

ONLY MAKE BELIEVE, INC.

**Financial Statements
for the years ended
December 31, 2022
and
December 31, 2021**

Independent Auditor's Report

To the Board of Directors
Only Make Believe, Inc.

Opinion

We have audited the accompanying financial statements of Only Make Believe, Inc. ("OMB") which comprise the statement of financial position as of December 31, 2022 and December 31, 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMB as of December 31, 2022 and December 31, 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial statements section of our report. We are required to be independent of OMB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, OMB has changed its method of accounting for operating leases as of January 1, 2022 due to the adoption of ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OMB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OMB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OMB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Condon O'Keefe McAinty + Donnelly LLP

April 12, 2023

ONLY MAKE BELIEVE, INC.

Statement of Financial Position

Assets

	December 31	
	2022	2021
Current assets		
Cash	\$ 646,411	\$ 942,949
Investments, at fair value	1,060,949	1,123,369
Accounts receivable	8,000	2,090
Contributions receivable	295,011	48,050
Prepaid expenses	11,492	14,909
Total current assets	2,021,863	2,131,367
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	58,835	55,471
Net property and equipment	3,363	6,727
Right-of-use asset – operating lease	341,547	-
Total assets	\$2,390,026	\$2,161,347

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 57,435	\$ 44,504
Current maturities of operating lease liability	73,470	-
Total current liabilities	130,905	44,504
Operating lease liability, net of current maturities	268,077	-
Total liabilities	398,982	44,504
Net assets		
Without donor restrictions		
Board designated	300,000	300,000
Undesignated	1,417,648	1,666,843
Total without donor restrictions	1,717,648	1,966,843
With donor restrictions	273,396	150,000
Total net assets	1,991,044	2,116,843
Total liabilities and net assets	\$2,390,026	\$2,161,347

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Activities

	Year Ended December 31					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue						
Contributions and grants	\$ 339,715	\$ 515,096	\$ 854,811	\$ 332,592	\$ 337,753	\$ 670,345
Special events, net of direct expenses of \$112,033 in 2022 and \$45,691 in 2021	253,843	-	253,843	189,475	-	189,475
Investment return	(26,126)	-	(26,126)	(28,478)	-	(28,478)
Other income	5,600	-	5,600	-	-	-
Net assets released from restrictions	<u>391,700</u>	<u>(391,700)</u>	<u>-</u>	<u>287,753</u>	<u>(287,753)</u>	<u>-</u>
Total public support and revenue	<u>964,732</u>	<u>123,396</u>	<u>1,088,128</u>	<u>781,342</u>	<u>50,000</u>	<u>831,342</u>
Expenses						
Program services	<u>890,007</u>	<u>-</u>	<u>890,007</u>	<u>698,901</u>	<u>-</u>	<u>698,901</u>
Supporting activities						
Management and general	225,926	-	225,926	193,254	-	193,254
Fundraising	<u>97,994</u>	<u>-</u>	<u>97,994</u>	<u>115,619</u>	<u>-</u>	<u>115,619</u>
Total supporting activities	<u>323,920</u>	<u>-</u>	<u>323,920</u>	<u>308,873</u>	<u>-</u>	<u>308,873</u>
Total expenses	<u>1,213,927</u>	<u>-</u>	<u>1,213,927</u>	<u>1,007,774</u>	<u>-</u>	<u>1,007,774</u>
Increase (decrease) in net assets	(249,195)	123,396	(125,799)	(226,432)	50,000	(176,432)
Net assets, beginning of year	<u>1,966,843</u>	<u>150,000</u>	<u>2,116,843</u>	<u>2,193,275</u>	<u>100,000</u>	<u>2,293,275</u>
Net assets, end of year	<u>\$ 1,717,648</u>	<u>\$ 273,396</u>	<u>\$ 1,991,044</u>	<u>\$ 1,966,843</u>	<u>\$ 150,000</u>	<u>\$ 2,116,843</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(with Summarized Totals for the Year Ended December 31, 2021)

	<u>2022</u>					<u>2021</u>
	<u>Program Services</u>	<u>Supporting Activities</u>			<u>Total</u>	<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Direct Costs of Special Events</u>		
Salaries and wages	\$ 484,246	\$ 82,928	\$ 49,360	\$ -	\$ 616,534	\$ 608,054
Employee benefits and payroll taxes	79,348	87,498	-	-	166,846	155,721
Catering and facility rental expenses	-	-	-	112,033	112,033	45,691
Depreciation	-	3,364	-	-	3,364	3,029
Indirect events benefit – consulting, technology and other	-	-	42,853	-	42,853	45,481
Insurance	26,907	-	-	-	26,907	14,093
Marketing	3,894	179	-	-	4,073	155
Meals and entertainment	18,985	70	-	-	19,055	611
Occupancy	65,366	21,166	-	-	86,532	75,288
Other	19,323	2,533	92	-	21,948	6,057
Postage	7,380	506	88	-	7,974	1,514
Printing and publication	903	-	-	-	903	-
Professional fees	75,805	11,835	-	-	87,640	49,615
Subscriptions, dues and fees	8,522	9,084	967	-	18,573	10,908
Supplies	43,621	4,918	205	-	48,744	16,557
Telephone, internet and webhosting	6,618	1,445	361	-	8,424	8,400
Travel	49,089	400	4,068	-	53,557	12,291
Total expenses	890,007	225,926	97,994	112,033	1,325,960	1,053,465
Less: expenses deducted directly on the statement of activities – direct costs of special events	-	-	-	(112,033)	(112,033)	(45,691)
Total expenses reported by function on the statement of activities	<u>\$ 890,007</u>	<u>\$ 225,926</u>	<u>\$ 97,994</u>	<u>\$ -</u>	<u>\$ 1,213,927</u>	<u>\$ 1,007,774</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Direct Costs of Special Events</u>	<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	\$ 457,721	\$ 84,178	\$ 66,155	\$ -	\$ 608,054
Employee benefits and payroll taxes	85,855	69,866	-	-	155,721
Catering and facility rental expenses	-	-	-	45,691	45,691
Depreciation	-	3,029	-	-	3,029
Indirect events benefit – consulting, technology and other	-	-	45,481	-	45,481
Insurance	14,093	-	-	-	14,093
Marketing	-	155	-	-	155
Meals and entertainment	283	328	-	-	611
Occupancy	57,043	18,245	-	-	75,288
Other	4,618	867	572	-	6,057
Postage	665	849	-	-	1,514
Professional fees	41,204	8,411	-	-	49,615
Subscriptions, dues and fees	9,599	1,309	-	-	10,908
Supplies	9,936	4,221	2,400	-	16,557
Telephone, internet and webhosting	6,344	1,713	343	-	8,400
Travel	<u>11,540</u>	<u>83</u>	<u>668</u>	<u>-</u>	<u>12,291</u>
Total expenses	698,901	193,254	115,619	45,691	1,053,465
Less: expenses deducted directly on the statement of activities – direct costs of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,691)</u>	<u>(45,691)</u>
Total expenses reported by function on the statement of activities	<u>\$ 698,901</u>	<u>\$ 193,254</u>	<u>\$ 115,619</u>	<u>\$ -</u>	<u>\$1,007,774</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
(Decrease) in net assets	\$ (125,799)	\$ (176,432)
Adjustments to reconcile (decrease) in net assets to net cash (used in) operating activities		
Depreciation	3,364	3,029
Donated securities	(20,978)	(21,094)
Proceeds from sale of donated securities	20,978	21,094
Amortization of right-of-use asset – operating lease	78,749	-
Unrealized loss on investments	28,188	34,251
(Increase) in accounts receivable	(5,910)	(2,090)
(Increase) in contributions receivable	(246,961)	(23,250)
(Increase) decrease in prepaid expenses	3,417	(8,331)
Increase in accounts payable and accrued expenses	12,931	6,748
Repayment of operating lease liability	(78,749)	-
Net cash (used in) operating activities	<u>(330,770)</u>	<u>(166,075)</u>
Cash flows from investing activities		
Net change in money market funds	38,939	(9)
Net change in certificates of deposit and corporate bond	<u>(4,707)</u>	<u>(5,510)</u>
Net cash provided by (used in) investing activities	<u>34,232</u>	<u>(5,519)</u>
Net (decrease) in cash	(296,538)	(171,594)
Cash, beginning of year	<u>942,949</u>	<u>1,114,543</u>
Cash, end of year	<u>\$ 646,411</u>	<u>\$ 942,949</u>

See notes to financial statements.

ONLY MAKE BELIEVE, INC.**Notes to Financial Statements
December 31, 2022 and December 31, 2021****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, expenses, 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, 2022 and December 31, 2021****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 of 5 years.

Adoption of FASB ASC 842, *Leases*

Effective January 1, 2022, OMB adopted FASB ASU No. 2016-02, Leases (Topic 842) ("ASC 842"). ASC 842 requires a lessee to recognize a right-of-use ("ROU") asset, which represents the right to control the use of a respective asset for the lease term, and a lease liability on the statement of financial position. OMB has elected to record ASC 842 in its financial statements as of the beginning of the year of adoption and has elected to include leases with terms longer than twelve months.

In connection with the adoption of ASC 842, OMB has recognized ROU assets and operating lease liabilities of \$420,296 as of January 1, 2022. OMB has determined that it is not material to discount its leases to their net present value. For the year ended December 31, 2022 the cash paid for the operating lease liability was \$78,749.

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.

ONLY MAKE BELIEVE, INC.

Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk

OMB's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and receivables. OMB places its cash with what it believes to be a quality financial institution. At times during the year, OMB's cash accounts were in excess of FDIC insurance limit. 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, 2022. 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, investments and receivables.

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.

Subsequent events

OMB has evaluated events and transactions for potential recognition or disclosure through April 12, 2023, 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, 2022 and December 31, 2021, 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>2022</u>	<u>2021</u>
Cash	\$ 646,411	\$ 942,929
Investments, at fair value	1,060,949	1,123,369
Accounts receivable	8,000	2,090
Contributions receivable	<u>295,011</u>	<u>48,050</u>
Sub-total	2,010,371	2,116,438
Less: Assets with donor restrictions	(273,396)	(150,000)
Assets designated by the Board	<u>(300,000)</u>	<u>(300,000)</u>
Total	<u>\$ 1,436,975</u>	<u>\$ 1,666,438</u>

ONLY MAKE BELIEVE, INC.

**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 4 – Contributions receivable and fundraising benefit

Contributions received are unconditional promises from external organizations/individuals to donate to OMB. 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, 2022 and December 31, 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money market fund	\$ 61,754	\$ 61,754	\$ 100,693	\$ 100,693
Certificates of deposit	4,785	4,785	78	78
Corporate bond	<u>1,056,000</u>	<u>994,410</u>	<u>1,056,000</u>	<u>1,022,598</u>
Total	<u>\$ 1,122,539</u>	<u>\$ 1,060,949</u>	<u>\$ 1,156,771</u>	<u>\$ 1,123,369</u>

Investment return for the years ended December 31, 2022 and December 31, 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 2,062	\$ 5,773
Unrealized (loss) on investments	<u>(28,188)</u>	<u>(34,251)</u>
Total	<u>\$ (26,126)</u>	<u>\$ (28,478)</u>

Note 6 – Paycheck Protection Program

During 2021, OMB applied for and received \$212,100 under the Paycheck Protection Program (PPP). The PPP was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (“SBA”). During November 2021, the PPP loan forgiveness application was approved by the SBA. The full amount received under the PPP during 2021 is included as public support and revenue in contributions and grants on the 2021 statement of activities.

ONLY MAKE BELIEVE, INC.

Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021

Note 7 – 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, 2022 and December 31, 2021:

	Balance December 31, <u>2021</u>	Contributions and <u>Grants</u>	Net Assets Released from <u>Restrictions</u>	Balance December 31, <u>2022</u>
Disney Worldwide Services	\$ 100,000	\$ -	\$ (100,000)	\$ -
DC Commission on the Arts and Humanities	50,000	196,156	(107,850)	138,306
Cornelia T. Bailey Foundation	-	25,000	(25,000)	-
New York State Council on the Arts	-	65,000	(35,000)	30,000
The Nora Roberts Foundation	-	6,000	(6,000)	-
New York Community Trust	-	5,000	(5,000)	-
Isaak & Rose Weinman Foundation	-	10,000	(10,000)	-
NYC Department of Cultural Affairs	-	92,940	(27,850)	65,090
Neuberger Berman LLC	-	15,000	(15,000)	-
Elaine Dannheisser Foundation	-	30,000	(30,000)	-
Kendall Family Foundation	-	5,000	(5,000)	-
National Endowment for the Arts	-	60,000	(20,000)	40,000
Mark Wahlberg Youth Foundation	-	5,000	(5,000)	-
Total	<u>\$ 150,000</u>	<u>\$ 515,096</u>	<u>\$ (391,700)</u>	<u>\$ 273,396</u>
	Balance December 31, <u>2020</u>	Contributions and <u>Grants</u>	Net Assets Released from <u>Restrictions</u>	Balance December 31, <u>2021</u>
Disney Worldwide Services	\$ 100,000	\$ -	\$ -	\$ 100,000
DC Commission on the Arts and Humanities	-	175,110	(125,110)	50,000
National Endowment for the Arts	-	20,000	(20,000)	-
Harold & Mimi Steinberg Charitable Trust	-	25,000	(25,000)	-
New York State Council on the Arts	-	35,000	(35,000)	-
The Nora Roberts Foundation	-	6,000	(6,000)	-
New York Community Trust	-	5,000	(5,000)	-
Isaak & Rose Weinman Foundation	-	10,000	(10,000)	-
NYC Department of Cultural Affairs	-	16,643	(16,643)	-
Neuberger Berman LLC	-	15,000	(15,000)	-
Elaine Dannheisser Foundation	-	15,000	(15,000)	-
Youth, Inc.	-	15,000	(15,000)	-
Total	<u>\$ 100,000</u>	<u>\$ 337,753</u>	<u>\$ (287,753)</u>	<u>\$ 150,000</u>

ONLY MAKE BELIEVE, INC.

**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021**

Note 8 – Commitments

New York City Office

OMB had 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 required 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 was 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.

During December 2022, OMB extended their lease modification agreement for an additional five years commencing April 1, 2023. The lease requires annual base rental payments of \$58,800 in the first year of the agreement increasing to \$66,180 in the final year. There were no changes to the security deposit requirement during the term of the extension 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 \$804 and a monthly parking fee of \$225 through December 31, 2023. OMB has a security deposit of \$250 with the licensor.

As of December 31, 2022 the following are the required minimum annual payments on the above agreements:

<u>Year</u>	<u>Amount</u>
2023	\$ 73,470
2024	60,123
2025	61,927
2026	63,784
2027	65,698
2028	<u>16,545</u>
Total	<u>\$ 341,547</u>

ONLY MAKE BELIEVE, INC.**Notes to Financial Statements (continued)
December 31, 2022 and December 31, 2021****Note 9 – Contributed nonfinancial assets**

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.

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, 2022 and December 31, 2021, 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 \$8,681 and \$299 in 2022 and 2021, 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.