

ONLY MAKE BELIEVE, INC.

**Financial Statements
for the years ended
December 31, 2020
and
December 31, 2019**

Independent Auditor's Report

To the Board of Directors
Only Make Believe, Inc.

We have audited the accompanying financial statements of Only Make Believe, Inc. which comprise the statement of financial position as of December 31, 2020 and December 31, 2019 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

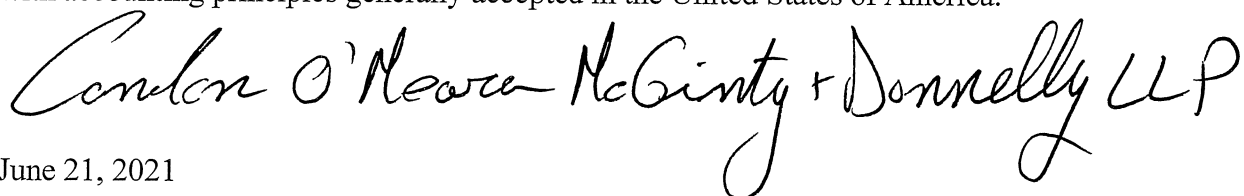
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Only Make Believe, Inc. as of December 31, 2020 and December 31, 2019 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



June 21, 2021

ONLY MAKE BELIEVE, INC.

Statement of Financial Position

Assets

	December 31	
	2020	2019
Current assets		
Cash	\$1,114,543	\$ 958,691
Investments, at fair value	1,152,101	1,124,900
Contributions receivable	24,800	47,165
Prepaid expenses	6,578	16,786
Total current assets	2,298,022	2,147,542
Security deposits	23,253	23,253
Property and equipment, at cost		
Furniture and equipment	46,108	46,108
Website	16,090	16,090
Total property and equipment	62,198	62,198
Less: accumulated depreciation	52,442	47,856
Net property and equipment	9,756	14,342
Total assets	\$2,331,031	\$2,185,137

Current Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 37,756	\$ 41,949
Net assets		
Without donor restrictions		
Board designated	300,000	300,000
Undesignated	1,893,275	1,774,488
Total without donor restrictions	2,193,275	2,074,488
With donor restrictions	100,000	68,700
Total net assets	2,293,275	2,143,188
Total current liabilities and net assets	\$2,331,031	\$2,185,137

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Activities

	Year Ended December 31			
	2020		2019	
	Without Donor Restrictions	Total	Without Donor Restrictions	Total
Public support and revenue				
Contributions and grants	\$ 536,832	\$ 923,197	\$ 348,010	\$ 198,356
Special events, net of direct expenses of \$15,071 in 2020 and \$129,275 in 2019	463,444	463,444	980,820	-
Investment return	27,486	27,486	26,426	-
Net assets released from restrictions	355,065	-	185,361	(185,361)
Total public support and revenue	1,382,827	1,414,127	1,540,617	12,995
Expenses				
Program services	858,573	858,573	989,374	-
Supporting activities				
Management and general	279,061	279,061	236,842	-
Fundraising	126,406	126,406	191,297	-
Total supporting activities	405,467	405,467	428,139	-
Total expenses	1,264,040	1,264,040	1,417,513	-
Increase in net assets	118,787	150,087	123,104	12,995
Net assets, beginning of year	2,074,488	2,143,188	1,951,384	55,705
Net assets, end of year	\$ 2,193,275	\$ 2,293,275	\$ 2,074,488	\$ 68,700
				\$ 2,143,188

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

(with Summarized Totals for the Year Ended December 31, 2019)

	<u>2020</u>			<u>2019</u>	
	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>	<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 599,710	\$ 106,007	\$ 100,089	\$ 805,806	\$ 769,343
Employee benefits and payroll taxes	98,408	100,184	-	198,592	185,620
Depreciation	-	4,586	-	4,586	4,586
Indirect events benefit – consulting, technology and other	-	-	9,893	9,893	94,597
Insurance	-	10,407	-	10,407	10,444
Marketing	-	-	-	-	1,716
Meals and entertainment	1,330	86	-	1,416	2,279
Occupancy	79,016	29,618	11,292	119,926	119,879
Other	6,966	676	96	7,738	9,858
Postage	2,534	397	145	3,076	2,866
Printing and publication	1,148	46	-	1,194	808
Professional fees	30,982	21,097	3,413	55,492	102,880
Subscriptions, dues and fees	7,638	1,371	259	9,268	9,268
Supplies	17,764	1,554	321	19,639	48,426
Telephone, internet and webhosting	6,408	1,431	716	8,555	6,753
Travel	6,669	1,601	182	8,452	48,190
Total	<u>\$ 858,573</u>	<u>\$ 279,061</u>	<u>\$ 126,406</u>	<u>\$1,264,040</u>	<u>\$1,417,513</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.
Statement of Functional Expenses
Year Ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and wages	\$ 625,768	\$ 73,490	\$ 70,085	\$ 769,343
Employee benefits and payroll taxes	92,714	92,807	99	185,620
Depreciation	-	4,586	-	4,586
Indirect events benefit – consulting, technology and other	-	-	94,597	94,597
Insurance	-	10,444	-	10,444
Marketing	1,652	-	64	1,716
Meals and entertainment	966	563	750	2,279
Occupancy	76,161	26,140	17,578	119,879
Other	7,829	1,985	44	9,858
Postage	2,243	478	145	2,866
Printing and publication	808	-	-	808
Professional fees	85,180	11,893	5,807	102,880
Subscriptions, dues and fees	7,669	1,191	408	9,268
Supplies	42,200	5,489	737	48,426
Telephone, internet and webhosting	4,693	1,232	828	6,753
Travel	41,491	6,544	155	48,190
Total	<u>\$ 989,374</u>	<u>\$ 236,842</u>	<u>\$ 191,297</u>	<u>\$1,417,513</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 150,087	\$ 136,099
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	4,586	4,586
Donated securities	(86,074)	(90,822)
Proceeds from sale of donated securities	86,358	90,822
Net realized (gain) on sale of investments	(244)	-
Unrealized (gain) loss on investments	(4,716)	3,867
(Increase) decrease in contributions receivable	22,365	(24,460)
(Increase) decrease in prepaid expenses	10,208	(9,870)
Increase (decrease) in accounts payable and accrued expenses	<u>(4,193)</u>	<u>11,966</u>
Net cash provided by operating activities	<u>178,377</u>	<u>122,188</u>
Cash flows from investing activities		
Net change in money market funds	(532)	24,137
Net change in certificates of deposit and corporate bond	(21,993)	231,369
Purchases of property and equipment	<u>-</u>	<u>(16,818)</u>
Net cash provided by (used in) investing activities	<u>(22,525)</u>	<u>238,688</u>
Net increase in cash	155,852	360,876
Cash, beginning of year	<u>\$ 958,691</u>	<u>597,815</u>
Cash, end of year	<u>\$ 1,114,543</u>	<u>\$ 958,691</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.**Notes to Financial Statements
December 31, 2020 and December 31, 2019****Note 1 – Nature of organization**

Only Make Believe, Inc. (“OMB”) is a unique interactive program that delivers the magical world of theater to children living with chronic illnesses in New York City medical facilities. OMB started in October 1999 as a project of The James and Dena Hammerstein Foundation. It is dedicated to the principle that freeing a child’s creative spirit is a valuable part of the healing process. Each child takes an active part in creating a world of fantasy and fun that transcends the boundaries of the hospital walls, and as a result they are able to gain a new sense of self-esteem and joy. Combining the magic of theater with the power of a child’s imagination enables them for the first time to see a world of possibilities rather than disabilities.

Fulfilling its vision to provide its program to as many children as possible, OMB replicated its model to facilities in Washington D.C.

Note 2 – Summary of significant accounting policies**Basis of presentation**

The financial statements of OMB have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Net assets

Under GAAP, OMB’s net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations and are expendable for any purpose in performing the primary objectives of OMB. The Board has designated \$300,000 of net assets without donor restrictions as an operating reserve.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations that may or will be met either by actions of OMB and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

Contributions

Contributions are recognized when the donor makes a promise to give to OMB, that is, in substance, unconditional. Contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a donor-imposed restriction is accomplished, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

ONLY MAKE BELIEVE, INC.**Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019****Note 2 – Summary of significant accounting policies (continued)**Allowance for doubtful accounts

OMB deems all receivables to be collectible and, accordingly, an allowance for doubtful accounts is not necessary. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Investments

Investments are recorded at fair value based on publicly quoted market prices. Net realized gains or losses on the sale of investments and changes in unrealized gain (loss) on investments are recorded in the statement of activities as increases or decreases in net assets.

Fair value measurements

For assets measured at fair value on a recurring basis, accounting standards require quantitative disclosure about the fair value measurement separately for each major class of assets. OMB's investments have been classified in the highest level of hierarchy (Level 1). The fair value of the investments are based on quoted prices in active markets for identical assets.

Property and equipment

Property and equipment are recorded at cost. OMB capitalizes expenditures above a nominal amount and that have a useful life greater than one year. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets ranging from 3-5 years.

Functional expenses

The costs of providing the various programs and other supporting activities of OMB have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services classifications on the basis of periodic time and expense studies and other bases as determined by management of OMB to be appropriate.

Concentrations of credit risk

OMB's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. OMB places its cash and cash equivalents with what it believes to be a quality financial institution. OMB has not experienced any losses in such accounts to date. OMB's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of investments reported in the statement of financial position at December 31, 2020. Management monitors its receivables, on an ongoing basis, and deems them to be collectible. Accordingly, OMB believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivables.

ONLY MAKE BELIEVE, INC.

Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019

Note 2 – Summary of significant accounting policies (continued)

Use of 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 amounts reported in the financial statements. Actual results could differ from these estimates.

Risks and uncertainties

On March 13, 2020, a national emergency was declared due to extraordinary circumstances resulting from the novel coronavirus 2019 (COVID-19) pandemic. As a direct result of this executive order and in response to previously and subsequently issued State and Local Government guidelines, OMB's programming activities, facilities and operations were limited and subject to restrictions set forth by State and Local Government. Management believes that the COVID-19 pandemic may have an impact on its financial condition, results of operations and outlook for year ending December 31, 2021. The extent to which the COVID-19 pandemic may impact business activity and OMB's operations will depend on future developments, which are uncertain and cannot be predicted. The Board of Directors is closely monitoring developments as made available to assess the impact on OMB.

Subsequent events

OMB has evaluated events and transactions for potential recognition or disclosure through June 21, 2021, which is the date the financial statements were available to be issued.

Note 3 – Liquidity and availability of financial assets

OMB's working capital and cash flows have seasonal variations during the year attributable to the annual gala receipts and other donations. The following is a summary of OMB's financial assets as of December 31, 2020 and December 31, 2019, reduced by amounts not available for general use within one year of the statement of financial position date due to donor restrictions and internal Board designations:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,114,543	\$ 958,691
Investments, at fair value	1,152,101	1,124,900
Contributions receivable	<u>24,800</u>	<u>47,165</u>
Sub-total	2,291,444	2,130,756
Less: Assets with donor restrictions	(100,000)	(68,700)
Assets designated by the Board	<u>(300,000)</u>	<u>(300,000)</u>
Total	<u>\$ 1,891,444</u>	<u>\$ 1,762,056</u>

ONLY MAKE BELIEVE, INC.

Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019

Note 4 – Contributions receivable and fundraising benefit

Contributions received are unconditional promises from external organizations/individuals to donate to OMB. At December 31, 2020, OMB's contributions receivable are expected to be collected during 2021. OMB's annual fundraising benefit, which is the primary source of event revenue, is conducted in November of each year. Proceeds are used throughout the year to fund hospital workshops and offset administrative expenses. Year-end cash on hand is directly impacted by this annual event.

Note 5 – Investments, at fair value

Investments consist of the following as of December 31, 2020 and December 31, 2019:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market fund	\$ 100,684	\$ 100,684	\$ 100,152	\$ 100,152
Certificates of deposit	767,568	767,568	278,575	278,608
Corporate bond	283,000	283,849	750,000	745,935
Common stock	-	-	40	205
Total	<u>\$ 1,151,252</u>	<u>\$ 1,152,101</u>	<u>\$ 1,128,767</u>	<u>1,124,900</u>

Investment return for the years ended December 31, 2020 and December 31, 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 22,526	\$ 30,293
Net realized gain on sale of investments	244	-
Unrealized gain (loss) on investments	4,716	(3,867)
Total	<u>\$ 27,486</u>	<u>\$ 26,426</u>

ONLY MAKE BELIEVE, INC.

Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019

Note 6 – Net assets with donor restrictions

The following is a summary of the activity of the net assets with donor restrictions for the years ended December 31, 2020 and December 31, 2019:

	Balance December 31, <u>2019</u>	Contributions and <u>Grants</u>	Net Assets Released from <u>Restrictions</u>	Balance December 31, <u>2020</u>
Disney Worldwide Services	\$ 25,000	\$ 105,000	\$ (30,000)	\$ 100,000
DC Commission on the Arts and Humanities	-	64,749	(64,749)	-
National Endowment for the Arts	-	20,000	(20,000)	-
National Endowment for the Arts (Covid-19 Relief Fund)	-	50,000	(50,000)	-
Harold & Mimi Steinberg Charitable Trust	15,000	15,000	(30,000)	-
New York State Council on the Arts	24,950	-	(24,950)	-
The Nora Roberts Foundation	-	6,000	(6,000)	-
Bloomberg Philanthropies	3,750	10,000	(13,750)	-
New York Community Trust	-	5,000	(5,000)	-
New York Community Trust (Covid-19 Relief Fund)	-	25,000	(25,000)	-
Isaak & Rose Weinman Foundation	-	15,000	(15,000)	-
NYC Department of Cultural Affairs	-	19,753	(19,753)	-
Neuberger Berman LLC	-	15,000	(15,000)	-
Elaine Dannheisser Foundation	-	30,000	(30,000)	-
City First Enterprises (Covid-19 Relief Fund)	-	3,363	(3,363)	-
Katten Muchin Roseman Foundation	-	2,500	(2,500)	-
Total	<u>\$ 68,700</u>	<u>\$ 386,365</u>	<u>\$ (355,065)</u>	<u>\$ 100,000</u>

ONLY MAKE BELIEVE, INC.

**Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019**

Note 6 – Net assets with donor restrictions (continued)

	Balance December 31, <u>2018</u>	Contributions and <u>Grants</u>	Net Assets Released from <u>Restrictions</u>	Balance December 31, <u>2019</u>
Disney Worldwide Services	\$ 10,000	\$ 25,000	\$ (10,000)	\$ 25,000
DC Commission on the Arts and Humanities	20,705	18,456	(39,161)	-
National Endowment for the Arts	-	15,000	(15,000)	-
Harold & Mimi Steinberg Charitable Trust	25,000	30,000	(40,000)	15,000
New York State Council on the Arts	-	49,900	(24,950)	24,950
The Nora Roberts Foundation	-	6,000	(6,000)	-
Bloomberg Philanthropies	-	12,500	(8,750)	3,750
Morrison & Forester Foundation	-	5,000	(5,000)	-
Isaak & Rose Weinman Foundation	-	10,000	(10,000)	-
Broadway Cares/Equity Fights Aids, Inc.	-	6,500	(6,500)	-
Kendall Family Foundation	-	10,000	(10,000)	-
Elaine Dannheisser Foundation	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Total	<u>\$ 55,705</u>	<u>\$ 198,356</u>	<u>\$ (185,361)</u>	<u>\$ 68,700</u>

Note 7 – Paycheck Protection Program

2020 Paycheck Protection Program

During 2020, OMB received proceeds of \$212,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying organizations for amounts up to 2.5 times average monthly payroll expenses. The loan and accrued interest are forgivable after up to 24 weeks if the proceeds are expended for eligible purposes including payroll, benefits, rent and utilities, and maintains its payroll levels.

OMB has expended the full amount of the loan on purposes consistent with the PPP and maintained its payroll levels. OMB has, therefore, qualified for and received full forgiveness of the loan and accrued interest on December 1, 2020. Management has recorded the full amount received under the PPP as public support and revenue in contributions and grants on the accompanying statement of activities for the year ended December 31, 2020.

2021 Paycheck Protection Program

During March 2021, OMB applied for and received a second draw under the PPP totaling \$212,100 at terms substantially similar to the first draw PPP received in 2020.

ONLY MAKE BELIEVE, INC.

**Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019**

Note 8 – Commitments

New York City Office

OMB has a five-year lease agreement for office space in New York City expiring on March 31, 2023. The lease required monthly payments of \$8,083 for the first year with 3.0% increases per annum thereafter. The lease required OMB to pay its proportional share of real estate taxes and to maintain a security deposit equal to three times the then prevailing monthly rental payment.

As of October 1, 2020, as a result of downsizing its office space, OMB entered into a lease modification agreement, which requires annual base rental payments as follows, payable in equal monthly installments: October 1, 2020 through September 30, 2021: \$64,167; October 1, 2021 through September 30, 2022: \$66,092; October 1, 2022 through March 31, 2023: \$34,037. In addition, OMB is required to pay monthly building charges totaling \$107 under the modified agreement. There were no changes to the security deposit requirement during the term of the modified agreement.

Washington, D.C. Office

OMB has license agreement, as a licensee, with a licensor that rents office space in Washington, D.C. The agreement requires a monthly license fee of \$788 and a monthly parking fee of \$225 through June 30, 2021. OMB has a security deposit of \$250 with the licensor.

As of December 31, 2020 the following are the required minimum annual payments on the above agreements:

<u>Year</u>	<u>Amount</u>
2021	\$ 72,013
2022	67,872
2023	<u>17,340</u>
Total	<u>\$ 157,225</u>

Note 9 – Donated services and supplies

OMB is the beneficiary of the efforts of hundreds of dedicated volunteers who assist in the running of its programs. The committed Costume Collective volunteers design and create the costumes that the children wear during every OMB performance. OMB also has gifted and talented artists and crafts people who design and create the props and costumes for the actors at no cost. OMB is also thankful to the OMB Buddy volunteers who provide assistance at the hospitals. These volunteers accompany the actor's onsite and help facilitate the program by pairing up with children who need extra assistance and/or special attention. Volunteers provided thousands of hours each year to support OMB's programs.

As these donated services do not meet the criteria for recognition as provided for in generally accepted accounting principles, they have not been included in the accompanying financial statements.

ONLY MAKE BELIEVE, INC.**Notes to Financial Statements (continued)
December 31, 2020 and December 31, 2019****Note 10 – 401(k) retirement plan**

OMB has a 401(k) retirement plan (the “Plan”) for the benefit of its employees. Eligible employees may contribute a portion of their salary, not to exceed limits established by the Internal Revenue Service. OMB also makes a matching contribution to the Plan. For the years ended December 31, 2020 and December 31, 2019, OMB made a matching contribution equal to an employee’s contribution, up to 3% of the employee’s gross salary. Total expense under this Plan was \$5,733 and \$12,755 in 2020 and 2019, respectively.

Note 11 – Tax status

OMB is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, OMB has been determined by the Internal Revenue Service to be a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code and not a private foundation. Donors are eligible to receive the maximum charitable tax deduction for contributions permitted under the Code.