

DATA & SOCIETY RESEARCH INSTITUTE, INC.

FINANCIAL STATEMENTS

May 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Data & Society Research Institute, Inc.
New York, New York

Opinion

We have audited the financial statements of Data & Society Research Institute, Inc., which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Data & Society Research Institute, Inc. as of May 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Data & Society Research Institute, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Data & Society Research Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Data & Society Research Institute, Inc.'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 Data & Society Research Institute, Inc.'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.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
New York, New York
April 9, 2025

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENTS OF FINANCIAL POSITION
May 31, 2024 and 2023

	2024	2023
ASSETS		
Cash	\$ 7,669,293	\$ 8,155,924
Unconditional promises to give, net	2,487,465	2,098,513
Prepaid expenses	61,041	70,485
Security deposits	34,917	53,032
Furniture and equipment, net	-	871
Total assets	\$ 10,252,716	\$ 10,378,825
LIABILITIES		
Accounts payable	\$ 104,240	\$ 97,610
Grants payable	-	50,000
Accrued expenses	37,340	36,577
Total liabilities	141,580	184,187
NET ASSETS		
Without donor restrictions		
Undesignated	4,682,012	6,567,610
Board designated for operating reserve	986,248	939,941
Total without donor restrictions	5,668,260	7,507,551
With donor restrictions	4,442,876	2,687,087
Total net assets	10,111,136	10,194,638
Total liabilities and net assets	\$ 10,252,716	\$ 10,378,825

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,556,686	\$ 4,218,466	\$ 5,775,152
Interest income	75,950	-	75,950
Other income	6,363	-	6,363
Total revenues	1,638,999	4,218,466	5,857,465
EXPENSES			
Program services	4,192,184	-	4,192,184
Supporting activities			
Management and general	1,261,485	-	1,261,485
Fundraising	487,298	-	487,298
Total expenses	5,940,967	-	5,940,967
Net assets released from restrictions			
Satisfaction of purpose restrictions	1,831,673	(1,831,673)	-
Expiration of time restrictions	631,004	(631,004)	-
Change in net assets	(1,839,291)	1,755,789	(83,502)
Net assets at beginning of year	7,507,551	2,687,087	10,194,638
Net assets at end of year	\$ 5,668,260	\$ 4,442,876	\$ 10,111,136

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 1,958,437	\$ 3,170,622	\$ 5,129,059
Government grants	707,575	-	707,575
Interest income	46,731	-	46,731
Other income	3,981	-	3,981
Total revenues	2,716,724	3,170,622	5,887,346
EXPENSES			
Program services	4,015,653	-	4,015,653
Supporting activities			
Management and general	1,090,960	-	1,090,960
Fundraising	373,469	-	373,469
Total expenses	5,480,082	-	5,480,082
Net assets released from restrictions			
Satisfaction of purpose restrictions	2,309,811	(2,309,811)	-
Expiration of time restrictions	1,183,666	(1,183,666)	-
Change in net assets	730,119	(322,855)	407,264
Net assets at beginning of year	6,777,432	3,009,942	9,787,374
Net assets at end of year	<u>\$ 7,507,551</u>	<u>\$ 2,687,087</u>	<u>\$ 10,194,638</u>

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2024

	Program	Management and General	Fundraising	Total Expenses
Other salaries and wages	\$ 2,325,369	\$ 536,318	\$ 255,084	\$ 3,116,771
Officers and directors salaries	537,832	272,618	97,921	908,371
Fellows	30,000	-	-	30,000
Total salaries and wages	2,893,201	808,936	353,005	4,055,142
Payroll tax and employee benefits	565,837	159,865	69,762	795,464
Consultants	261,080	114,332	25,583	400,995
Licenses and fees	108,580	30,676	13,387	152,643
Travel and meals	127,387	12,683	7,428	147,498
Professional fees	42,200	52,091	2,850	97,141
Occupancy	60,031	15,020	8,075	83,126
Project and office supplies	78,910	249	2,771	81,930
Office	36,036	41,501	4,361	81,898
Training and professional development	-	25,957	-	25,957
Event expenses	13,052	-	-	13,052
Subcontractor	5,250	-	-	5,250
Depreciation	620	175	76	871
Total expenses	\$ 4,192,184	\$ 1,261,485	\$ 487,298	\$ 5,940,967

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2023

	Program	Management and General	Fundraising	Total Expenses
Other salaries and wages	\$ 2,375,727	\$ 338,507	\$ 181,034	\$ 2,895,268
Officers and directors salaries	466,230	250,718	95,623	812,571
Fellows	52,500	-	-	52,500
Total salaries and wages	2,894,457	589,225	276,657	3,760,339
Payroll tax and employee benefits	553,917	114,845	53,922	722,684
Consultants	203,599	256,061	9,205	468,865
Licenses and fees	100,944	20,928	9,827	131,699
Travel and meals	91,062	4,216	3,818	99,096
Professional fees	2,201	55,425	-	57,626
Occupancy	14,397	2,462	2,164	19,023
Project and office supplies	55,538	950	7,628	64,116
Office	43,108	31,435	10,161	84,704
Training and professional development	-	15,229	-	15,229
Event expenses	540	-	-	540
Subcontractor	5,000	-	-	5,000
Depreciation	890	184	87	1,161
Grants to others	50,000	-	-	50,000
Total expenses	\$ 4,015,653	\$ 1,090,960	\$ 373,469	\$ 5,480,082

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
STATEMENTS OF CASH FLOWS
Years Ended May 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (83,502)	\$ 407,264
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	871	1,161
Paycheck Protection Program loan forgiveness	-	(705,548)
Amortization of discount on long-term promises to give	18,996	-
(Increase) decrease in assets		
Unconditional promises to give	(407,948)	62,622
Prepaid expenses	9,444	(25,588)
Security deposits	18,115	(16,650)
Increase (decrease) in liabilities		
Accounts payable	6,630	(1,826)
Grants payable	(50,000)	50,000
Accrued expenses	763	4,377
Net change in cash	(486,631)	(224,188)
Cash at beginning of year	8,155,924	8,380,112
Cash at end of year	<u>\$ 7,669,293</u>	<u>\$ 8,155,924</u>

See accompanying notes.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Data & Society Research Institute, Inc. (the "Institute") advances public understanding of the social and cultural implications of data-centric technologies and automation. Through interdisciplinary research and engagement, the Institute works to ensure that knowledge guides development and governance of technology. The Institute is funded primarily by contributions.

Promises to Give

Conditional promises to give are not recognized in the financial statements until conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates.

Furniture and Equipment

Furniture and equipment are stated at their original cost. Depreciation is provided using the straight-line method over the estimated useful lives between 3-5 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life or the life of the lease.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Government Grants

The Institute's programs are funded in part by grants from government agencies that are conditioned upon the Institute incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by the Institute, both a receivable from the grantor agency and revenue are recorded. Costs are allocated to these grants in accordance with established procedures and are subject to audit by the various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include other salaries & wages, officers & directors wages, payroll tax and employee benefits, licenses & fees, occupancy, and depreciation, which are allocated on the basis of estimates of time and effort.

Program – Data & Society works to balance our commitment to rigorous empirical research with engagement efforts to ensure that this knowledge reaches those shaping the development and governance of technology. The objectives are 1) To challenge existing narratives about the purpose and power of technology in society using rigorous interdisciplinary research, 2) To expand and support a diverse field of people and organizations grappling with cultural, legal, political, and technical approaches to issues raised by data-centric technologies, 3) To ensure that civil society, media, policymakers, and industry engage with our research insights-and those of our broader network-to inform and reframe decision-making around technology, and 4) To encourage a culture and practice of experimentation and new forms of knowledge production.

Management and General – Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

Contributions

Contributions received are recorded as increases in net assets with and without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Leases

The Institute does not recognize short-term leases in the statements of financial position. For these leases, The Institute recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. The Institute also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, The Institute uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

Data & Society Research Institute, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through April 9, 2025, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

Concentration of Credit Risk

The Institute maintains its cash with two national financial institutions in amounts which, from time to time, may be in excess of federal insurance limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At May 31, 2024 and 2023, the Institute's uninsured cash balances totaled approximately \$7,170,000 and \$7,667,000, respectively.

Donor Concentration

For the year ended May 31, 2024, approximately 46% of contributions came from three donors. For the year ended May 31, 2023, approximately 56% of contributions came from two donors and 100% of government grants came from two grantors.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at May 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 2,015,500	\$ 1,755,009
Receivable in one to five years	<u>500,000</u>	<u>362,500</u>
	2,515,500	2,117,509
Less: Discount to present value	<u>(28,035)</u>	<u>(18,996)</u>
Total unconditional promises to give, net	<u><u>\$ 2,487,465</u></u>	<u><u>\$ 2,098,513</u></u>

Unconditional promises to give receivable in more than one year are discounted at rates of 5.53% to 5.54%.

DATA & SOCIETY RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 4 – LIQUIDITY AND AVAILABILITY

The following represents the Institute's financial assets as of the dates of the statements of financial position, reduced by amounts not available for general expenditures within one year because of contractual or donor-imposed restrictions.

	2024	2023
Cash	\$ 7,669,293	\$ 8,155,924
Unconditional promises to give, net	2,487,465	2,098,513
Financial assets at year-end	10,156,758	10,254,437
Less: Those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(3,642,877)	(1,799,587)
Less: Board designated funds	(986,248)	(939,941)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,527,633</u>	<u>\$ 7,514,909</u>

The Institute's cash flows have seasonal variations during the year attributable to cash receipts for contributions received. The Institute has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As a not-for-profit, donor-funded organization, the Institute regularly receives contributions from donors that are available to meet annual cash needs for general operating expenditures.

NOTE 5 – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

	2024	2023
Furniture and fixtures	\$ 1,894	\$ 1,894
Equipment	5,808	5,808
Furniture and equipment	7,702	7,702
Less: Accumulated depreciation	(7,702)	(6,831)
Furniture and equipment, net	<u>\$ -</u>	<u>\$ 871</u>

DATA & SOCIETY RESEARCH INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2024 and 2023

NOTE 6 – OPERATING LEASES

The Institute currently leases office space under an operating lease which expires in August 2025, has a month to month storage lease, and rents additional meeting space as needed for individual occurrences.

Total operating lease costs for the years ended May 31, 2024 and 2023 totaled \$83,126 and \$19,023, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at May 31, 2024 and 2023 were available for the following purposes or periods:

	2024	2023
Trustworthy infrastructures	\$ 924,519	\$ -
Public Technology Leadership Collaborative	706,487	-
Research capacity	683,822	596,443
Labor	616,847	125,000
Algorithmic Impact Methods Lab	114,246	349,220
Fellowship	100,167	-
Health	24,824	220,497
Policy	-	130,480
Platform governance and mediation	-	34,443
Subsequent years' operations	1,271,964	1,231,004
Net assets with donor restrictions	<u>\$ 4,442,876</u>	<u>\$ 2,687,087</u>

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

The Institute received loans totaling \$1,368,560 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On November 1, 2021, the SBA preliminarily approved forgiveness of \$636,732, plus accrued interest, of the Institute's first draw PPP loan. The remaining principal of \$26,280 was paid in full during the year ended May 31, 2022. On December 21, 2022, the SBA preliminarily approved forgiveness of \$705,548 of the Institute's second draw PPP loan. The Institute must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Institute's good-faith certification concerning the necessity of its loan request, whether the Institute calculated the loan amount correctly, whether the Institute used loan proceeds for the allowable uses specified in the CARES Act, and whether the Institute is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Institute was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment.