-19 pandemic (COVID-19) has resulted in significant volatility in the global economy and led to a dramatic reduction in economic activity worldwide. The pandemic could have a continued adverse impact on economic and market conditions, including business and financial services disruption. The full impact of COVID-19 on the Organization's operations will depend on future developments, such as the ultimate duration and scope of the pandemic and how quickly normal economic conditions resume. Government-sponsored liquidity or stimulus programs in response to COVID-19 may not be available to the Organization or may be insufficient to address the full impact of the pandemic. Accordingly, the ultimate impact on the Organization's results of operations, financial condition and liquidity cannot be determined at this time.

**CORONAVIRUS
PANDEMIC
(continued):**

Additionally, the risk of further spreading of COVID-19 has led to significant uncertainty and volatility in the financial markets and disruption to the global economy, the consequences of which are currently unpredictable. Certain of the Organization's investments are likely to have exposure to businesses that, as a result of COVID-19, experience a slowdown or temporary suspension in business activities. These factors, as well as any restrictive measures instituted in order to prevent or control a pandemic or other public health crisis, such as the one posed by COVID-19, could have a material and adverse effect on the Organization's investments.