

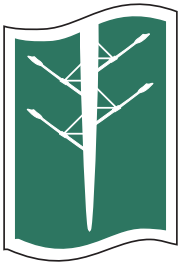
FREE SOFTWARE FOUNDATION, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

FREE SOFTWARE FOUNDATION, INC.

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FOR THE YEAR ENDED SEPTEMBER 30, 2019

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Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Free Software Foundation, Inc.

We have audited the accompanying financial statements of Free Software Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 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.

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 from 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 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free Software Foundation, Inc. as of September 30, 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

We have previously audited Free Software Foundation's fiscal year 2018 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated July 25, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects with the audited financial statements from which it has been derived.

Murphy, Edwards, Goncalves & Ferreira, PC

Southborough, Massachusetts
August 6, 2020

FREE SOFTWARE FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2019

(With Comparative Totals as of September 30, 2018)

	2019	2018
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Notes 2, 3 and 9)	\$ 2,220,870	\$ 2,105,315
Certificates of Deposit (Notes 2, 3 and 9)	742,290	230,000
Accounts Receivable	-	3,652
Inventory (Note 2)	23,636	17,027
Prepaid Expenses and Other Current Assets	<u>26,663</u>	<u>16,609</u>
Total Current Assets	3,013,459	2,372,603
INVESTMENTS (Notes 2, 5 and 9)	158,388	226,158
PROPERTY AND EQUIPMENT, NET (Notes 2 and 4)	27,785	34,915
OTHER ASSETS:		
Security Deposits	<u>13,228</u>	<u>13,228</u>
TOTAL ASSETS	<u>\$ 3,212,860</u>	<u>\$ 2,646,904</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ 43,804	\$ 8,844
Accrued Expenses	<u>97,554</u>	<u>94,735</u>
Total Current Liabilities	<u>141,358</u>	<u>103,579</u>
NET ASSETS:		
Without Donor Restriction (Note 2)	2,139,106	2,251,152
With Donor Restriction (Notes 2 and 6)	<u>932,396</u>	<u>292,173</u>
Total Net Assets	<u>3,071,502</u>	<u>2,543,325</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,212,860</u>	<u>\$ 2,646,904</u>

See Accompanying Notes and Independent Auditors' Report

FREE SOFTWARE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
SUPPORT AND REVENUE (Note 2):				
Contributions (Notes 2 and 9)	\$ 1,419,039	\$ 671,980	\$ 2,091,019	\$ 2,711,515
In-kind Contributions (Note 2)	2,700	-	2,700	3,600
Release from Restriction (Notes 2 and 6)	31,757	(31,757)	-	-
Product Sales	91,568	-	91,568	84,506
Less: Cost of Sales (Note 2)	<u>(31,352)</u>	<u>-</u>	<u>(31,352)</u>	<u>(34,030)</u>
Gross Profit on Product Sales	60,216	-	60,216	50,476
GPL Compliance Lab Fees	1,700	-	1,700	552
Return on Investments, Net (Note 5)	53,368	-	53,368	(146,203)
Other Income (Expense)	<u>9,397</u>	<u>-</u>	<u>9,397</u>	<u>(95)</u>
TOTAL SUPPORT AND REVENUE	<u>1,578,177</u>	<u>640,223</u>	<u>2,218,400</u>	<u>2,619,845</u>
FUNCTIONAL EXPENSES (Note 2):				
Program Services	<u>1,506,279</u>	<u>-</u>	<u>1,506,279</u>	<u>1,289,926</u>
Support Services:				
Management and General	102,165	-	102,165	93,474
Fundraising	<u>81,779</u>	<u>-</u>	<u>81,779</u>	<u>66,765</u>
Total Support Services	<u>183,944</u>	<u>-</u>	<u>183,944</u>	<u>160,239</u>
TOTAL FUNCTIONAL EXPENSES	<u>1,690,223</u>	<u>-</u>	<u>1,690,223</u>	<u>1,450,165</u>
INCREASE (DECREASE) IN NET ASSETS	(112,046)	640,223	528,177	1,169,680
NET ASSETS - BEGINNING	<u>2,251,152</u>	<u>292,173</u>	<u>2,543,325</u>	<u>1,373,645</u>
NET ASSETS - ENDING	<u>\$ 2,139,106</u>	<u>\$ 932,396</u>	<u>\$ 3,071,502</u>	<u>\$ 2,543,325</u>

See Accompanying Notes and Independent Auditors' Report

FREE SOFTWARE FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	SUPPORT SERVICES				
	Program Services	Management & General	Fundraising	2019 Total	2018 Total
Salaries and Wages (Note 9)	\$ 775,157	\$ 63,321	\$ 36,555	\$ 875,033	\$ 796,251
Payroll Taxes	73,868	6,423	3,212	83,503	82,442
Employee Benefits (Note 8)	<u>160,077</u>	<u>13,362</u>	<u>6,441</u>	<u>179,880</u>	<u>154,650</u>
Total Payroll and Related Expenses	1,009,102	83,106	46,208	1,138,416	1,033,343
Conferences and Meetings	216,595	2,069	8,426	227,090	50,480
Occupancy (Note 7)	107,887	9,382	4,690	121,959	139,603
Credit Card Processing Fees	50,693	-	-	50,693	52,254
Special Events and Mailings	22,945	419	18,543	41,907	54,981
Outside Services (Note 2)	19,796	1,723	862	22,381	22,674
Professional Fees	18,135	1,577	788	20,500	23,815
Member Materials and Postage	18,582	608	1,129	20,319	8,617
Office Supplies and Expenses	8,093	704	352	9,149	17,136
Educational Campaign Expense	8,878	-	-	8,878	7,230
Telecommunications	7,444	647	324	8,415	6,444
Depreciation (Note 2)	6,307	548	275	7,130	6,824
Insurance	5,191	364	182	5,737	8,834
Contractors and Consultants	5,613	-	-	5,613	15,792
Licenses and Permits	<u>1,018</u>	<u>1,018</u>	<u>-</u>	<u>2,036</u>	<u>2,138</u>
Total Expenses	<u>\$ 1,506,279</u>	<u>\$ 102,165</u>	<u>\$ 81,779</u>	<u>\$ 1,690,223</u>	<u>\$ 1,450,165</u>

See Accompanying Notes and Independent Auditors' Report

FREE SOFTWARE FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

(With Comparative Totals for the Year Ended September 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 528,177	\$ 1,169,680
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	7,130	6,824
Realized and Unrealized (Gain) Loss, Net	(32,230)	152,560
Noncash Donation (Bitcoin)	-	(1,000,000)
Sales of Bitcoin	-	861,028
Interest Income from Certificates of Deposit	(12,290)	-
(Increase) Decrease in Assets:		
Accounts Receivable	3,652	3,901
Inventory	(6,609)	3,845
Prepaid Expenses	(10,054)	(12,571)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	34,960	(7,491)
Accrued Expenses	2,819	(11,700)
Net Cash Provided by Operating Activities	<u>515,555</u>	<u>1,166,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Certificates of Deposit Purchases	(500,000)	(230,000)
Sale of Investments	100,000	-
Property and Equipment Purchases	-	(22,571)
Net Cash Provided by Investing Activities	<u>(400,000)</u>	<u>(252,571)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	115,555	913,505
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,105,315</u>	<u>1,191,810</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,220,870</u></u>	<u><u>\$ 2,105,315</u></u>

See Accompanying Notes and Independent Auditors' Report

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Free Software Foundation, Inc. was incorporated in 1985 as a Massachusetts corporation. It is dedicated to promoting and defending the rights of all computer users, to use, study, copy and modify the software on their computers, as well as the related documentation. The Organization assists in the development and use of free software and documentation. The primary sources of support and revenue are generated through contributions, membership dues and product sales.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Standards of Accounting and Reporting

The accounting and reporting policies of the Organization conform with United States generally accepted accounting policies (GAAP) as codified in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC).

Financial Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset classes follows:

Without Donor Restriction - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restriction may be designated for specific purposes by action of the Board of Directors.

With Donor Restriction - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time or are subject to donor-imposed restrictions such that they be maintained permanently by the Organization.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. 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 financial statements for the prior year, from which the summarized totals were derived.

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU changes the terminology used to describe net assets to *net assets with donor restriction and net assets without donor restriction*. Not-for profits are also required to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. In addition, new disclosures are required to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Free Software Foundation, Inc. adopted the provisions of the new ASU during the year ended September 30, 2019, and has retrospectively applied the standards to the year ended September 30, 2018. The retrospective application had no effect on the 2018 increase in net assets.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and 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.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers equivalent to cash all money market funds and other deposits with an original maturity of ninety days or less from date of purchase. Cash equivalents are stated at cost which approximates market.

Certificates of Deposit

Certificates of deposit consist of the following as of September 30, 2019:

Certificate at 2.50%, Maturing 12/01/19	\$134,422
Certificate at 2.30%, Maturing 12/03/19	102,768
Certificate at 2.30%, Maturing 12/08/19	102,946
Certificate at 2.40%, Maturing 01/04/20	100,795
Certificate at 2.30%, Maturing 02/09/20	100,760
Certificate at 2.00%, Maturing 02/12/20	100,000
Certificate at 2.40%, Maturing 12/07/20	<u>100,599</u>
Total Certificates of Deposit	<u>\$742,290</u>

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized when the promise is received. Contributions are reported at net realizable value. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises to give. As of September 30, 2019, there are no contributions receivable.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventory

Inventory consists of merchandise held for sale which primarily includes books and clothing. Inventory is stated at the lower of cost or net realizable value and is accounted for on a first-in, first-out basis.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost when purchased, or if donated, at their estimated fair market value at date of donation. All acquisitions of property and equipment in excess of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets. Depreciation expense for the year ended September 30, 2019 is \$7,130.

Investment Policy

The primary investment objective of the Organization is to maintain a high quality portfolio that preserves principal, meets liquidity needs and delivers a suitable return based on market conditions and relative benchmarks. The Board of Directors oversees investment performance and has the discretion to change the investment objectives.

Support and Revenue Recognition

Support and revenue, including investment income, is recorded as without donor restriction, or with donor restriction depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restriction are reclassified to net assets without restriction and reported in the statement of activities as release from restriction. Support that is restricted by the donor is reported as an increase in net assets without donor restriction, if the restriction expires in the same reporting period in which the support is recognized.

Functional Allocation of Expenses

Expenses are allocated among program and support services directly or on the basis of time and utilization estimates made by management. General and administrative expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services and Assets

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased. The value of those services is included in the financial statements as in-kind contribution with an offsetting in-kind expense.

Donated marketable securities and other noncash assets are recorded as contributions at their fair values at the date of donation. Donated assets that do not meet the Organization's investment guidelines are liquidated as soon as possible after the date of donation.

For the year ended September 30, 2019, the Organization recognized \$2,700 of donated internet and server hosting fees, which are included in outside services.

Shipping and Handling

Shipping and handling costs are incurred in connection with the sale of merchandise, as well as informational materials. These costs are expensed as they are incurred. For the year ended September 30, 2019, \$17,304 of shipping and handling costs is included in cost of sales.

Income Tax Status

Free Software Foundation, Inc. is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code, and, accordingly, no provision for income taxes is included in the financial statements. The Organization qualifies for the charitable contribution deduction for individuals under the Internal Revenue Code.

Under the *Income Taxes* accounting standard, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not the position will be sustained. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through August 6, 2020, the date the financial statements were available to be issued. See note 10.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary source of support is from contributions. The Organization has a policy to manage its liquidity and reserves by following three principal guidelines, which include operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term goals will be met. The following reflects the Organization's financial assets as of September 30, 2019.

Cash and Cash Equivalents	\$ 2,220,870
Certificates of Deposit	<u>742,290</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 2,963,160</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30, 2019:

Office Furniture and Equipment	\$ 104,643
Leasehold Improvements	22,570
Less: Accumulated Depreciation	<u>(99,428)</u>
Property and Equipment, Net	<u><u>\$ 27,785</u></u>

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with the *Fair Value Measurement* standard, the Organization measures its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The standards establish a fair value hierarchy that prioritizes the inputs and assumptions used to measure fair value.

This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets, Level 2 inputs consist of inputs other than quoted prices that are observable for the asset either directly or indirectly, including in markets that are not considered to be active, and Level 3 consists of inputs that are unobservable and which require significant judgment or estimation. A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The inputs and methodology used for valuing the investments are not indicators of the risks associated with those instruments.

The following table presents the fair value hierarchy for those financial assets measured at fair value on a recurring basis as of September 30, 2019:

Description	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
Mutual Funds	\$ 84,820	\$ -	\$ -	\$ 84,820
Commodity Funds	<u>73,568</u>	<u>-</u>	<u>-</u>	<u>73,568</u>
Total Market Value	<u>\$ 158,388</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,388</u>

Investment performance during the years ended September 30, 2019 consists of:

Interest and Dividend Income	\$ 21,138
Realized and Unrealized Gain on Investments	<u>32,230</u>
Total Return on Investments	<u>\$ 53,368</u>

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 6 NET ASSETS WITH DONOR RESTRICTION

As of September 30, 2019, net assets with donor restriction are for Free Software projects that consist of the following:

GNU Related Projects	\$ 669,416
End Software Patents	28,190
SeaGL Project	34,718
Replicant Project	<u>200,072</u>
Total Net Assets With Donor Restrictions	<u>\$ 932,396</u>

During the year ended September 30, 2019, net assets released from prior year restriction is \$31,757. The released restrictions primarily relate to conferences associated with various projects.

NOTE 7 OPERATING LEASES

In August 2017, the Organization renewed its lease for office space in Boston, MA. The renewed lease commitment extends through August 2024. Monthly base rent is \$11,404 plus storage rental and a proportional share of real estate taxes and utilities, subject to increases each year as outlined in the lease agreement. The lease contains an early termination clause effective October 31, 2022 with a formula for termination consideration of \$24,382 plus various unamortized costs as outlined in the agreement. Rent and related utility expense under this lease for the year ended September 30, 2019 is \$121,959.

Future minimum lease commitments under all leases are as follows for the years ending September 30:

2020	\$ 139,666
2021	142,888
2022	146,114
2023	149,340
2024	139,609

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 8 RETIREMENT SAVINGS PLAN

The Organization offers all employees the opportunity to participate in its 403(b) Plan. The Plan allows employees to defer a maximum of 10% of their annual compensation on a pre-tax basis for retirement. Under the terms of the Plan, the Organization contributes a maximum of 3% of an eligible employee's contribution. The Organization contributed \$263 to employee accounts during the year ended September 30, 2019.

NOTE 9 CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Organization maintains its cash and certificate of deposit balances in various financial institutions in Massachusetts. The amount insured by the Federal Deposit Insurance Corporation is \$250,000 per bank. At September 30, 2019, the uninsured cash balances were approximately \$2,110,000.

During fiscal year 2019, the Organization recognized contribution income from one donor totaling \$600,000 which represented 27% of the total support and revenue recognized during the year.

The Organization has significant investments in mutual and commodity funds and is therefore subject to concentrations of credit risk. Though the market value of investments is subject to significant fluctuations, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization's non-management employees are members of the United Automobile Aerospace and Agricultural Implement Workers of America Local #1596 (UAW) Union. The Organization's contract with the UAW Union is renegotiated periodically.

FREE SOFTWARE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

(Continued)

NOTE 10 SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary cancellation of group gatherings and travel. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of cancelled programs. As such, the Organization expects this matter to negatively impact its September 30, 2020 financial performance. However, the related financial impact and duration cannot be reasonably estimated at this time.

In an effort to mitigate the uncertainty of the COVID-19 pandemic, the Organization received a loan in the amount of \$220,200 under the Paycheck Protection Program (PPP) on April 21, 2020. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. It is anticipated that the loan proceeds of the Payroll Protection Program will be primarily used for payroll expenses and that the loan will qualify for forgiveness under the CARES Act. In the event that some portion of this loan does not qualify for forgiveness, monthly payments of principal and interest at 1% will commence on November 21, 2020 through April 21, 2022.