



OPERATION SMILE, INC.

Consolidated Financial Statements

June 30, 2019

(With Independent Auditors' Report Thereon)

OPERATION SMILE, INC.

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KPMG LLP
Suite 1900
440 Monticello Avenue
Norfolk, VA 23510

Independent Auditors' Report

The Board of Directors
Operation Smile, Inc.:

We have audited the accompanying consolidated financial statements of Operation Smile, Inc. (OSI), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Operation Smile, Inc. as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of a Matter

As discussed in note 1(q) to the consolidated financial statements, OSI adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not for Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*, during the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

KPMG LLP

Norfolk, Virginia
December 12, 2019

OPERATION SMILE, INC.
 Consolidated Statement of Financial Position
 June 30, 2019

Assets	
Cash	\$ 13,057,531
Investments	13,558,339
Prepaid expenses and other assets	1,332,456
Mission advances and other receivables	475,963
Inventories	2,442,434
Contributions receivable, net (note 2)	7,846,501
Property and equipment, net (notes 3 and 5)	<u>19,041,305</u>
Total assets	<u>\$ 57,754,529</u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$ 6,093,063
Deferred revenue	285,472
Refundable advances	1,456,614
Capital lease obligations (notes 3 and 5)	<u>102,658</u>
Total liabilities	<u>7,937,807</u>
Net assets:	
Without donor restrictions	43,100,712
With donor restrictions (note 6)	<u>6,716,010</u>
Total net assets	<u>49,816,722</u>
Commitments and contingencies (notes 5 and 9)	
Total liabilities and net assets	<u>\$ 57,754,529</u>

See accompanying notes to consolidated financial statements.

OPERATION SMILE, INC.
 Consolidated Statement of Activities
 Year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions (note 8)	\$ 54,454,735	19,741,951	74,196,686
Gifts-in-kind (note 4)	3,828,003	—	3,828,003
Contributed services (note 4)	32,354,790	—	32,354,790
Program service revenue	811,127	—	811,127
Foreign currency transaction losses, net	(12,679)	—	(12,679)
Other income, net	276,469	—	276,469
Net assets released from restrictions	21,546,704	(21,546,704)	—
Total revenues	113,259,149	(1,804,753)	111,454,396
Expenses and loss:			
Expenses:			
Program services:			
Medical missions (note 4)	52,870,022	—	52,870,022
Education and sustainability	19,441,324	—	19,441,324
Total program services	72,311,346	—	72,311,346
Supporting services:			
Fund-raising	20,589,410	—	20,589,410
Administration	7,068,748	—	7,068,748
Total supporting services	27,658,158	—	27,658,158
Total expenses	99,969,504	—	99,969,504
Loss on contributions receivable	25,500	—	25,500
Total expenses and loss	99,995,004	—	99,995,004
Change in net assets	13,264,145	(1,804,753)	11,459,392
Net assets at beginning of year	29,836,567	8,520,763	38,357,330
Net assets at end of year	\$ 43,100,712	6,716,010	49,816,722

See accompanying notes to consolidated financial statements.

OPERATION SMILE, INC.

Consolidated Statement of Cash Flows

Year ended June 30, 2019

Cash flows from operating activities:

Change in net assets	\$ 11,459,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization expense	1,143,810
Loss on contributions receivable	25,500
Loss on disposal of asset	66,534
Net realized and unrealized gains on investments	(232,268)
Net usage of in-kind donations of supplies and inventory	253,890
Changes in operating assets and liabilities:	
Prepaid expenses	(628,690)
Mission advances and other receivables	(219,274)
Contributions receivable, net	1,352,986
Inventories	(16,356)
Accounts payable and accrued expenses	(67,709)
Deferred revenue	48,508
Refundable advances	<u>1,456,614</u>
Net cash provided by operating activities	<u>14,642,937</u>

Cash flows from investing activities:

Purchases of property and equipment	(898,131)
Purchases of investments	(55,209,083)
Proceeds from sale of investments	<u>43,177,382</u>
Net cash used in investing activities	<u>(12,929,832)</u>

Cash flows from financing activities:

Principal payments on long-term debt	(7,486,116)
Net repayments on line of credit	(1,495,000)
Principal payments on capital lease obligations	<u>(33,138)</u>
Net cash used in financing activities	<u>(9,014,254)</u>
Net decrease in cash	<u>(7,301,149)</u>

Cash at beginning of year	<u>20,358,680</u>
Cash at end of year	<u>\$ 13,057,531</u>

Supplemental cash flow information:

Cash paid for interest	\$ 234,999
Property and equipment acquired under capital lease	\$ 45,000

See disclosure of noncash items in note 4 to the consolidated financial statements.

See accompanying notes to consolidated financial statements.

OPERATION SMILE, INC.
 Consolidated Statement of Functional Expenses
 Year ended June 30, 2019

	Program services			Supporting services			Total expenses
	Medical missions	Education and sustainability	Total	Fund-raising	Administration	Total	
Grants	\$ 3,907,979	2,276,572	6,184,551	—	—	—	6,184,551
Salaries and benefits	4,839,657	2,836,832	7,676,489	3,394,911	3,830,414	7,225,325	14,901,814
Professional services	1,019,555	588,914	1,608,469	1,390,413	567,663	1,958,076	3,566,545
Advertising and promotion	136,448	1,332,032	1,468,480	2,642,002	272,052	2,914,054	4,382,534
Supplies and equipment	1,580,717	196,200	1,776,917	281,649	994,946	1,276,595	3,053,512
Mission supplies	5,252,876	303,301	5,556,177	—	—	—	5,556,177
Occupancy	262,640	126,784	389,424	62,096	110,290	172,386	561,810
Travel and conferences	3,275,825	2,179,430	5,455,255	400,612	211,394	612,006	6,067,261
Interest	3,268	1,976	5,244	2,316	227,439	229,755	234,999
Depreciation and amortization	538,140	194,033	732,173	83,115	328,522	411,637	1,143,810
Insurance	160,434	26,892	187,326	14,424	24,548	38,972	226,298
Other mission expense	380,807	12,784	393,591	12,159	9,480	21,639	415,230
Fundraising	—	—	—	12,256,016	—	12,256,016	12,256,016
Public education and awareness	—	8,444,611	8,444,611	—	450,103	450,103	8,894,714
Contributed services	31,457,858	896,932	32,354,790	—	—	—	32,354,790
Other	53,818	24,031	77,849	49,697	41,897	91,594	169,443
Total expenses	\$ 52,870,022	19,441,324	72,311,346	20,589,410	7,068,748	27,658,158	99,969,504

See accompanying notes to consolidated financial statements.

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(1) Nature of Organization and Summary of Significant Accounting Policies

(a) Nature of Organization

Operation Smile, Inc. (Operation Smile or OSI) is a 501c(3) not-for-profit voluntary health and welfare organization whose principal purpose is to perform life-changing reconstructive surgery on people born with cleft lip and cleft palate in low- and middle-income countries. As one of the largest medical volunteer-based nonprofits, Operation Smile has mobilized thousands of medical volunteers from a wide range of medical specialties from more than 80 countries. Operation Smile engages public-private partnerships to advance health care delivery, train local medical professionals to provide surgical care for patients in their communities, donate crucial medical equipment and supplies, and increase access to surgical care so that everyone living with cleft is treated.

In May 2010, OS HQ, LLC, a wholly owned subsidiary of Operation Smile, was formed to hold the assets and liabilities for the global center located in Virginia Beach, Virginia.

OSI has six representative offices in international countries, and their activities have been included in the accompanying consolidated financial statements. OSI has international foundations (OSI affiliates) that host mission teams, which are responsible for all in-country mission logistics. International foundations may also raise funds and awareness to support programs in international countries. The accompanying consolidated financial statements do not include the accounts of OSI affiliates in international countries.

(b) Basis of Presentation

The accompanying consolidated financial statements include the accounts of Operation Smile, including its wholly owned subsidiary, OS HQ, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Contributions

Contributions of cash and other assets, including unconditional promises to give, are recognized as revenue when the gifts are received by OSI. Contributions of other assets are recorded at their fair value as of the gift date and classified in the statement of activities based on the existence of donor-imposed restrictions on the contributions. Unconditional promises to give that are expected to be collected within one year are recorded on the date of gift at net realizable value which approximates fair value. Unconditional promises to give that are expected to be collected in future years are recorded using present value techniques which measure the fair value on the date of gift. The discount rates used to compute the present value are determined at the time the unconditional promises to give are initially recognized as revenue and are not revised subsequently. Amortization of the discount is recorded as additional contribution revenue in accordance with any donor-imposed restriction on the contribution.

Contributions with restrictions, which are met in the same fiscal year as their receipt, are reported as contributions without donor restrictions. Conditional promises to give are not recognized as revenues until such time as the conditions are substantially met.

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(d) Cash

Cash consists primarily of cash in banks. Cash in banks exceeded federally insured limits at June 30, 2019. Cash with donor restrictions was \$3,896,529, for the year ended June 30, 2019, with \$2,399,972 being held in a separate bank account in accordance with donor imposed restrictions.

(e) Investments

Investment securities consist of fixed income U.S. Treasury Bills held in investment broker accounts. The net realized and unrealized gains and losses on investments are reflected in "other income, net", in the accompanying consolidated statement of activities. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

(f) Prepaid Expenses and Other Assets

Prepaid expenses are stated at cost less applicable amortization and include expenses prepaid for events that will occur in the next fiscal year, deferred direct response advertising costs which are expensed over their estimated useful lives using the straight-line method. Total amortization expense for the year ended June 30, 2019 was \$119,830.

(g) Inventories

Inventories consist primarily of supplies to be used for medical missions. Purchased inventory is valued at cost on the date of purchase. Donated inventory is valued at fair value on the date of receipt. Both are accounted for on the first-in, first-out basis, and to the extent fair value is lower on the date of the consolidated statement of financial position, the value assigned at the date of purchase or donation is reduced accordingly.

(h) Property and Equipment

Property and equipment are stated at cost except for donated equipment, artwork, and land, which are stated at fair value at the date of receipt. Medical equipment and furniture, fixtures, and office equipment are depreciated using the straight-line method over estimated useful lives ranging from 3 to 10 years. No provision for depreciation is made on land or artwork. Additionally, no provision for depreciation is made on work in process until such time as the relevant assets are completed and placed into service. Buildings and building improvements are depreciated using the straight-line method over their estimated useful lives of 40 years. Property and equipment held under capital leases are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Total depreciation expense and lease amortization for the year ended June 30, 2019 was \$1,023,980.

(i) Deferred Revenue

Deferred revenue consists of cash collected for program events that will occur and be recognized as revenue in future periods.

(j) Refundable Advances

Refundable advances consists of cash collected that OSI is entitled to only if conditions are met.

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(k) Classification of Net Assets

Net Assets Without Donor Restrictions – Net assets available for use and not subject to donor imposed restrictions of time or purpose.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

OSI reports contributions with donor restrictions as increases in net assets without donor restrictions if the stipulated time restriction ends or the purpose restriction is accomplished in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

(l) Functional Expenses

OSI allocates its expenses on a functional basis among its various programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated based on various statistical bases, such as content, time, and purpose.

(m) Joint Cost Allocation

OSI incurred expenses that were identifiable with a particular function but served joint purposes. Expenses related to certain events, donor communication, and program materials jointly support medical missions, education and sustainability, fundraising, and administration and were allocated by their function classification as follows for the year ended June 30, 2019:

Medical missions	\$ 101,373
Education and sustainability	10,278,508
Fund-raising	15,658,374
Administration	1,265,665
Total joint costs	<u>\$ 27,303,920</u>

(n) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(o) Fair Value Measurements

OSI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to OSI at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

OSI's investments represent the financial assets that are accounted for at fair value on a recurring basis. At June 30, 2019, the carrying value of all the investments was considered to be the fair value determined using Level 1 inputs in the fair value hierarchy. There were no transfers in and out of Levels 1, 2 or 3 for the year ended June 30, 2019.

(p) Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. As of June 30, 2019, there was no indication of impairment. Any assets to be disposed of within the next fiscal year would be separately presented in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the consolidated statement of financial position.

(q) Recently Adopted Accounting Standard

In August of 2016, the FASB issued ASU No. 2016-14, *Not for Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The ASU reduces the number of net asset classes presented from three to two: with donor restrictions and without donor restrictions; requires all not-for-profit entities (NFPs) to present expenses by their functional and natural classifications in one location in the financial statements; and requires NFPs to provide quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date. OSI adopted ASU 2016-14 for the consolidated financial statements for the year ended June 30, 2019 and applied the changes retrospectively.

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(2) Contributions Receivable

Contributions receivable at June 30, 2019 are expected to be received as follows:

Within one year	\$ 6,735,206
From one to five years	<u>1,136,763</u>
	7,871,969
Less discount to present value at rates, which range from 1.05% to 2.71%	<u>25,468</u>
	<u>\$ 7,846,501</u>

Conditional promises as of June 30, 2019 consisted of the following initiatives:

The Global Essential Surgery: Building Surgical Ecosystems that Operate	\$ 5,001,700
Cleft Free Malawi	4,499,784
Advance Safe Surgery in India	<u>1,670,000</u>
	\$ 11,171,484

OSI entered into an agreement Global Essential Surgery: Building Surgical Ecosystems that Operate Initiative. The initiative seeks to develop sustainable, local capacity for essential surgery in the countries of Nicaragua, Madagascar, and Vietnam. OSI entered into an agreement for the Cleft Free Malawi Initiative. The initiative seeks to eradicate the backlog of patients living in Malawi with an unrepairs cleft condition, and upskill the healthcare system in country. Additionally, OSI entered into an agreement for the Advance Safe Surgery in India Initiative.

(3) Property and Equipment

Property and equipment consist of the following at June 30, 2019:

Work in process	\$ 683,007
Medical equipment	2,053,161
Furniture, fixtures, and office equipment	2,754,654
Buildings	14,952,301
Building improvements	953,367
Land	3,094,293
Artwork	<u>221,697</u>
	24,712,480
Less accumulated depreciation	<u>5,671,175</u>
Property and equipment, net	<u>\$ 19,041,305</u>

OPERATION SMILE, INC.
Notes to Consolidated Financial Statements
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As of June 30, 2019, furniture, fixtures, and office equipment recorded under capital leases have a cost basis of \$177,549 and related accumulated amortization of \$71,924 for a net book value of \$105,625.

(4) Contributed Services and Gifts-in-Kind

OSI's medical missions are staffed by volunteer surgical teams. In addition, when patients require treatment in the United States under the World Care Program, the hospital stay and related services are fully or partially donated by the hospitals and physicians. The donated medical services are recorded at their estimated fair values and are classified as contributed services revenues and medical missions expenses in the accompanying consolidated statement of activities. Such services amounted to \$32,354,790 in 2019. OSI's medical missions are staffed by volunteer administrative support staff. These administrative personnel services are not recorded in the accompanying consolidated financial statements.

Donated supplies and equipment are received throughout the year for use in the overall Operation Smile mission, are recorded at their estimated fair values, and are classified as gifts-in-kind revenues in the accompanying consolidated statement of activities. These supplies are expensed as they are used and are classified as mission supplies in the accompanying consolidated statement of activities. Donated equipment is depreciated using an estimated useful life and is included in Property and Equipment. Such donations and uses amounted to:

Donated:	
Medical supplies	\$ 3,584,430
Nonmedical supplies	2,146
Equipment	<u>241,427</u>
Total gifts-in-kind received	\$ <u>3,828,003</u>
Usage:	
Medical supplies	\$ 3,374,982
Equipment donated out, net	<u>706,911</u>
Total gifts-in-kind expensed, net	\$ <u>4,081,893</u>

(5) Leases

OSI is obligated under capital and operating leases for certain equipment.

OPERATION SMILE, INC.
 Notes to Consolidated Financial Statements
 June 30, 2019

Future minimum lease payments under the operating leases and the present value of future minimum capital lease payments as of June 30, 2019 are as follows:

	<u>Capital leases</u>	<u>Operating leases</u>
Year ending June 30:		
2020	\$ 45,630	27,084
2021	43,319	13,049
2022	30,690	1,656
2023	15,864	—
2024	7,932	—
Total minimum lease payments	143,435	\$ 41,789
Less amount representing interest	40,777	
Present value of net minimum lease payments	102,658	
Less current maturities of capital lease obligations	34,362	
Capital lease obligations, excluding current maturities	\$ 68,296	

Total rent expense was \$59,151 in 2019.

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2019:

Domestic programs	\$ 47,301
Global education and sustainability	900,710
International programs	3,340,796
Learning center	286,502
Research	230,864
Other programs	18,394
Total purpose restricted	4,824,567
Total time restricted	1,891,443
Total net assets with donor restrictions	\$ 6,716,010

OPERATION SMILE, INC.

Notes to Consolidated Financial Statements

June 30, 2019

(7) Retirement Savings Plan

OSI has a 401(k) retirement savings plan. Employees are eligible to participate beginning as of the first of the quarter following four months of employment. OSI matches a portion of the employee contributions and makes a safe harbor contribution on behalf of each employee. OSI's contributions to the retirement savings plans for the year ended June 30, 2019 were \$736,114.

(8) Related-Party Transactions

OSI recognized contributions from its Board of Directors, respective committee members, officers and relatives of those charged with governance of \$31,248 for the year ended June 30, 2019. Some board members may also contribute directly to independent, affiliated Operation Smile international foundations.

(9) Revolving Line of Credit

In February 2019, OSI renewed a line of credit agreement with a financial institution to provide for borrowings up to \$5,000,000. The line of credit bears interest payable monthly at the rate of LIBOR + 2.5% and expires in January 2020. There was no outstanding balance on the line of credit at June 30, 2019.

(10) Long-Term Debt

Long-term debt for the year ended June 30, 2018 of \$7,486,116 was paid off during fiscal year 2019 and there is no outstanding balance as of June 30, 2019.

(11) Unconsolidated Interests with Foreign Entities (Unaudited)

OSI has entered into an agreement with China Charities Aid Foundation for Children (CCAFC), a nationwide public-raising foundation in mainland China. CCAFC's purpose is to raise funds from the public to provide aid to a variety of children including those who confront special difficulties. The agreement between Operation Smile and CCAFC established the Operation Smile Special Fund of China Charities Aid Foundation for Children (Special Fund).

OPERATION SMILE, INC.
Notes to Consolidated Financial Statements
June 30, 2019

With the creation of this Special Fund, Operation Smile is able to conduct fundraising and aid activities within China related to the OSI mission including: raising social funds, arranging and merging social voluntary resources, providing free surgery and relevant treatment for children who are suffering from cleft lip and palate and other maxillofacial deformities, education, and research while spreading the concept of charity and promoting the development of volunteerism. However, the accompanying consolidated financial statements do not include the activities of the Special Fund.

The Special Fund raised approximately \$795,000 for the year ended June 30, 2019. This amount was contributed by independent donors within China during fiscal year 2019. Approximately \$501,000 was spent within China from the Special Fund during fiscal year 2019, of which \$465,000 represented surgical mission and other programmatic expenses.

(12) Liquidity and Availability

As of June 30, 2019, financial assets and liquidity resources available within one year of the balance sheet date for general expenditure such as operating expenses were as follows:

Cash	\$ 13,057,531
Investments	13,558,339
Contributions receivable due within a year	6,735,206
Less:	
Cash with donor restrictions	<u>3,896,529</u>
	\$ <u>29,454,547</u>

OSI is supported by contributions with and without donor restrictions. OSI must maintain sufficient resources to satisfy the donor's request that the resources be used in a particular manner or in a future period. Financial assets not required in the near term are invested. Investments consist of fixed income investments, as disclosed in note 1. Interest income from the investments is reinvested. OSI maintains access to a \$5,000,000 line of credit as disclosed in note 9, which it may draw upon in case of an unanticipated liquidity event. Contributions receivable are subject to an implied time restriction but are expected to be collected within a year.

(13) Subsequent Events

OSI has evaluated subsequent events from the consolidated statement of financial position date through December 12, 2019, the date these consolidated financial statements were available to be issued, and determined there are no other items to disclose.