

OPEN MEDIA FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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TAYLORROTH

Certified Public Accountants

WORKING EXCLUSIVELY WITH NONPROFITS

January 22, 2021

INDEPENDENT AUDITORS' REPORT

Board of Directors
Open Media Foundation
Denver, Colorado

We have audited the accompanying financial statements of **Open Media Foundation** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, 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 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement 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 Open Media Foundation 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.

Report on Summarized Comparative Information

Other auditors previously audited Open Media Foundation's 2018 financial statements and they expressed an unqualified opinion in their report dated August 8, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial information from which it has been derived.

Taylor ROTH and Company P/C

TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS
DENVER, COLORADO

OPEN MEDIA FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019	2018
<u>Assets</u>		
Cash and cash equivalents	\$ 668,888	\$ 538,780
Contributions receivable	99,418	176,596
Note receivable (Note 3)	200,000	100,000
Investments (Note 4)	590,668	519,035
Property and equipment (Note 5)	-	-
Total assets	\$ 1,558,974	\$ 1,334,411
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 33,315	\$ 40,584
Payroll liabilities	10,035	12,194
Deferred revenue	97,400	50,000
Total liabilities	140,750	102,778
<u>Net assets</u>		
Without donor restrictions		
Undesignated	544,331	428,681
Designated for programs	458,354	411,464
	1,002,685	840,145
With donor restrictions (Note 6)	415,539	391,488
Total net assets	1,418,224	1,231,633
Total liabilities and net assets	\$ 1,558,974	\$ 1,334,411

The accompanying notes are an integral part of these financial statements

OPEN MEDIA FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Program revenue (net of discounts):				
Video and production	\$ 349,637	\$ -	\$ 349,637	\$ 422,447
Web and design	273,763	-	273,763	474,919
Education and training	192,482	-	192,482	26,231
Access	68,869	-	68,869	62,329
Total program revenue	884,751	-	884,751	985,926
Contributions and grants	185,941	29,598	215,539	149,925
Investment income	28,883	53,001	81,884	15,750
Shared facilities management	57,002	-	57,002	41,607
Interest income on note receivable	12,666	-	12,666	-
Other	6,548	-	6,548	61,920
In-kind contributions (Note 7)	825,976	-	825,976	1,070,089
Net assets released from restrictions (Note 8)	43,850	(43,850)	-	-
Total revenue and other support	2,045,617	38,749	2,084,366	2,325,218
<u>Expense</u>				
Program services				
Denver Open Media	721,918	-	721,918	943,069
Video and production	437,282	-	437,282	571,238
Web and design	195,595	-	195,595	255,513
Open media	167,533	-	167,533	218,856
Total Program Services	1,522,328	-	1,522,328	1,988,676
Supporting services				
Management and general	261,060	-	261,060	168,177
Fund-raising	114,387	-	114,387	98,830
Total expense	1,897,775	-	1,897,775	2,255,683
Change in net assets	147,842	38,749	186,591	69,535
Net assets, beginning of year	854,843	376,790	1,231,633	1,162,098
Net assets, end of year	<u>\$ 1,002,685</u>	<u>\$ 415,539</u>	<u>\$ 1,418,224</u>	<u>\$ 1,231,633</u>

The accompanying notes are an integral part of these financial statements

OPEN MEDIA FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	2019					Supporting Services		2018	
	Denver Open Media	Video and Production	Web and design	Open Media	Total Program	Manage- ment and General	Fund- raising	Total	Total
Salaries	\$ 47,582	\$ 150,344	\$ 149,504	\$ 72,940	\$ 420,370	\$ 80,172	\$ 55,464	\$ 556,006	\$ 885,812
Advertising	350,000	25,000	-	75,000	450,000	30,000	20,000	500,000	500,000
Equipment rental	197,496	78,708	4,410	879	281,493	47,280	2,646	331,419	439,042
Professional services	56,119	51,706	2,272	9,905	120,002	34,782	22,050	176,834	192,992
Media placement	1,351	108,046	1,598	294	111,289	1,692	385	113,366	5,292
Accounting	-	-	-	-	-	58,456	-	58,456	56,742
Communication	13,149	9,546	31,781	2,298	56,774	595	1,074	58,443	36,254
Occupancy	22,032	4,711	1,574	944	29,261	1,574	629	31,464	20,875
Supplies	12,728	943	548	85	14,304	1,218	505	16,027	12,011
Travel	2,216	6,037	700	2,568	11,521	918	87	12,526	21,669
Bad debt	-	-	-	-	-	-	10,572	10,572	5,832
Insurance	5,810	875	767	720	8,172	142	166	8,480	5,211
Staff development	1,634	1,050	1,050	1,050	4,784	2,300	300	7,384	16,258
Bank charges and fees	4,676	11	11	8	4,706	484	327	5,517	7,068
All other	7,125	305	1,380	842	9,652	1,447	182	11,281	50,625
Total expenses	\$ 721,918	\$ 437,282	\$ 195,595	\$ 167,533	\$ 1,522,328	\$ 261,060	\$ 114,387	\$ 1,897,775	\$ 2,255,683

The accompanying notes are an integral part of these financial statements

OPEN MEDIA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 186,591	\$ 69,535
Adjustments to reconcile change in net assets to net cash provided by operating activities		
(Gains)loss on investments	(58,803)	(52,787)
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in contributions receivable	77,178	(4,396)
Increase(decrease) in accounts payable	(7,269)	(12,197)
Increase(decrease) in payroll liabilities	(2,159)	(2,982)
Increase(decrease) in deferred revenue	47,400	(26,734)
Increase(decrease) in fiscal sponsorship	-	(11,749)
Net cash provided(used) by operating activities	<u>242,938</u>	<u>(41,310)</u>
 <u>Cash flows from investing activities</u>		
Contribution to donor restricted endowment	-	(50,000)
Distribution from donor restricted endowment	8,537	43,002
Reinvestment of earnings	(8,701)	(2,816)
Interest on note receivable	(12,666)	-
Note receivable to invest in an organization	<u>(100,000)</u>	<u>(50,000)</u>
Net cash provided(used) by investing activities	<u>(112,830)</u>	<u>(59,814)</u>
Net increase(decrease) in cash and cash equivalents	130,108	(101,124)
 Cash and cash equivalents, beginning of year	<u>538,780</u>	<u>639,904</u>
Cash and cash equivalents, end of year	<u>\$ 668,888</u>	<u>\$ 538,780</u>

The accompanying notes are an integral part of these financial statements

OPEN MEDIA FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Open Media Foundation (OMF) provides communications services, training, and tools to individuals, nonprofits, and governments. OMF believes communication drives social values, and wants everyone to have a voice in creating the new media conversation. OMF offers professional video production, web development, and branding services, similar to a public relations firm or ad agency, but exclusively for nonprofits and governments. OMF also trains individuals and nonprofits in media and communications skills, including access to facilities for video and audio production. Beginning in 2017, OMF operates a local FM radio station, and operated Denver's Public Access TV Stations from 2006 to 2018. OMF is primarily supported by in-kind contributions, program service revenue, contributions and grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets that are subject to stipulations 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 stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

3. Cash and Cash Equivalents

OMF considers all unrestricted highly liquid investments with an initial maturity of three months or less, and which are not held by outside investment managers as part of an investment portfolio, to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Contributions receivable

Accounts receivable consists of receivables for services rendered by earned income programs, primarily web and video production clients. OMF provides an allowance for doubtful accounts, which is based upon review of outstanding receivables, historical collection information and existing economic conditions. OMF wrote off bad debts of \$10,572 during the year ended December 31, 2019.

5. Capitalization and Depreciation

From 2006 to December 2018, OMF was the exclusive public access provider for the City and County of Denver (the Agency) and received equipment and maintenance support funds from the Agency to provide the contracted services. The equipment remained the property of the Agency and was tracked as in-kind donated equipment lease.

In December 2018, OMF's contract to operate Public Access TV expired and the Agency recovered a significant portion of this equipment. While most of the equipment remains in the possession of OMF, ownership of the equipment remains with the Agency.

It is OMF's policy to capitalize property and equipment over OMF's expected useful lives of the assets. Purchased property and equipment are recorded at cost, while donated property and equipment is recorded at fair value upon receipt. Depreciation is calculated using the straight-line method. OMF follows the practice of capitalizing all property and equipment in excess of \$5,000 with an estimated useful life of more than one year. Audio/video equipment is depreciated over 5 years and computer and software equipment is depreciated over 2 years.

Gains and losses on fixed assets are recognized in the year of disposal. Repairs and maintenance charges, which do not increase the useful lives of the assets, are charged to operations as incurred.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

OMF is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and qualifies for the charitable contribution deduction. However, income from activities not directly related to OMF's tax exempt purpose is subject to taxation as unrelated business income.

8. Deferred Revenue

During 2019, OMF recognized deferred revenue on grant funds received with purpose restrictions expected to be satisfied during 2020. During 2018, management recognized deferred revenue on one contract where payments were received, but not all the services under the contract had been performed. Consequently, management recognized the unearned portion of revenue as deferred revenue. Deferred revenue at December 31, 2019 was \$97,400.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

9. Fair Value Measurement

The Organization is subject to the provisions of the *Fair Value Measurements and Disclosures* accounting standard. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

10. Functional Reporting of Expenses

For the year ended December 31, 2019, The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of functional expenses. OMF incurs expenses that directly related to, and can be assigned to, a specific program or supporting activity. OMF also conducts a number of activities which benefit both its program objectives as well as supporting services (i.e. fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel.

11. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

12. Subsequent Events

Management has evaluated subsequent events through January 22, 2021, the date the financial statements were available to be issued.

13. New Accounting Pronouncement

During 2019, OMF adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update supersedes the revenue recognition requirements in *Revenue Recognition (Topic 605)* and requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Additionally, this guidance requires that entities disclose the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Effective January 01, 2019, OMF has adopted ASU 2014-09 using the modified retrospective transition method. The adoption of ASU 2014-09 did not have a material impact on the Organization's results of operations or financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

During 2019, OMF adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. Effective January 01, 2019, OMF has adopted ASU 2018-08 using the modified prospective transition method. The adoption of 2018-08 did not have a material impact on the Organization's results of operations or financial position.

14. Reclassifications

Certain reclassifications have been made to the 2018 financial statements to correspond to the current year's format.

NOTE 3 - NOTES RECEIVABLE

In February 2017, OMF entered into a note agreement with another organization for \$50,000 and received interest payments monthly at 8% that matured in February 2018. In February 2018, OMF loaned an additional \$50,000, for a total of \$100,000 under the same interest terms with a maturity date in February 2019, and was reinvested through February 2020. In June 2019, OMF loaned an additional \$100,000 for a total of \$200,000 under the same terms with a maturity date in August 2020. The note receivable totaled \$200,000 as of December 31, 2019. Interest income on the note was \$12,666.

NOTE 4 - INVESTMENTS

OMF maintains investments in a managed fund with the Denver Foundation and a donor restricted endowment with the Community First Foundation.

OMF follows the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). OMF has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, OMF classifies as perpetual endowments (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified as a perpetual endowment represents amounts available for expenditure upon appropriation by the Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

NOTE 4 - INVESTMENTS (Concluded)

In accordance with UPMIFA, OMF considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of OMF and the donor-restricted endowment funds
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other OMF resources
- (7) The investment policies of OMF.

Appropriation of endowment assets for expenditure totaled \$8,537 for the year ended December 31, 2019.

Investments are stated at their fair value (Level 3) and consist of:

<u>Description</u>	<u>Fair Value</u>
Investments without donor restrictions	\$ 210,902
Donor restricted endowment	<u>379,766</u>
Total	<u>\$ 590,668</u>

Investment return is summarized as follows:

<u>Description</u>	<u>Amount</u>
Interest and dividends	\$ 9,540
Unrealized gains	<u>71,469</u>
Total	<u>\$ 81,009</u>

The Organization also earned \$875 in operating interest on its cash and cash equivalents.

Changes in investments as of December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, beginning of year	<u>\$ 183,733</u>	<u>\$ 335,302</u>	<u>\$ 519,035</u>
Additions (withdrawals)	<u>-</u>	<u>-</u>	<u>-</u>
Investment income (net of fees)	9,540	-	9,540
Net appreciation (depreciation)	<u>17,629</u>	<u>53,001</u>	<u>70,630</u>
Total investment return	<u>27,169</u>	<u>53,001</u>	<u>80,170</u>
Amounts appropriated for expenditure	<u>-</u>	<u>(8,537)</u>	<u>(8,537)</u>
Balance, end of year	<u>\$ 210,902</u>	<u>\$ 379,766</u>	<u>\$ 590,668</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Studio equipment	\$ 107,088
Computer equipment	<u>51,061</u>
Total	158,149
Less: accumulated depreciation	<u>(158,149)</u>
Net property and equipment	<u>\$ 0</u>

Depreciation expense for the year was \$0.

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets are available for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Community First- Endowment	\$ 379,766
Drupal fiscal sponsorship program	<u>35,773</u>
Total	<u>\$ 415,539</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

Donated equipment is recorded at estimated fair value as revenue and expense or as capitalized assets, depending on the nature of the donation. The contribution of services is recognized if the services received either create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In-kind donations of equipment and services recognized for the year ending December 31, 2019 is as follows:

Advertising	\$ 500,000
Equipment	288,319
Legal	27,624
Video production intern	6,000
Other services	<u>4,033</u>
Total	<u>\$ 825,976</u>

Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to assist OMF in achieving its goals and in supporting various program activities. This volunteer time is not reflected in these statements since it does not meet the accounting criteria for recognition.

NOTE 7 - IN-KIND CONTRIBUTIONS (Concluded)

Discounts on Services Provided

OMF provided discounts of \$409,992 to over 100 nonprofit and government entities in furtherance of its mission of expanding communication services. The value of the discount provided to nonprofit and governmental entities is a substantial part of OMF's impact within the community, however, it is not reflected in these statements since it does not meet the accounting criteria for recognition.

NOTE 8 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released and spent for the following purposes:

<u>Purpose</u>	<u>Amount</u>
Drupal fiscal sponsorship program	\$ 15,013
Jumpstart program	10,300
Open music sessions	10,000
Endowment earnings	<u>8,537</u>
Total	<u>\$ 43,850</u>

NOTE 9 - CHANGE IN ACCOUNTING POLICY

In the past, OMF has provided "grants" of 50% or 100% as a discount on services provided, but the revenue booked has been the fair value of the services provided, with an offsetting "discount expense" for the change between the fair value of the services provided and the cash paid by the customer. Per FASB's guidance in Topic 606, revenue should be recorded net of any discounts, refunds, rebates and any other consideration payable to the customer, and it should represent the amount of consideration the entity expects to receive. Therefore, management proposed a prior period reclassification of \$617,558 to reclass prior year revenues and expense.

NOTE 10 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2019:

<u>Financial assets at year-end:</u>	<u>Amount</u>
Cash and cash equivalents	\$ 618,103
Accounts receivable	99,418
Investments	<u>590,668</u>
Total financial assets	\$ 1,308,189
Less: amounts not available for general expenditures within one year, due to:	
Donor designated operating reserve	(458,354)
Donor restricted endowment	<u>(379,766)</u>
	(838,120)
Total financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 470,069</u>

NOTE 10 - AVAILABILITY AND LIQUIDITY (Concluded)

General expenditures include program and administrative expenses incurred in the conduct of ongoing activities. OMF's activities are sustained primarily through program and tournament revenue. OMF anticipates collecting sufficient revenue to cover general expenditures not covered by the above current financial assets through annual program and tournament revenue. OMF considers donor restricted contributions for on-going programs to be available for expenditure, provided they are available for expenditure within the next twelve months.

As part of its liquidity management, OMF maintains an operational fund to provide sufficient cash to meet the day-to-day financial obligations of OMF in a timely manner. The Board of Directors has established a strategic reserve in an amount anticipated to cover OMF operating expenses for the following six months. This reserve may be drawn upon, if necessary, to meet unexpected liquidity needs or in the event of financial distress. As part of its liquidity plan, excess cash is invested in short-term investments, primarily checking and money market.

NOTE 11 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject OMF to concentrations of credit risk consist principally of cash and cash equivalents, trade accounts receivable, and contributions receivable. OMF places its cash and cash equivalents with creditworthy, high-quality, financial institutions. At times, a portion of the funds are not insured by the FDIC or related entity. Because of the large number of customers, OMF does not believe that there is a significant credit risk from contributions receivable.

NOTE 12 - CONTINGENT LOSS

In December 2018, the Agency authorized a transfer of \$168,680 out of the managed fund. The withdrawal was stopped and the fund balance was maintained. OMF, its Board, its legal counsel, and the fund managers believe the Agency is not entitled to any of the managed fund balance. In April 2019, the Agency offered a settlement of 45.5% of the fund balance. The offer was rejected by the Board. The management of OMF believes the managed fund will be retained by OMF.

NOTE 13 - PRIOR PERIOD ADJUSTMENT

A prior period adjustment was made to decrease deferred fiscal sponsorship by \$41,487 in the prior year and increase beginning net assets by \$41,487. This had an effect of increasing beginning net assets in the current year.

NOTE 14 - SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization expects this reality to impact its operations; however, the related financial impact and duration cannot be reasonably estimated at this time.

The Organization submitted a loan application under the Paycheck Protection Program (Program) to cover payroll and benefit costs. On April 29, 2020, the Organization received loan proceeds of \$112,625. The Program provides for loan forgiveness if the Organization is able to meet certain employee retention and salary requirements.