Positive Futures Network
dba YES! Media

Financial Statements
Years Ended December 31, 2020 and 2019

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Contents

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Independent Auditor's Report

To the Board of Directors
Positive Futures Network dba
YES! Media
Bainbridge Island, Washington

Opinion

We have audited the financial statements of Positive Futures Network dba YES! Media (YES!), which comprise the statements of financial position as of December 31, 2020 and 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of YES! as of December 31, 2020 and 2019, and the changes in its net assets 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 (GAAS). 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 YES! 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.

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 YES!'s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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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 GAAS 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 GAAS, 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 YES!'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 YES!'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.

BDO USA, LLP

July 29, 2021

Financial Statements

Positive Futures Network
dba YES! Media

Statements of Financial Position

December 31,		**2020**		2019
Assets				
Current Assets				
Cash and cash equivalents	$	**1,440,677**	$	480,864
Certificates of deposit		**-**		238,853
Grants receivable		**550,000**		360,000
Contributions receivable		**187,172**		137,974
Inventory		**27,439**		18,087
Prepaid rent		**-**		9,600
Deposit		**-**		8,000
Total Current Assets		**2,205,288**		1,253,378
Certificate of deposit		**124,862**		-
Grants receivable, noncurrent, net of discount		**194,357**		344,557
Contributions receivable, noncurrent, net of discount		**88,700**		129,100
Software and development costs, net		**187,261**		239,378
Total Assets	**$**	**2,800,468**	$	1,966,413
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	**$**	**52,837**	$	34,258
Accrued payroll		**49,148**		60,225
Subscription contract liability		**401,067**		363,669
Note payable, current portion		**71,608**		-
Total Current Liabilities		**574,660**		458,152
Note payable, net of current portion		**248,092**		-
Total Liabilities		**822,752**		458,152
Net Assets				
Without donor restrictions		**957,659**		536,630
With donor restrictions		**1,020,057**		971,631
Total Net Assets		**1,977,716**		1,508,261
Total Liabilities and Net Assets	**$**	**2,800,468**	$	1,966,413

See accompanying notes to financial statements.

Positive Futures Network
dba YES! Media

Statements of Activities

Year Ended December 31,	2020			2019		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Grants	**$ 312,818**	**$ 651,800**	**$ 964,618**	$ 566,500	$ 694,557	$ 1,261,057
Contributions	**1,535,571**	**132,600**	**1,668,171**	1,073,852	200,900	1,274,752
Subscriptions	**472,786**	**-**	**472,786**	524,385	-	524,385
Investment income	**5,060**	**-**	**5,060**	6,379	-	6,379
Net assets released from restrictions	**735,974**	**(735,974)**	**-**	525,726	(525,726)	-
Total Support and Revenue	**3,062,209**	**48,426**	**3,110,635**	2,696,842	369,731	3,066,573
Operating Expenses						
Program services	**2,100,386**	**-**	**2,100,386**	2,289,864	-	2,289,864
Management and general	**215,979**	**-**	**215,979**	174,292	-	174,292
Fundraising	**324,815**	**-**	**324,815**	409,758	-	409,758
Total Operating Expenses	**2,641,180**	**-**	**2,641,180**	2,873,914	-	2,873,914
Change in Net Assets	**421,029**	**48,426**	**469,455**	(177,072)	369,731	192,659
Net Assets, beginning of year	**536,630**	**971,631**	**1,508,261**	713,702	601,900	1,315,602
Net Assets, end of year	**$ 957,659**	**$ 1,020,057**	**$ 1,977,716**	$ 536,630	$ 971,631	$ 1,508,261

See accompanying notes to financial statements.

Positive Futures Network
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Statement of Functional Expenses

Year Ended December 31, 2020	Program Services			Management and General	Fundraising	Total
	Editorial	Outreach	Total Program Services			
Salaries, benefits, and taxes	$ 1,144,852	$ 290,127	$ 1,434,979	$ 165,785	$ 145,538	$ 1,746,302
Content and marketing creation and delivery	398,381	46,099	444,480	-	38,699	483,179
Outside services and professional fees	32,390	12,399	44,789	23,805	82,112	150,706
Office and occupancy	76,564	10,596	87,160	6,055	5,315	98,530
Amortization	62,194	-	62,194	-	9,923	72,117
Bank fees	13,990	-	13,990	16,991	32,352	63,333
Other	8,226	4,568	12,794	3,343	1,573	17,710
Other fundraising fees	-	-	-	-	9,303	9,303
Total Expenses	$ 1,736,597	$ 363,789	$ 2,100,386	$ 215,979	$ 324,815	$ 2,641,180

See accompanying notes to financial statements.

Positive Futures Network
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Statement of Functional Expenses

Year Ended December 31, 2019	Program Services			Management and General	Fundraising	Total
	Editorial	Outreach	Total Program Services			
Salaries, benefits, and taxes	$ 1,318,077	$ 251,876	$ 1,569,953	$ 111,074	$ 247,881	$ 1,928,908
Content and marketing creation and delivery	396,849	-	396,849	-	73,962	470,811
Outside services and professional fees	45,018	31,721	76,739	32,559	13,270	122,568
Office and occupancy	107,757	23,504	131,261	7,469	22,362	161,092
Amortization	34,871	12,572	47,443	-	10,570	58,013
Bank fees	14,873	-	14,873	294	20,539	35,706
Other	30,405	22,341	52,746	22,896	7,561	83,203
Other fundraising fees	-	-	-	-	13,613	13,613
Total Expenses	$ 1,947,850	$ 342,014	$ 2,289,864	$ 174,292	$ 409,758	$ 2,873,914

See accompanying notes to financial statements.

Positive Futures Network
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Statements of Cash Flows

Year Ended December 31,	**2020**	2019
Cash Flows from (for) Operating Activities		
Change in net assets	**$ 469,455**	$ 192,659
Adjustments to reconcile change in net assets to net cash flows from (for) operating activities:		
Amortization	**72,117**	58,013
Changes in operating assets or liabilities		
Grants receivable	**(39,800)**	(414,557)
Contributions receivable	**(8,798)**	(14,651)
Inventory	**(9,352)**	4,164
Prepaid rent	**9,600**	(1,450)
Deposit	**8,000**	-
Accounts payable	**18,579**	(24,407)
Accrued payroll	**(11,077)**	15,347
Subscription contract liability	**37,398**	(68,366)
Net Cash Flows from (for) Operating Activities	**546,122**	(253,248)
Cash Flows from (for) Investing Activities		
Purchase of certificate of deposit	**(124,862)**	(5,216)
Sales of certificates of deposit	**238,853**	-
Purchase of software and website development	**(20,000)**	(50,514)
Net Cash Flows from (for) Investing Activities	**93,991**	(55,730)
Cash Flows from Financing Activity		
Borrowing on note payable	**319,700**	-
Net Change in Cash and Cash Equivalents	**959,813**	(308,978)
Cash and Cash Equivalents, beginning of year	**480,864**	789,842
Cash and Cash Equivalents, end of year	**$ 1,440,677**	$ 480,864

See accompanying notes to financial statements.

1. Organization and Significant Accounting Policies

Positive Futures Network dba YES! Media (YES!) is a nonprofit, independent publisher of solutions journalism. Through rigorous reporting on the positive ways that communities are responding to social problems, and insightful commentary that sparks constructive discourse, YES! inspires people to build a just, sustainable, and compassionate world. Founded in 1996, it helped drive the modern "solutions journalism" movement, covering the communities, ideas, and initiatives working to build a better world. YES! is ad free and reader supported, funded by subscriptions and donations from individuals and foundations. It is nonpartisan and governed by a Board of Directors made up of journalists, issue experts, and community leaders.

YES! publishes a quarterly print magazine and multiple channels of daily online content and produces live virtual events. A fast-growing network of partnerships with other media and value-aligned organizations is expanding its reach. YES! for Teachers provides free classroom ready materials for teaching about social and climate justice to middle schools, high schools, and universities across the country.

Financial Statement Presentation

YES! reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Contributions that are received are recorded in one of these two categories depending on the existence and/or nature of any donor restrictions.

Net Assets without Donor Restrictions

Some net assets without donor restrictions consist of funds that are designated for a specific program or purpose by YES!'s Board of Directors. Net assets without donor restrictions consist of the following:

December 31,	**2020**	2019
Board designated - Fran Korton Safety Net Fund	**$ 370,525**	$ 147,849
Board designated - Unrestricted Operating Fund	**230,787**	230,787
Board designated - Special Opportunities Fund	**123,724**	68,055
Undesignated	**232,623**	89,939
Total Net Assets Without Donor Restrictions	**$ 957,659**	$ 536,630

Fran Korten Safety Net Fund - The primary purpose of this fund is a safety net. If increasingly deteriorating economic conditions require YES! to substantially contract, YES! can utilize this fund to supplement revenue to enable YES! to continue a scaled-down operation appropriate to the economic conditions. Ideally, use of the fund would be short-lived and limited, i.e. staff should work to ensure annual expenses don't perpetually outstrip annual revenue.

Unrestricted Operating Fund - The primary purpose of this fund is monthly cashflow management. While monthly expenses are relatively flat, monthly revenue is variable due to timing of grants and end-of-year gifts. This fund acts as an internal line of credit to YES! to sustain operations through low cash flow months until cash flows return, typically within a few months. Management must notify the Finance Committee when utilizing this fund, and it must be replenished within a 12-month period for at least 30 days.

Special Opportunities Fund - The primary purpose of this fund is to take advantage of special opportunities for high impact on YES!'s mission. The opportunities could be for story creation, distribution, engagement, or revenue generation. For example, after the attacks of 9/11, YES! mounted special outreach to help people understand how they could respond in a positive, compassionate way. Future examples might include acquisition of technology to quickly respond to a promising distribution or engagement opportunity, or funds to establish a key partnership with a short window for action.

Net Assets with Donor Restrictions

Net assets with donor restrictions are temporary in nature and consist of unexpended contributions restricted for particular programs or time periods. Net assets with temporary donor restrictions are transferred to net assets without donor restrictions as expenditures are incurred for the restricted programs or time restrictions are met. Net assets with donor restrictions at December 31, 2020 and 2019, are all restricted for time.

Cash and Cash Equivalents

YES! considers all short-term investments with an original maturity of three months or less to be cash equivalents. YES! maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest. The certificate of deposit matures in November 2022 and has therefore been classified as a noncurrent asset at December 31, 2020.

Grants and Contributions Receivable

Grants and contributions are recognized when the unconditional pledge is received. Conditional grants and contributions are recognized when conditions have been satisfied. YES! received conditional pledges of $150,000 during the year ended December 31, 2020, for which conditions were unsatisfied by year-end and the revenue has not been recognized (conditions are comprised of certain match requirements in future years). Current pledges are recognized at their face amounts less an allowance for doubtful accounts, if any. Long-term pledges are recognized at fair value (at the time of donation) and are measured at the present value of estimated cash flows. In arriving at fair value, the promises to give are discounted using an estimated market rate, which includes a present value discount rate and an estimated rate for an allowance for doubtful accounts. At December 31, 2020, the discount rate used was 3%. At December 31, 2019, the discount rate used was 1.58%. Amortization of the discount is included in grants revenue in the statements of activities.

Receivables from two donors and one donor represented 72% of grants and contributions receivable at December 31, 2020 and 2019, respectively. One donor represented 23% and 41% of grants and contributions revenue for the years ended December 31, 2020 and 2019, respectively.

Grants and contributions receivable consist of the following:

December 31,		**2020**		2019
Receivable in less than one year	$	**737,172**	$	497,974
Receivable in one to five years		**288,700**		479,100
		1,025,872		977,074
Less: Discount on long-term grants receivable		**(5,643)**		(5,443)
Total	$	**1,020,229**	$	971,631

Grants and contributions receivable are recorded in the statements of financial position as follows:

December 31,		**2020**		2019
Grants receivable	$	**550,000**	$	360,000
Grants receivable, noncurrent, net of discount		**194,357**		344,557
Contributions receivable		**187,172**		137,974
Contributions receivable, noncurrent, net of discount		**88,700**		129,100
Total	$	**1,020,229**	$	971,631

Subscription Revenue and Subscription Contract Liability

In general, a contract with a customer is established when both parties have approved the contract and are committed to perform their obligations, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

YES!'s contracts with customers do not include significant financing components or any variable consideration. YES! does not have any significant commissions or costs directly incurred to obtain customer contracts. There are no significant judgments made by management.

YES! primarily sells magazines to consumers through subscriptions. Each copy of a magazine is determined to be a distinct performance obligation that is satisfied when the publication is sent to the customer. The majority of YES! subscriptions are prepaid at the time of the order. Subscriptions may be canceled at any time for a refund of the price paid for remaining issues. As the contract may be canceled at any time for a full refund of the unserved copies, the contract term is determined to be on an issue-to-issue basis as these contracts do not have substantive termination penalties. Revenues from subscriptions are deferred and recognized as subscribers are served and is YES!'s only significant contract liability. The transaction price for each subscription is set at the time of purchase, but the price can vary over the course of time. As such, YES! allocates the transaction price according to the number of issues purchased by the customer and uses the average transaction price and the number of issues sent to determine the appropriate revenue to recognize.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at fair value at the date of donation. Equipment with an original purchase price greater than $2,500 is capitalized and depreciated using the straight-line method over the estimated useful lives of the assets, which is typically three to five years. The cost of repairs and maintenance is charged to expense as incurred.

Software and Development Costs

YES! has capitalized costs associated with its customer and donor database, as well as the development of its online webstore, which were both placed in service in 2018, for a total of $234,541. In 2018, YES! began work on redeveloping its website, including adding additional features to the webstore, and completed this project in 2019, totaling $106,038. YES! completed an additional $20,000 of website developments during 2020 and has capitalized these costs. Costs are amortized on a straight-line basis over the estimated useful life of five years. Amortization expense related to these assets was $72,117 and $58,013 for the years ended December 31, 2020 and 2019, respectively.

Inventory

Items in inventory include previously issued magazines and are stated at lower of cost (first-in, first-out) or net realizable value. Generally, articles in previously issued magazines are not time-sensitive, so older issues are regularly sold. The costs associated with the sales of magazines are included in content and marketing creation and delivery in the statements of functional expenses.

Related-Party Transactions

In addition to fiscal oversight and strategic leadership, YES! receives financial support from its Board of Directors and entities with which they are affiliated. This support is provided during the normal course of business and is recorded as grants and individual contributions on the statements of activities.

Federal Income Taxes

The Internal Revenue Service has recognized YES! as exempt from federal income taxes under provision of Section 501(a) of the Internal Revenue Code as an entity described in Section 501(c)(3) and not as a private foundation.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Occupancy, office expenses, information technology (computers, network, and computer support) expenses, and staff professional development and support are allocated based on the time that employees spend in different programs or supporting functions. The editorial program and general salaries, wages, benefits, and payroll taxes are also allocated on a time basis. In addition, some information technology expenses (database) are allocated based on number of records for different types of usage, fundraising versus magazine subscription (program).

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 reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified to conform to the current-year presentation.

Subsequent Events

YES! has evaluated subsequent events through the date these financial statements were available to be issued, which was July 29, 2021, and there was only one, which was the forgiveness of YES!'s Paycheck Protection Program loan on May 20, 2021, as discussed in Note 4.

2. Liquidity and Availability of Financial Assets

YES! strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and other short-term investments.

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The following table reflects YES!'s financial assets as of December 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of internal board designations. Amounts not available include board-designated special projects funds and other legacy funds that are intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. YES! also maintains a certificate of deposit that is scheduled to mature in 2022 and can be liquidated should the need arise. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions (there were no such amounts at December 31, 2020 or 2019).

December 31,	**2020**	2019
Financial Assets at Year-End		
Cash and cash equivalents	**$ 1,440,677**	$ 480,864
Certificates of deposit	**124,862**	238,853
Grants and contributions receivable	**1,020,229**	971,631
Total Financial Assets	**2,585,768**	1,691,348
Grants and contributions receivable over one year	**(283,057)**	(473,657)
Board-designated net assets	**(725,036)**	(446,691)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 1,577,675**	$ 771,000

3. Lease Commitments

YES! leased office space in Seattle through May 31, 2020, when the lease was terminated by the landlord when the landlord closed operations due to COVID-19. Operations continued at YES!'s Bainbridge Island office, which is leased on a month-to-month basis. Rent expense incurred for the years ended December 31, 2020 and 2019, was $42,210, and $102,048, respectively for the Seattle lease and $16,800 annually for the Bainbridge Island lease.

4. COVID-19 and the CARES Act

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on YES!'s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, YES! is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

On March 27, 2020, former President Trump signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration (SBA) Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continue employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by the COVID-19 outbreak. YES! applied for and received a PPP loan on April 29, 2020, totaling $319,700. The note payable incurs interest at 1% and is unsecured. The principal and interest of the note is forgivable if the proceeds are spent on qualifying costs during the 24-week period following the date the note is issued. Qualified costs are considered as 60% of the loan amount on payroll costs, and 40% on non-payroll costs including rent and utilities. Principal and interest payments are deferred for the first 10 months of the note period, following the 24-week period. YES! received forgiveness of both the outstanding principal and interest on May 20, 2021. The PPP loan will be recorded as revenue during the year ending December 31, 2021. No revenues from the PPP loan were recognized by YES! during the year ended December 31, 2020. While the SBA retains the right to audit PPP loan compliance for six years, YES! believes the loan was properly obtained and forgiven.

On December 27, 2020, former President Trump signed into law the "Consolidated Appropriations Act, 2021," which included additional economic stimulus and COVID-19 related relief including additional PPP funds and expansion of the Employee Retention Credit.

On March 11, 2021, President Biden signed into law the "American Rescue Plan Act of 2021" (the American Rescue Plan), which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit.

YES! continues to examine the impact that the CARES Act, the Consolidated Appropriations Act, 2021, and the American Rescue Plan will have on its business.