

Do Something, Inc.

Financial Statements

December 31, 2018 and 2017

Independent Auditors' Report

Board of Directors Do Something, Inc.

We have audited the accompanying financial statements of Do Something, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2018 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Do Something, Inc. as of December 31, 2018 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.

Change in Accounting Principle

As discussed in note 2 to the financial statements, during the year ended December 31, 2018, Do Something, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Organization's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

April 30, 2019

Do Something, Inc.

Statement of Financial Position
December 31, 2018
(with comparative amounts at December 31, 2017)

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 11,255,135	\$ 16,163,087
Investments	3,934,750	582,423
Contributions receivable	425,000	802,442
Consulting receivables	430,820	364,386
Other receivables	351,596	44,516
Prepaid expenses	269,882	163,731
Security deposits	121,785	121,785
Property and equipment, net	<u>239,558</u>	<u>359,736</u>
	<u>\$ 17,028,526</u>	<u>\$ 18,602,106</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 436,509	\$ 228,491
Grants payable	1,551,494	2,000,652
Deferred revenue	48,500	87,000
Deferred rent	<u>79,463</u>	<u>96,395</u>
Total Liabilities	<u>2,115,966</u>	<u>2,412,538</u>
 Net Assets		
Without donor restrictions	14,203,924	14,531,932
With donor restrictions	<u>708,636</u>	<u>1,657,636</u>
Total Net Assets	<u>14,912,560</u>	<u>16,189,568</u>
	<u>\$ 17,028,526</u>	<u>\$ 18,602,106</u>

See notes to financial statements

Do Something, Inc.

Statement of Activities Year Ended December 31, 2018 (with summarized totals for the year ended December 31, 2017)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
OPERATING SUPPORT AND REVENUE				
Contributions				
Foundations	\$ 1,850,000	\$ -	\$ 1,850,000	\$ 6,155,500
Corporations	1,331,000	2,450,000	3,781,000	5,599,159
Individuals	80,581	1,000	81,581	43,303
Special events (net of direct costs of \$159,667 and \$148,446)	308,104	-	308,104	326,237
Donated services and materials	5,305,105	-	5,305,105	6,331,802
Consulting fees	2,465,000	-	2,465,000	1,899,191
Interest and dividends	123,001	-	123,001	44,859
Realized gain on sale of investments	34,004	-	34,004	-
Unrealized (loss) gain on investments	(184,720)	-	(184,720)	15,876
Miscellaneous income	26,807	-	26,807	9,264
Net assets released from restrictions	3,400,000	(3,400,000)	-	-
Total Operating Revenue	<u>14,738,882</u>	<u>(949,000)</u>	<u>13,789,882</u>	<u>20,425,191</u>
OPERATING EXPENSES				
Program services	<u>13,884,528</u>	<u>-</u>	<u>13,884,528</u>	<u>15,015,466</u>
Supporting Services				
Management and general	1,373,441	-	1,373,441	1,120,514
Fundraising	<u>307,892</u>	<u>-</u>	<u>307,892</u>	<u>237,543</u>
Total Supporting Services	<u>1,681,333</u>	<u>-</u>	<u>1,681,333</u>	<u>1,358,057</u>
Total Expenses	<u>15,565,861</u>	<u>-</u>	<u>15,565,861</u>	<u>16,373,523</u>
(Deficiency) Excess of Revenue and Support over Operating Expenses	(826,979)	(949,000)	(1,775,979)	4,051,668
NON-OPERATING ACTIVITY				
Class action settlement	<u>498,971</u>	<u>-</u>	<u>498,971</u>	<u>-</u>
Change in Net Assets	(328,008)	(949,000)	(1,277,008)	4,051,668
NET ASSETS				
Beginning of year	<u>14,531,932</u>	<u>1,657,636</u>	<u>16,189,568</u>	<u>12,137,900</u>
End of year	<u>\$ 14,203,924</u>	<u>\$ 708,636</u>	<u>\$ 14,912,560</u>	<u>\$ 16,189,568</u>

See notes to financial statements

Do Something, Inc.

Statement of Functional Expenses Year Ended December 31, 2018 (with summarized totals for the year ended December 31, 2017)

	Program Services	Supporting Services			2018 Total	2017 Total
		Management and General	Fundraising	Direct Costs of Special Events		
Personnel Expenses						
Salaries and wages	\$ 3,990,796	\$ 938,260	\$ 199,359	\$ -	\$ 5,128,415	\$ 4,893,198
Payroll taxes and employee benefits	783,580	131,123	49,776	-	964,479	951,263
Total Personnel Expenses	4,774,376	1,069,383	249,135	-	6,092,894	5,844,461
Professional fees	550,771	48,465	-	31,872	631,108	309,580
Professional fees - in-kind	208,912	-	-	-	208,912	206,397
Program communications, marketing and promotion	785,604	551	-	10,568	796,723	484,762
In-kind public service outreach	5,042,193	-	-	-	5,042,193	6,071,405
Website and IT	160,281	11,469	213	-	171,963	156,702
Grants and scholarships	515,449	-	-	-	515,449	1,102,300
Occupancy	442,394	47,063	28,238	-	517,695	521,156
Equipment rental and maintenance	309,090	1,587	763	27,256	338,696	338,215
Insurance	23,667	2,518	1,511	-	27,696	28,455
Telephone and internet	53,145	5,553	3,394	-	62,092	60,024
Mobile apps and technology	12,361	208	-	-	12,569	10,022
SMS/MMS text products	603,214	22	-	-	603,236	542,561
Dues and subscriptions	1,223	3,927	47	-	5,197	1,160
Catering, conferences and meetings	14,621	3,498	281	86,704	105,104	115,747
Travel, meals and entertainment	121,440	83,082	19,264	-	223,786	242,402
Travel - in-kind	46,146	4,909	2,945	-	54,000	54,000
Office expense and supplies	43,554	20,922	1,814	1,527	67,817	74,293
Postage, printing and publication	4,664	8,156	116	90	13,026	20,465
Staff development	11,811	27,077	-	-	38,888	72,150
Bank and finance charges	-	26,929	-	-	26,929	9,558
License, permit and fees	2,615	4,372	-	393	7,380	30,972
Miscellaneous	4,242	2,193	171	1,257	7,863	20,511
Depreciation and amortization	152,755	1,557	-	-	154,312	204,671
Total Expenses Including Direct Costs of Special Events	13,884,528	1,373,441	307,892	159,667	15,725,528	16,521,969
Direct costs of special events	-	-	-	(159,667)	(159,667)	(148,446)
Total Expenses Reported by Function on the Statement of Activities	<u>\$ 13,884,528</u>	<u>\$ 1,373,441</u>	<u>\$ 307,892</u>	<u>\$ -</u>	<u>\$ 15,565,861</u>	<u>\$ 16,373,523</u>

See notes to financial statements

Do Something, Inc.

Statement of Cash Flows Year Ended December 31, 2018 (with comparative amounts for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,277,008)	\$ 4,051,668
Adjustments to reconcile change in net assets to net cash from operating activities		
Deferred rent	(16,932)	67,183
Depreciation and amortization	154,312	204,671
Loss on sale of equipment	4,961	-
Realized gain on investments	(34,004)	-
Unrealized loss (gain) on investments	184,720	(15,876)
Changes in operating assets and liabilities		
Contributions receivable	377,442	68,308
Consulting receivables	(66,434)	90,636
Other receivables	(307,080)	(44,516)
Prepaid expenses	(106,151)	(123,111)
Accounts payable and accrued expenses	208,018	74,084
Grants payable	(449,158)	(702,952)
Deferred revenue	(38,500)	1,000
Net Cash from Operating Activities	<u>(1,365,814)</u>	<u>3,671,095</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	23,977	7,920
Purchase of investments	(3,583,027)	(19,308)
Change in value of money market	56,007	-
Purchase of property and equipment	<u>(39,095)</u>	<u>(26,068)</u>
Net Cash from Investing Activities	<u>(3,542,138)</u>	<u>(37,456)</u>
Net Change in Cash and Cash Equivalents	<u>(4,907,952)</u>	<u>3,633,639</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>16,163,087</u>	<u>12,529,448</u>
End of year	<u>\$ 11,255,135</u>	<u>\$ 16,163,087</u>

See notes to financial statements

Do Something, Inc.

Notes to Financial Statements December 31, 2018 and 2017

1. Organization and Tax Status

Do Something, Inc. (the “Organization”) is a non-profit organization founded in 1993 to advocate and promote social leadership, community activism and citizenship. Today it is also known as DoSomething.org and is one of the largest global organizations for young people and social change. At the website, www.DoSomething.org, members tackle campaigns that impact every cause, from poverty to violence to the environment to literally everything else - any cause, anytime, anywhere.

Campaigns: These are calls-to-action that do not require money, an adult or a car. The measurable action has a material effect on a social problem or well-being of another person. In 2018, DoSomething.org produced over 200 campaigns. The following elements are included in campaigns:

- Simple Call to Measurable Action – This is something that young people can do that does not require money, an adult or a car.
- Campaign Types – Members can choose campaigns based on what they would like to do; Donate Something, Make Something, Face to Face, Share Something, Host an Event, Start Something, Improve a Space or Take a Stand.
- Corporate Sponsor – More than just a source of funds, these companies help tent pole campaigns reach more young people and maximize social impact.
- Co-Branded Microsite on DoSomething.org – The site is always the primary home of campaign information and resources and is built in-house.
- Cause-Specific Strategic Partner Organizations – These experts help ensure that the call to action will have the strongest impact.

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates

The preparation of the financial statements in accordance with US GAAP 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Do Something, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Change in Accounting Principle

On January 1, 2018, the Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities (ASU 2016-14). This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for temporarily restricted net assets were reclassified as net assets with donor restrictions and unrestricted net assets were reclassified as net assets without donor restrictions.

Additionally, the new guidance allows for the reporting of investment income net of external and direct internal investment expenses on the statement of activities, without additional note disclosure.

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating expenses.

Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met by *actions of the Organization or passage of time*. Some net assets include stipulations that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of the donor imposed stipulations. The Organization had no permanently restricted assets at December 31, 2018 and 2017.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use or time of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported on the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts.

Do Something, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Investments

The Organization carries investments in marketable securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. All interest, dividends and unrealized gains and losses are included in change in net assets in the statement of activities.

Fair Value Measurements

The Organization follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices for similar assets and liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as without donor restricted support unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. The Organization receives services from a few volunteers who give their time to the Organization's programs and fund-campaigns. However, these services do not meet the criteria for financial statement recognition. During the years ended December 31, 2018 and 2017, the Organization benefited from donated public service announcements which were valued by the media broadcasting companies at \$5,042,193 and \$6,071,405, travel vouchers valued at \$54,000 and \$54,000, and legal expenses valued at \$208,912 and \$206,397. These amounts have been reported as both donated services and material revenue and in-kind public service outreach, travel and legal expenses in the financial statements.

Contributions Receivable

Unconditional promises to give are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Do Something, Inc.

Notes to Financial Statements December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable (continued)

The Organization determines whether an allowance for uncollectible receivables should be provided. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions and historical information. Receivables are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. The Organization has determined that an allowance for doubtful accounts was not necessary at December 31, 2018 and 2017.

Consulting Fee Revenue and Receivable

Consulting fees are earned based on the terms of the agreement. Such fees are recorded when services are provided and collection is reasonably assured. The Organization has determined that an allowance for doubtful accounts was not necessary at December 31, 2018 and 2017.

Property and Equipment

Property and equipment are carried at cost, except for donated assets which are recorded at fair value at the date of donation. Property and equipment purchases in excess of \$1,000 are capitalized. Depreciation and amortization are provided in amounts sufficient to amortize the cost of the property and equipment over the estimated useful lives of the assets (ranging from three to five years) on a straight-line basis.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected as an increase or decrease in unrestricted net assets. Repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred.

Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments is reflected as deferred rent. As remaining future payments exceed the annual expense, deferred rent will be reduced to zero by the end of the lease term.

Grants Payable

Grants payable represent unpaid commitments made by the Organization at year end. Grants payable that are expected to be paid within one year are recorded at the full amount of the grant. Grants payable that are expected to be paid in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the grants were awarded. All grants are payable within one to four years. Management of the Organization has determined that a discount is insignificant.

Do Something, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (*continued*)

Advertising

Advertising expense is recognized as the expense is incurred. Advertising expense for the years ended December 31, 2018 and 2017 was \$378,220 and \$151,231.

Functional Allocation of Expenses

Expenses are summarized and categorized based upon their functional classification as either program services, management and general expenses or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in reasonable ratios determined by management. The more significant expenses that are allocated include salaries, payroll taxes and employee benefits, which are allocated based on estimates of time and effort.

Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Accordingly, such information does not constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2017, from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2015.

Reclassification

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 presentation.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 30, 2019.

Do Something, Inc.

Notes to Financial Statements December 31, 2018 and 2017

3. Concentration of Credit Risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, investments and receivables. The Organization places its cash and investments in quality financial institutions and the balances in these institutions may exceed Federal Deposit Insurance Corporation or Securities Investors Protection Corporation insurance levels.

Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities and individuals composing the Organization's client and donor base. The Organization monitors receivable accounts and provides an allowance for uncollectible amounts as they become known.

4. Investments

The following are the classes and major categories of investments grouped by the fair value hierarchy for those investments measured at fair value on a recurring basis (all Level 1 measurements) at December 31:

	<u>2018</u>	<u>2017</u>
Mutual funds - U.S. fixed income	\$ 2,467,820	\$ 447,880
Equity securities	926,884	134,543
Exchange-traded products	540,046	-
Total Investments	<u>\$ 3,934,750</u>	<u>\$ 582,423</u>

5. Contributions Receivable

The Organization has contributions receivable of \$425,000. Management believes outstanding contributions will be fully collected and therefore has not provided any allowance for uncollectible amounts. At December 31, 2018, all contributions receivable are due in 2019.

6. Property and Equipment

Property and equipment consists of the following at December 31:

	<u>2018</u>	<u>2017</u>
Website and membership platform	\$ 1,046,709	\$ 1,046,709
Computer equipment	167,258	145,541
Leasehold improvements	123,063	123,063
Furniture and fixtures	35,302	35,302
Computer software	13,689	13,689
	<u>1,386,021</u>	<u>1,364,304</u>
Less: accumulated depreciation and amortization	<u>(1,146,463)</u>	<u>(1,004,568)</u>
	<u>\$ 239,558</u>	<u>\$ 359,736</u>

Do Something, Inc.

Notes to Financial Statements December 31, 2018 and 2017

7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following at December 31:

	<u>2018</u>	<u>2017</u>
Grants and awards	\$ 200,500	\$ 325,500
Cause campaigns	507,136	832,136
Time restricted	<u>1,000</u>	<u>500,000</u>
	<u><u>\$ 708,636</u></u>	<u><u>\$ 1,657,636</u></u>

Net assets with donor restrictions were released from restriction by incurring expenses satisfying the restricted purpose specified by the donor or as a result of the expiration of donor imposed time restrictions as follows for years ended December 31:

	<u>2018</u>	<u>2017</u>
Grants and awards	\$ 425,000	\$ 1,314,961
Cause campaigns	2,475,000	745,341
Time restricted	<u>500,000</u>	<u>102,000</u>
	<u><u>\$3,400,000</u></u>	<u><u>\$ 2,162,302</u></u>

8. Related Party

The Organization received in-kind travel vouchers from a company in which a member of its Board of Directors is an executive. The value of the vouchers received for both the years ended December 31, 2018 and 2017 was \$54,000.

The Organization received in-kind legal services from a firm in which a member of the Board of Directors was a former partner. The value of services received for the years ended December 31, 2018 and 2017 was \$208,912 and \$206,397.

9. Retirement Plan

The Organization has a tax deferred plan under Internal Revenue Code Section 403(b) for all employees. Under the plan, the Organization may make a contribution on a discretionary basis. For the years ended December 31, 2018 and 2017, the total plan expense was \$85,995 and \$69,978.

10. Line of Credit

The Organization had a one million dollar line of credit with a financial institution. The credit line was collateralized by the assets of the Organization. Interest was payable at 3.27% per annum. The line was closed on December 20, 2018.

Do Something, Inc.

Notes to Financial Statements December 31, 2018 and 2017

11. Commitments

The Organization leases space for its operating offices on an annual basis subject to escalations. The lease expires on December 31, 2020. Rent expense was \$484,343 and \$493,024 for 2018 and 2017. The remaining minimum lease payments are as follows:

2019	\$ 516,314
2020	<u>531,803</u>
	<u>\$ 1,048,117</u>

The Organization had unpaid grants of \$1,551,494 as of December 31, 2018 payable as follows:

2019	\$ 1,434,994
2020	<u>31,500</u>
2021	<u>85,000</u>
	<u>\$ 1,551,494</u>

12. Liquidity and Availability of Financial Assets

Financial assets available for general expenditures within one year of December 31, 2018 are as follows:

Cash and cash equivalents	\$ 11,255,135
Investments	3,934,750
Contributions receivable	425,000
Consulting receivables	430,820
Other receivables	<u>351,596</u>
Total financial assets	16,397,301

Less amounts unavailable for general expenditures within one year due to:

Restricted by donors with purpose restrictions	<u>707,636</u>
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Financial assets available to meet general expenditures over the next twelve months	<u>\$ 15,689,665</u>
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The Organization's goal is generally to maintain financial assets to meet three months of operating reserve (approximately \$3,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

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