

PHILANTHROPY NETWORK GREATER PHILADELPHIA

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

DECEMBER 31, 2020

PHILANTHROPY NETWORK GREATER PHILADELPHIA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Board of Directors
Philanthropy Network Greater Philadelphia
Philadelphia, Pennsylvania**

We have audited the accompanying financial statements of Philanthropy Network Greater Philadelphia (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

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 includes 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 of our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Philanthropy Network Greater Philadelphia as of December 31, 2020, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Philanthropy Network Greater Philadelphia's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
May 27, 2021**

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF FINANCIAL POSITION

December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 754,529	\$ 671,602
Dues and Grants Receivable	93,325	33,600
Prepaid Expenses	<u>61,418</u>	<u>7,927</u>
Total Current Assets	909,272	713,129
PROPERTY AND EQUIPMENT, Net	<u>18,159</u>	<u>17,259</u>
Total Assets	<u>\$ 927,431</u>	<u>\$ 730,388</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 31,467	\$ 58,719
Deferred Revenue	19,750	-
Deferred Rent	4,363	-
Refundable Advance (<i>Note 7</i>)	<u>98,283</u>	<u>-</u>
Total Liabilities	<u>153,863</u>	<u>58,719</u>
NET ASSETS		
Without Donor Restrictions		
Board-Designated Operating Reserve	331,500	316,705
Undesignated	<u>196,677</u>	<u>68,037</u>
Total Without Donor Restrictions	528,177	384,742
With Donor Restrictions	<u>245,391</u>	<u>286,927</u>
Total Net Assets	<u>773,568</u>	<u>671,669</u>
Total Liabilities and Net Assets	<u>\$ 927,431</u>	<u>\$ 730,388</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF ACTIVITIES

Year Ended December 31, 2020 With Summarized Information For 2019

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Member Dues	\$ 515,256	\$ 85,775	\$ 601,031	\$ 501,600
Fees, Sponsorships and Other	190,273	4,000	194,273	245,293
Grants	88,725	846,150	934,875	507,030
Program Service	342,400	-	342,400	75,000
Interest	3,088	-	3,088	2,194
	<u>1,139,742</u>	<u>935,925</u>	<u>2,075,667</u>	<u>1,331,117</u>
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	944,761	(944,761)	-	-
Expiration of Time Restrictions	32,700	(32,700)	-	-
Net Assets Released from Restrictions	<u>977,461</u>	<u>(977,461)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>2,117,203</u>	<u>(41,536)</u>	<u>2,075,667</u>	<u>1,331,117</u>
EXPENSES				
Program Services				
Educational Programs	185,233	-	185,233	130,762
Communication and Member Services	164,206	-	164,206	176,717
Equity in Philanthropy	61,932	-	61,932	179,500
Covid-19 Data Dashboard	366,857	-	366,857	-
Philanthropy Hub	-	-	-	37,580
Rebuild Loan Fund/Impact Invest	-	-	-	36,688
Greater Philadelphia Extra Curricular Collaborative	48,954	-	48,954	-
Rebuild Initiative	60,352	-	60,352	121,887
Mission Aligned Investing	54,160	-	54,160	-
Corporate Philanthropy Research	-	-	-	71,177
2020 Census Action Funds	673,457	-	673,457	363,841
Total Program Services	<u>1,615,151</u>	<u>-</u>	<u>1,615,151</u>	<u>1,118,152</u>
Supporting Services				
Community Outreach and Recruitment	143,325	-	143,325	232,463
Management and General	215,292	-	215,292	163,724
Total Supporting Services	<u>358,617</u>	<u>-</u>	<u>358,617</u>	<u>396,187</u>
Total Expenses	<u>1,973,768</u>	<u>-</u>	<u>1,973,768</u>	<u>1,514,339</u>
CHANGE IN NET ASSETS	143,435	(41,536)	101,899	(183,222)
NET ASSETS				
Beginning of year	<u>384,742</u>	<u>286,927</u>	<u>671,669</u>	<u>854,891</u>
End of year	<u>\$ 528,177</u>	<u>\$ 245,391</u>	<u>\$ 773,568</u>	<u>\$ 671,669</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020 (With Comparative Totals For The Year Ended December 31, 2019)

	Educational Programs	Communication And Member Services	Equity In Philanthropy	Covid-19 Data Dashboard	Greater Philadelphia Extracurricular Collaborative	Rebuild Initiative	Mission Aligned Investing	2020 Census Action Funds	Total Program Services	Community Outreach And Recruitment	Management And General	2020 Total	2019 Total
Salaries	\$ 98,087	\$ 104,171	\$ 34,674	\$ 21,115	\$ 17,452	\$ 12,140	\$ 14,834	\$ 26,731	\$ 329,204	\$ 55,256	\$ 94,359	\$ 478,819	\$ 473,913
Payroll Taxes	7,212	7,659	2,549	1,552	1,283	893	1,091	1,965	24,204	4,063	7,461	35,728	35,576
Employee Benefits	14,772	15,688	5,222	3,180	2,628	1,828	2,234	4,026	49,578	8,321	15,282	73,181	70,371
Total Personnel	120,071	127,518	42,445	25,847	21,363	14,861	18,159	32,722	402,986	67,640	117,102	587,728	579,860
Accounting, Audit and Legal Fees	-	-	-	-	-	-	-	-	-	-	45,500	45,500	27,664
Other Consulting Fees	31,620	-	12,500	336,400	22,000	42,974	31,250	1,868	478,612	-	11,650	490,262	307,692
Copy and Printing Fees	132	154	29	19	23	11	20	33	421	55	130	606	5,997
Equipment Lease	1,413	1,646	313	207	251	113	213	351	4,507	585	1,387	6,479	6,370
Grants to Other Organizations	-	-	-	-	-	-	-	631,039	631,039	-	-	631,039	341,221
Insurance	957	1,115	212	140	170	76	144	238	3,052	396	940	4,388	4,656
Meeting Expenses	1,608	-	-	-	-	-	-	-	1,608	33,950	118	35,676	73,143
Miscellaneous	567	661	126	83	101	45	86	141	1,810	738	557	3,105	3,033
Office Supplies	875	505	96	63	77	35	65	108	1,824	179	426	2,429	5,558
On-Line Services	4,550	5,300	1,010	666	808	363	686	1,131	14,514	1,883	4,467	20,864	29,391
Postage and Delivery	99	115	22	14	18	8	15	25	316	41	97	454	170
Program Services	-	-	-	-	-	-	-	-	-	28,197	-	28,197	17,898
Rent	13,379	15,586	2,969	1,959	2,375	1,069	2,019	3,325	42,681	5,537	13,137	61,355	56,851
Staff and Professional Development	1,785	2,080	396	261	317	143	269	444	5,695	739	11,753	18,187	11,359
Dues and Subscriptions	3,202	3,730	711	469	568	256	483	796	10,215	1,325	3,144	14,684	15,414
Telephone	1,952	2,274	433	286	346	156	295	485	6,227	808	1,916	8,951	4,118
Travel and Accommodations	245	286	54	36	44	20	37	61	783	102	241	1,126	4,932
Website and Information Technology	1,488	1,733	330	218	264	119	224	370	4,746	616	1,461	6,823	10,623
Total Before Depreciation	183,943	162,703	61,646	366,668	48,725	60,249	53,965	673,137	1,611,036	142,791	214,026	1,967,853	1,505,950
Depreciation	1,290	1,503	286	189	229	103	195	320	4,115	534	1,266	5,915	8,389
Total Expenses	<u>\$ 185,233</u>	<u>\$ 164,206</u>	<u>\$ 61,932</u>	<u>\$ 366,857</u>	<u>\$ 48,954</u>	<u>\$ 60,352</u>	<u>\$ 54,160</u>	<u>\$ 673,457</u>	<u>\$ 1,615,151</u>	<u>\$ 143,325</u>	<u>\$ 215,292</u>	<u>\$ 1,973,768</u>	<u>\$ 1,514,339</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

STATEMENTS OF CASH FLOWS

Year Ended December 31, 2020 And 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$101,899	\$(183,222)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	5,915	8,389
(Increase) Decrease in Assets		
Dues and Grants Receivable	(59,725)	281,800
Prepaid Expenses	(53,491)	20,795
Increase (Decrease) in Liabilities:		
Accounts payable	(5,325)	(45,788)
Accrued Expenses	(21,927)	34,980
Deferred Revenue	19,750	-
Deferred Rent	4,363	(2,451)
Refundable Advance	<u>98,283</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>89,742</u>	<u>114,503</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	<u>(6,815)</u>	<u>(3,305)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	82,927	111,198
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>671,602</u>	<u>560,404</u>
End of year	<u>\$754,529</u>	<u>\$ 671,602</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 And 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Philanthropy Network Greater Philadelphia (the “*Network*”) was incorporated on July 27, 1988 under the laws of the Commonwealth of Pennsylvania. The Network is an association of grant makers in Greater Philadelphia and surrounding areas that works actively to help philanthropy strengthen and improve the health and vitality of our communities. The Network seeks to increase the impact and effectiveness of philanthropy by serving as a forum for learning and networking; a resource on information for and about the regions grant makers; and a voice to encourage and advocate for philanthropy. Revenue is derived primarily from members’ dues, fees, and grants.

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting. The Network reports contributions as net assets with or without donor restrictions depending upon the existence and/or nature of any donor stipulations that limit their use. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. The board of directors has designated funds to be maintained as an operating reserve. The operating reserve represents four months of expenses as reflected in the annual operating budget.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by actions of the Network and/or the passage of time. When the stipulated time restriction ends, or the purpose of the restriction is accomplished, these assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Net assets to be held in perpetuity are subject to donor-imposed stipulations that are required to be maintained permanently by the Network. There are no net assets to be held in perpetuity at December 31, 2020 and 2019.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

CASH AND CASH EQUIVALENTS

The Network considers all cash and other highly liquid instruments with initial maturities of three months or less to be cash equivalents.

CONCENTRATION OF CREDIT RISK

The Network occasionally maintains deposits in excess of federally insured limits. Accounting Standards Codification (“*ASC*” 825, “*Financial Instruments*”) identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

PROPERTY AND EQUIPMENT AND DEPRECIATION

Expenditures for property and equipment in excess of \$1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives ranging from 5 to 7 years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

GRANTS AND MEMBER DUES

Grants, including unconditional promises to give, are recognized as revenue in the period received. Grants that are restricted by the donor are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions.

Member dues follow contribution accounting as dues represent a nonreciprocal transfer by the members to support the overall goals and objectives of the Network. Therefore, payment of dues in advance for a subsequent period are treated as an increase in net assets with donor restrictions and released into without donor restrictions when the year commences.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs, including salaries, benefits, and occupancy expenses, have been allocated based on time and effort among the programs and supporting services benefitted.

INCOME TAXES

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and has been classified as a public charity under Section 501(a)(1) of the Code.

Management has reviewed the tax positions for each of the open tax years (2017 - 2019) or expected to be taken in the Network’s 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

FEE REVENUE

Revenue from conference and program registrations is recognized when control of the services provided is transferred to the recipient, in an amount that reflects the consideration the Network expects to be entitled in exchange for those services.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the statement of financial position and disclosing key information about leasing arrangements. The ASU is effective for private entities for fiscal years beginning after December 15, 2021. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. The Network plans to adopt the new ASU at the required implementation date.

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

PRIOR YEAR SUMMARIZED FINANCIAL 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Network's financial statements for the year ended December 31, 2019, from which the summarized information was derived. Certain amounts in the prior year financial statements were reclassified to conform to the current year presentation.

(2) PROPERTY AND EQUIPMENT

Property and equipment at December 31, consisted of the following:

	<u>2020</u>	<u>2019</u>
Property and Equipment	\$ 67,435	\$ 60,620
Less: Accumulated Depreciation	<u>49,276</u>	<u>43,361</u>
Total Property and Equipment	<u>\$ 18,159</u>	<u>\$ 17,259</u>

(3) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are detailed as follows:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specific Purpose:		
Convergence Partnership Grant	\$ 6,456	\$ 6,456
Equity in Philanthropy	-	77,624
Greater Philadelphia Extracurricular Collaborative	18,000	-
Diversity, Equity and Inclusion	11,211	36,211
Mission Aligned Investing	64,000	-
Rebuild Initiative	26,299	86,807
Philly/Montco/Delco Counts	-	8,279
Capacity Building	-	8,200
Census Programming	<u>-</u>	<u>1,250</u>
Total	<u>125,966</u>	<u>224,827</u>
Subject to Passage of Time:		
Future Year Member Dues Received in Current Year	85,775	15,900
Future Year Grants and Sponsorships Received in Current Year	<u>33,650</u>	<u>46,200</u>
Total	<u>119,425</u>	<u>62,100</u>
Total Net Assets with Donor Restrictions	<u>\$ 245,391</u>	<u>\$ 286,927</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time, as follows:

	<u>2020</u>	<u>2019</u>
Purpose Restrictions Accomplished:		
Covid-19 Data Dashboard	\$ 30,000	\$ -
Equity in Philanthropy	77,624	156,876
Philanthropy Hub	-	16,317
Greater Philadelphia Extracurricular Collaborative	22,000	-
Diversity, Equity and Inclusion	25,000	15,000
Rebuild Loan Fund/Impact Invest	-	19,358
Mission Aligned Investing	16,000	-
Rebuild Initiative	60,508	121,689
Philly/Montco/Delco Counts	694,179	378,721
Capacity Building	8,200	-
Census Programming	1,250	2,500
Leadership Development	<u>10,000</u>	<u>-</u>
	<u>944,761</u>	<u>710,461</u>
Time Restrictions Expired:		
Release of Current Year Member Dues Received in Previous Year	15,900	33,325
Future Year Grants and Sponsorships Received in Current Year	<u>16,800</u>	<u>26,525</u>
Total	<u>32,700</u>	<u>59,850</u>
Total Restrictions Released	<u>\$ 977,461</u>	<u>\$ 770,311</u>

(4) OPERATING LEASES

The Network has an operating lease for office space through November 30, 2021. In connection with this lease, the Network subleases office space on a month-to-month basis which may be terminated with 30 days' notice. Rent expense for the year ended December 31, 2020 and 2019 was \$59,155 and \$53,550, respectively (net of sublease income of \$2,200 and \$3,300 for 2020 and 2019).

Future minimum lease payments under the noncancelable operating lease as of December 31, 2020, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	<u>\$50,518</u>

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(5) RETIREMENT PLAN

The Network maintains an Employer-Sponsored 403(b) Tax-Sheltered Annuity Plan. Employees are eligible to participate in the plan through elected salary reduction contributions upon employment. However, with respect to employer contributions, an employee is eligible upon completing one year of service. The Network matches 50% of employee contributions to the plan up to 2% of the employees' annual compensation. Additionally, the Network may make a discretionary contribution to plan participants. Employer contributions to the 403(b) plan vest 33-1/3% per year over three years. Employer contributions to the plan for the year ended December 31, 2020 and 2019 were \$19,253 and \$16,930, respectively.

(6) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Network strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments. As part of the Network's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due.

The following table reflects the Network's financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions. Amounts not available to meet general expenditures within one year include net assets with donor and/or contractual restrictions, and board operating reserves.

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents	\$ 754,529	\$ 671,602
Dues and Grants Receivable (due within one year)	<u>93,325</u>	<u>33,600</u>
Total financial assets	847,854	705,202
Less:		
Net assets with donor restrictions	(245,391)	(286,927)
Board designated operating reserve	<u>(331,500)</u>	<u>(316,705)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 270,963</u>	<u>\$ 101,570</u>

The board designated operating reserves could be made available, if necessary, with board authorization.

PHILANTHROPY NETWORK GREATER PHILADELPHIA

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2020 And 2019

(7) COVID-19 AND REFUNDABLE ADVANCE/PAYROLL PROTECTION PROGRAM

In December 2019, a novel strain of the coronavirus (“COVID-19”) was reported in China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern”. This outbreak will affect virtually every industry and has created volatility in the stock markets throughout the world. Many federal and state governments have implemented numerous restrictions, mandated various closures and quarantine requirements in connection with the COVID-19 outbreak. The extent of the impact of COVID-19 on the Network’s operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Network’s funders, donors, employees and vendors, all of which are uncertain and cannot be predicted.

On May 7, 2020, the Network received a \$98,283 loan under the Small Business Administration’s (“SBA”) Paycheck Protection Program (the “PPP Loan”). The Network considers this to be a conditional contribution and it expects to meet the criteria for loan forgiveness. The Network considers the incurrence of eligible expenses and the acceptance of its application for forgiveness by the SBA to be barriers in the PPP Loan agreement and as such, will recognize contribution income when these conditions are substantially met. If such conditions are not met, the Network is required to repay the PPP Loan in two years from the date of the agreement at a 1% annual interest rate. On March 3, 2021, the Network was notified that the loan was forgiven by the SBA.

(8) SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the date that the financial statements were available for issuance, May 27, 2021, have been evaluated in the preparation of the financial statements.