



*Report of Independent Auditors and  
Financial Statements*

**USENIX Association**

*December 31, 2019*

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## **Report of Independent Auditors**

To the Board of Directors  
USENIX Association

### **Report on the Financial Statements**

We have audited the accompanying financial statements of USENIX Association (the Organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***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.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USENIX Association as of December 31, 2019, 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.

*Moss Adams LLP*

San Francisco, California

January 22, 2021

## **Financial Statements**

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**USENIX Association**  
**Statement of Financial Position**  
**December 31, 2019**

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**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$	429,999
Accounts receivable		457,256
Prepaid expenses		<u>400,040</u>

Total current assets 1,287,295

Investments		7,633,815
Property and equipment, net		<u>181,632</u>

Total assets \$ 9,102,742

**LIABILITIES AND NET ASSETS**

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	83,392
Accrued compensation		102,943
Deferred revenue, current portion		<u>852,178</u>

Total current liabilities 1,038,513

Deferred revenue, net of current portion		<u>37,500</u>
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Total liabilities 1,076,013

NET ASSETS

Without donor restrictions		<u>8,026,729</u>
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Total net assets 8,026,729

Total liabilities and net assets \$ 9,102,742

**USENIX Association**  
**Statement of Activities and Changes in Net Assets**  
**December 31, 2019**

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OPERATING REVENUE AND SUPPORT	
Conference and workshop revenue	\$ 6,655,265
Membership dues & project income	192,071
Contribution income	<u>131,472</u>
Total operating revenue and support	<u>6,978,808</u>
OPERATING EXPENSES	
Program services	5,973,805
Management & general	546,655
Fundraising	<u>66,538</u>
Total operating expenses	<u>6,586,998</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>391,810</u>
NONOPERATING ACTIVITIES	
Investment income, net	<u>1,223,903</u>
CHANGE IN NET ASSETS	<u>1,615,713</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Beginning of year	<u>6,411,016</u>
End of year	<u><u>\$ 8,026,729</u></u>

**USENIX Association**  
**Statement of Functional Expenses**  
**December 31, 2019**

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	Program services	Management and general	Fundraising	Total
Conferences and workshops	\$ 4,043,740	\$ -	\$ -	\$ 4,043,740
Personnel and related benefits	1,322,208	303,383	54,113	1,679,704
Programs, projects, and good works	209,862	-	3,292	213,154
Information technology	79,392	18,645	3,292	101,329
Occupancy	79,570	18,645	1,147	99,362
Depreciation and amortization	23,552	6,496	1,616	31,664
Other	16,016	33,824	902	50,742
Office	20,295	5,108	1,147	26,550
Insurance	27,723	6,496	-	34,219
Legal	-	34,940	-	34,940
Accounting	-	86,731	819	87,550
Bank and merchant fees	21,710	4,636	-	26,346
Board of directors meetings and expenses	-	26,562	210	26,772
Advertising and promotion	5,073	1,189	-	6,262
Printing and publications	124,664	-	-	124,664
	<u>\$ 5,973,805</u>	<u>\$ 546,655</u>	<u>\$ 66,538</u>	<u>\$ 6,586,998</u>
Total expenses	<u>\$ 5,973,805</u>	<u>\$ 546,655</u>	<u>\$ 66,538</u>	<u>\$ 6,586,998</u>



**USENIX Association**  
**Statement of Cash Flows**  
**December 31, 2019**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 1,615,713
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	31,664
Realized and unrealized gain on investments, net	(1,108,351)
Changes in operating assets and liabilities	
Accounts receivable	(348,256)
Prepaid expenses	(229,789)
Accounts payable and accrued expenses	37,461
Accrued compensation	13,506
Deferred revenue	141,196
	<u>153,144</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of investments	(2,861,432)
Sale of investments	2,956,488
Purchases of property and equipment	(137,048)
	<u>(41,992)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	111,152
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>768,973</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 880,125</u>
<b>Cash and cash equivalents reconciliation:</b>	
Cash and cash equivalents	\$ 429,999
Investment - cash equivalents (Note 4)	450,126
	<u>\$ 880,125</u>

# USENIX Association

## Notes to Financial Statements

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### NOTE 1 – ORGANIZATION

USENIX Association (USENIX the Organization) is a nonprofit corporation and was incorporated in 1980. The Organization's primary purpose is to provide educational benefit, including the exchange and communication of research and technological ideas pertaining to advanced computing systems and tools. The Organization has approximately 2,300 members in 47 countries. The Organization's programs include:

**Conferences and events** – Conferences are organized by dedicated USENIX staff and volunteer program committees that are comprised of industry professionals. The Organization's conferences are highly technical, attracting attendees with mid-to-senior level experience in information technology positions, and offering opportunities for learning, networking, presenting, and publishing research in the conference proceedings.

Major annual conferences include Enigma, the USENIX Security Symposium, SREcon conferences in three locations, LISA, File and Storage Technologies Conference (FAST) and the USENIX Annual Technical Conference (ATC). USENIX also organizes smaller conferences focusing on specific areas in advanced computing systems. Co-located workshops and a training program are held with some conferences.

**Memberships** – Membership in the Organization provides benefits that include discounts on conference registration fees at select events as well as a free subscription to the Organization's magazine. The magazine, *login*: is published four times a year and features technical articles on a wide range of topics; has tips on system administration techniques, workplace strategies, and book reviews.

**Open access initiative** – The Organization publishes its conference proceedings free of charge, making them available to members and nonmembers alike on its website, along with video, audio and slide presentations from conferences.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of presentation** – The financial statements of the Organization are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Net assets** – Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization classifies net assets and changes in net assets as follows:

*Without donor restrictions* – Net assets for use in general operations and not subject to donor-imposed restrictions. Other than restrictions designated by the Board of Directors of the Organization, the only limits on net assets without donor restrictions are broad limits resulting from the Organization's purpose specified in its articles of incorporation or bylaws and, perhaps, limits resulting from contractual agreements. Release of funds designated as Board-restricted may only be done by authority of the Board. As of December 31, 2019, there were \$6,564,616 in net assets with board designation (see Note 7).

## USENIX Association Notes to Financial Statements

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*With donor restrictions* – Represent contributions and other assets whose use are limited by donor-imposed restrictions. Some restrictions are temporary in nature, in that they either expire by the passage of time or by the fulfillment of certain actions pursuant to those stipulations or law. Gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Other donor restrictions are permanent as they neither expire by passage of time nor can be fulfilled or otherwise removed. Income from these assets can be with or without restrictions based on donor stipulations or law. As of December 31, 2019, there were no net assets with donor restrictions.

**Use of estimates** – In preparing financial statements in conformity with U.S. GAAP, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

**Cash and cash equivalents** – Cash and cash equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

**Investments** – The Organization has reported investments in marketable securities with readily determinable fair market values and all investments in debt securities at their fair market values in the statements of financial position. Realized and unrealized gains and losses on investments, dividends, and interest income are included in investment income, net of investment expenses, on the statement of activities and changes in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Property and equipment** – Property and equipment are recorded at cost and depreciated on a straight-line basis over their respective estimated useful lives, which range from five to seven years. It is the Organization's policy to capitalize expenditures for those items in excess of \$5,000. Repairs and maintenance are charged to expense as incurred. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restriction unless the donor has restricted the donated asset to a specific purpose. As of December 31, 2019, management evaluated property and equipment for impairment and concluded that the carrying value was recoverable.

**Concentration of credit risk** – The Organization occasionally maintains balances in depository and brokerage accounts in excess of the respective Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits.

**Deferred revenue** – The Organization's deferred revenue consists of conference registration and sponsorship payments made in advance of conferences to be held in future years. The Organization classifies deferred revenue, which will be recognized within twelve months, as current.

**Conference registration and sponsorship revenue and receivables** – Revenues from conferences and workshops are recognized when the events take place. Amounts received prior to the events are recorded as deferred revenue. Membership dues, which are non-refundable, are recognized as income when dues are received. Revenues from product sales are recognized upon completion of sales. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance for doubtful accounts. The allowance is based on experience and other circumstances which may affect the collectability. There was no allowance for doubtful accounts at December 31, 2019.

## USENIX Association

### Notes to Financial Statements

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**Contributions and pledges** – 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, 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the period in which the contributions are recognized. As of December 31, 2019, the Organization does not have any pledged contributions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions net assets. Gains and losses on assets and liabilities are reported as increase or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

**Income taxes** – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. Accordingly, no provision for federal or California income tax is reflected in the accompanying financial statements.

The Organization recognizes the effects of its income tax positions only if those positions are more likely than not of being sustained. The Organization has evaluated its tax positions and has concluded as of December 31, 2019, that the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

**Functional allocation of expenses** – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort, or other relevant bases.

**New accounting pronouncements** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU 2014-09 will provide a framework for addressing revenue recognition issues comprehensively for entities that apply GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU 2014-09 also improves GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date of ASU 2014-09 was deferred for the Organization by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of the provisions of these ASUs on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which increases transparency and comparability among entities by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. The effective date of ASU 2016-02 was deferred for the Organization by ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, to fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of the provisions of these ASUs on its the financial statements

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization's programs and other activities. ASU 2020-07 is effective for the Organization for fiscal year beginning after June 15, 2021. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the financial statements.

**Recently adopted accounting pronouncements** – In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. ASU 2018-08 is effective for the Organization for fiscal year ended December 31, 2019. The Organization adopted ASU 2018-08 as of January 1, 2019, and the adoption of ASU 2018-08 did not have a material impact on the Organization's financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. ASU 2016-01 is effective for the Organization for fiscal year ended December 31, 2019. The Organization adopted ASU 2016-01 as of January 1, 2019, and has adjusted the presentation in the financial statement accordingly.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires the statements of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Organization adopted ASU 2016-18 as of January 1, 2019, and the adoption of ASU 2016-18 did not have a material impact on the Organization's financial statements.

# USENIX Association

## Notes to Financial Statements

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### NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is without donor-imposed restriction or other restrictions limiting their use, within one year of the statement of financial position date at December 31, 2019, consist of the following:

Cash and cash equivalents	\$ 429,999
Accounts receivable	457,256
Investments	<u>7,633,815</u>
Financial assets available to meet general expenditures within one year	<u>\$ 8,521,070</u>

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.5 million). As part of the liquidity plan, the Board has designated net assets to serve as an operating reserve (see Note 7).

### NOTE 4 – INVESTMENTS

Investments consist of the following at December 31, 2019:

Common stock	\$ 4,176,512
Mutual funds	690,556
Corporate bonds	1,160,381
U.S. government securities	1,156,240
Cash equivalents	<u>450,126</u>
Total	<u>\$ 7,633,815</u>

Investment income has been classified as increases (decreases) in net assets without donor restrictions and was comprised of the following at December 31, 2019:

Interest and dividend income	\$ 182,040
Net change in unrealized gain	767,427
Net realized gain from investments	<u>340,924</u>
	1,290,391
Investment expenses	<u>(66,488)</u>
Investment income, net	<u>\$ 1,223,903</u>

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following as of December 31, 2019:

Leasehold improvements	\$	32,218
Equipment		453,163
Website		910,699
		1,396,080
Less: accumulated depreciation		(1,214,448)
		\$ 181,632
		\$ 181,632

Depreciation expense is \$31,664 for the year ended December 31, 2019.

**NOTE 6 – FAIR VALUE MEASUREMENTS**

In accordance with generally accepted accounting principles, the Organization uses the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

**Level 1** – Quoted market prices for identical instruments traded in active exchange markets.

**Level 2** – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

**Level 3** – Model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the Organization's estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019:

*Common stock* – Certain common stocks are valued at the closing price reported in the active market in which the individual securities are traded. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If a quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices.

*Mutual funds* – Valued at the based on quoted market prices in the active market, held by the Organization at year end.

*Corporate bonds* – Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

## USENIX Association

### Notes to Financial Statements

*U.S. government securities* – Valued at the closing price reported in the active market in which the individual securities are traded.

*Cash equivalents* – Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common stock	\$ 4,176,512	\$ -	\$ -	\$ 4,176,512
Mutual funds	690,556	-	-	690,556
Corporate bonds	-	1,160,381	-	1,160,381
U.S. government securities	-	1,156,240	-	1,156,240
Cash equivalents	450,126	-	-	450,126
Total	<u>\$ 5,317,194</u>	<u>\$ 2,316,621</u>	<u>\$ -</u>	<u>\$ 7,633,815</u>

#### NOTE 7 – NET ASSETS

Net assets without donor restrictions for the year ended December 31, 2019, are as follows:

Undesignated	\$ 1,462,113
Board-designated for operating reserve	<u>6,564,616</u>
Total	<u>\$ 8,026,729</u>

In December 1992, the Board of Directors established an investment account with the intent of assuring a reserve fund for operations and a growth opportunity for supporting the "Good Works" programs envisioned by USENIX. The fund was established with \$1,000,000 from unrestricted funds. The Board has established portfolio objectives and investment guidelines that outline the permitted asset mix and characteristics of the portfolio of securities. The intent of the Board is to allow the reserve funds to be invested in high quality securities and bonds for mid-term growth while still providing the Organization with liquidity and safety for reserve needs.



**USENIX Association**  
**Notes to Financial Statements**

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Funds are invested and have been designated as follows:

Balance, January 1, 2019	\$ 5,717,175
Investment income	1,228,110
Investment fees	(43,169)
Transfers to reserve fund	<u>(337,500)</u>
Balance, December 31, 2019	<u>\$ 6,564,616</u>

**NOTE 8 – RETIREMENT PLAN**

The Organization maintains a 401(k) retirement plan (the Plan) for all eligible employees. Contributions are made on behalf of the employees at the rate of 5% of an eligible employee's compensation. The amounts contributed to the Plan for the year ended December 31, 2019, are \$66,726.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The Organization leases 2,910 square feet of office space at its headquarters in Berkeley, California, under terms of a lease dated January 13, 1987. The most recent renewal, dated April 19, 2016, extended the lease through May 31, 2021. The base rent is \$6,000 per month, beginning June 1, 2016 (\$2.06 sq. ft.). There is a provision for a Consumer Price Index (CPI) adjustment with minimum increase per year. The future lease obligations are as follows, assuming a 3% increase, for the years ending December 31:

2020	\$ 82,933
2021	<u>35,978</u>
Total	<u>\$ 118,911</u>

Rent expense for the year ended December 31, 2019, is \$80,747.

The Organization sponsors numerous conferences, including the USENIX ATC, a major systems administration conference, known as LISA, and a security conference. In addition, the Organization sponsors a number of smaller events on specialized topics. Commitments for the larger conferences are generally made for hotel and meeting room space up to five years prior to the conference dates. In the event of a cancellation or a lower than anticipated attendance, there is a potential liability to the Organization for the commitments to the hotels and convention centers involved in these contracts. As the likelihood is remote, no accrual has been recorded.

**USENIX Association**  
**Notes to Financial Statements**

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As of December 31, 2019, the total commitments for hotel rooms in the event of cancellation for all USENIX conferences are as follows:

	Committed Event Cancellation Cost
	<u>Cost</u>
2020	\$ 2,045,517
2021	1,300,414
2022	<u>205,363</u>
Total	<u>\$ 3,551,294</u>

The Organizations is subject to various claims covering a range of matters that arise in the ordinary course of its business activities. In the opinion of the Organization, although the outcome of any claims or legal proceedings cannot be predicted with certainty, management has determined that the ultimate liability of the Organization in connection with its claims and legal proceedings will not have a material adverse effect on its financial position or operations.

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent events are events or transactions that occur after the statement of financial position date, but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements were available to be issued.

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations, including the Organization’s. The Organization held various investments at December 31, 2019, that have experienced certain decline in market value through December 2020 as a result of the market’s reaction to the pandemic. The Organization will continue to monitor the situation closely, but the market volatility and the continuing situation surrounding the pandemic is uncertain. At this time, management believes that the decline in fair value for these investments is temporary. The Organization will continue to monitor the situation closely, but given the uncertainty and volatility of this continuing situation, management cannot estimate its impact to the Organization’s financial statements.

## **USENIX Association Notes to Financial Statements**

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In May 2020, the Organization was granted a loan under the Paycheck Protection Program offered by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), section 7(a)(36) of the Small Business Act for \$340,600. The loan bears interest at 1% with no payments for the first 6 months and matures in May 2022, if required. The loan is subject to partial or full forgiveness if the Organization: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. The Organization plans to apply for the loan forgiveness for the entire amount of the loan when appropriate.

The Organization has evaluated subsequent events through January 22, 2021, which is the date the financial statements were available to be issued.

