



# PayPal Charitable Giving Fund and Subsidiaries

Consolidated Financial Statements  
Years Ended December 31, 2019 and 2018

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.



# **PayPal Charitable Giving Fund and Subsidiaries**

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Consolidated Financial Statements  
Years Ended December 31, 2019 and 2018

# PayPal Charitable Giving Fund and Subsidiaries

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## Independent Auditor's Report

Board of Directors  
PayPal Charitable Giving Fund and Subsidiaries  
Washington, DC

We have audited the accompanying consolidated financial statements of **PayPal Charitable Giving Fund and Subsidiaries** ("PPGF" or the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 consolidated financial position of PayPal Charitable Giving Fund and Subsidiaries as of December 31, 2019 and 2018, 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.

*BDO USA, LLP*

June 25, 2020

## **Consolidated Financial Statements**

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# PayPal Charitable Giving Fund and Subsidiaries

## Consolidated Statements of Financial Position

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 39,481,041	\$ 27,856,272
Accounts receivable	1,486,636	395,373
Prepaid expenses	-	807
<b>Total assets</b>	<b>\$ 40,967,677</b>	<b>\$ 28,252,452</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Grants payable, net	\$ 37,002,380	\$ 24,934,753
Accounts payable and accrued expenses	634,106	525,374
Deferred revenues	1,558,417	1,231,138
Other liabilities	79,968	18,900
<b>Total liabilities</b>	<b>39,274,871</b>	<b>26,710,165</b>
<b>Commitments and contingencies</b>		
<b>Net Assets</b>		
Net assets, without donor restrictions	1,692,806	1,542,287
<b>Total liabilities and net assets</b>	<b>\$ 40,967,677</b>	<b>\$ 28,252,452</b>

*See accompanying notes to consolidated financial statements.*

# PayPal Charitable Giving Fund and Subsidiaries

## Consolidated Statements of Activities

<i>Years ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Revenues and support</b>		
Contributions	\$ 246,354,521	\$ 177,627,893
Program service revenue	2,691,685	1,889,810
In-kind contributions	5,572,105	3,288,559
Miscellaneous income	1,872	1,223
<b>Total operating revenue and support</b>	<b>254,620,183</b>	<b>182,807,485</b>
<b>Expenses</b>		
Program services	251,924,489	181,156,950
General and management	1,960,629	1,099,189
Fundraising	655,983	570,502
<b>Total operating expenses</b>	<b>254,541,101</b>	<b>182,826,641</b>
<b>Change in net assets without donor restrictions from operations</b>	<b>79,082</b>	<b>(19,156)</b>
<b>Foreign currency translation adjustment</b>	<b>71,437</b>	<b>(127,041)</b>
<b>Change in net assets without donor restrictions</b>	<b>150,519</b>	<b>(146,197)</b>
<b>Net assets, beginning of year</b>	<b>1,542,287</b>	<b>1,688,484</b>
<b>Net assets, end of year</b>	<b>\$ 1,692,806</b>	<b>\$ 1,542,287</b>

*See accompanying notes to consolidated financial statements.*

## PayPal Charitable Giving Fund and Subsidiaries

### Consolidated Statement of Functional Expenses

<i>Year ended December 31, 2019</i>	Program services	General and Management	Fundraising	Total expenses
<b>Expenses</b>				
Grants	\$ 241,581,488	\$ -	\$ -	\$ 241,581,488
In-kind expenses	4,277,893	982,942	311,270	5,572,105
Salaries, wages and related expenses	857,582	384,455	196,958	1,438,995
Professional fees	162,794	482,136	27,636	672,566
Transaction costs and service fees	4,948,178	58,718	-	5,006,896
Marketing	-	-	119,342	119,342
Miscellaneous	23,744	19,919	777	44,440
Insurance	-	1,249	-	1,249
Bad debt	24,969	-	-	24,969
Travel	24,783	31,210	-	55,993
Staff development	23,058	-	-	23,058
<b>Total expenses</b>	<b>\$ 251,924,489</b>	<b>\$ 1,960,629</b>	<b>\$ 655,983</b>	<b>\$ 254,541,101</b>

*See accompanying notes to consolidated financial statements.*

## PayPal Charitable Giving Fund and Subsidiaries

### Consolidated Statement of Functional Expenses

<i>Year ended December 31, 2018</i>	Program services	General and Management	Fundraising	Total expenses
<b>Expenses</b>				
Grants	\$ 172,040,882	\$ -	\$ -	\$ 172,040,882
In-kind expenses	2,315,290	638,344	334,925	3,288,559
Salaries, wages and related expenses	764,417	261,133	116,918	1,142,468
Professional fees	283,888	140,052	15,214	439,154
Transaction costs and service fees	5,686,374	-	-	5,686,374
Marketing	-	-	88,915	88,915
Miscellaneous	10,512	672	2,190	13,374
Insurance	-	2,358	-	2,358
Bad debt	22,544	-	-	22,544
Travel	23,174	56,630	-	79,804
Staff development	9,869	-	12,340	22,209
<b>Total expenses</b>	<b>\$ 181,156,950</b>	<b>\$ 1,099,189</b>	<b>\$ 570,502</b>	<b>\$ 182,826,641</b>

*See accompanying notes to consolidated financial statements.*

# PayPal Charitable Giving Fund and Subsidiaries

## Consolidated Statements of Cash Flows

<i>Years ended December 31,</i>	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 150,519	\$ (146,197)
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
(Increase) decrease in assets:		
Accounts receivable	(1,091,263)	(206,574)
Prepaid expenses	807	(807)
Increase in liabilities:		
Grants payable	12,067,627	9,412,595
Accounts payable and accrued expenses	108,732	106,325
Deferred revenues	327,279	1,026,288
Other liabilities	61,068	4,858
<b>Net cash provided by operating activities</b>	<b>11,624,769</b>	<b>10,196,488</b>
Increase in cash and cash equivalents	11,624,769	10,196,488
<b>Cash and cash equivalents, beginning of year</b>	<b>27,856,272</b>	<b>17,659,784</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 39,481,041</b>	<b>\$ 27,856,272</b>

*See accompanying notes to consolidated financial statements.*

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### 1. Organization and Operations

PayPal Charitable Giving Fund (“PPGF” or the “Organization”) was organized on January 28, 2011. PPGF is a not-for-profit donor advised fund incorporated under the laws of the State of Delaware. The primary purpose of PPGF is to enable people to give to charity on PayPal, eBay, GoFundMe, Facebook, Humble Bundle and other online platforms. The Organization receives funds donated through these platforms and seeks to grant them to charities recommended by donors.

PPGF operates customer charitable donation programs for online platforms in the United States (US) as PayPal Giving Fund (“PPGF US”). PPGF provides similar charity programs in the United Kingdom (UK) through PayPal Giving Fund UK (“PPGF UK”), a registered UK charity, in Canada through PayPal Giving Fund Canada (“PPGF Canada”), a registered Canadian charity, and in Australia through PayPal Giving Fund Australia (“PPGF Australia”), a registered Australian charity.

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation as a public charity under Section 501(c)(3) of the US Internal Revenue Code.

### 2. Summary of Significant Accounting Policies

#### *Principles of Consolidation*

The accompanying consolidated financial statements include the financial statements of PPGF US and its controlled subsidiaries, PPGF UK, PPGF Canada and PPGF Australia. All significant inter-organizational accounts and transactions have been eliminated.

#### *Basis of Accounting*

The consolidated financial statements have been prepared on the accrual basis of accounting, which recognizes revenue and support when earned and expenses when incurred and, accordingly, reflect all significant receivables, payables and other liabilities. The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### *Classification of Net Assets*

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation.
- *Net assets with donor restrictions* represent contributions restricted by the donor for investment in perpetuity, as well as contributions whose use is limited to donor-imposed stipulations, including those that expire through the passage of time or other restrictions and for which the applicable restriction was not met as of the end of the current fiscal period. The Organization has no net assets with donor restrictions.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### ***Donor Advised Fund***

The Organization enables donors to identify opportunities aligned with their values and charitable interests. Donors make donations to the Organization and provide recommended grant recipients at the time of donation. The Organization conducts due diligence on the charities recommended by donors before approving them to receive a grant. A small portion of recommended charities may not be approved subject to the Organization's Nonprofit Certification and Donation Delivery Policies, in which case the Organization will reach out to the donor for an alternative recommendation whenever possible. The Organization's policies and disclosures are compatible with the donor advised fund model, and it has elected to be treated as such for tax purposes.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of cash and money market funds. The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. The carrying amount in the consolidated statements of financial position approximates fair value.

### ***Accounts Receivable***

Accounts receivable primarily consists of holiday matching grants receivable, taxes recoverable and program service revenue receivable. There was no allowance for doubtful accounts for each of the years ended December 31, 2019 and 2018.

### ***Prepaid Expenses***

Prepaid expenses at December 31, 2018 consisted of prepaid insurance for medical benefits.

### ***Grants and Grants Payable***

Grants are made in accordance with the Organization's mission as recommended by donors in conjunction with the donor advised fund. All grants payable at December 31, 2019 and 2018 are expected to be paid in the following year. The Organization recognizes an allowance for estimated refunds. For the years ended December 31, 2019 and 2018, the allowance for estimated refunds was \$185,000. The allowance is based upon prior years' experience and management's analysis of specific accounts.

### ***Revenue Recognition***

The Organization recognizes revenue when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. The Organization expects that the period between when the Organization transfers goods and services to their customers and when the customers pay for those goods and services will be one year or less. Therefore, the Organization has elected the practical expedient not to adjust the promised amount of consideration for the effects of a significant financing component. Amounts received in advance of services performed, but not yet earned, are held as prepayments and retainers and are recorded as deferred revenue. Economic downturns can affect

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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the level of revenues for all the revenue streams or can have a positive impact on cash flows in good economic times. The Organization has elected the practical expedient to not disclose the transaction price allocated to unsatisfied performance obligations for either (i) contracts with an original expected length of one year or less or (ii) contracts for which the Organization recognizes revenue at the amount to which it has right to invoice for services performed.

### *Contributions*

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as net assets with donor restrictions and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as an increase in net assets without donor restrictions.

Conditional promises to give, if any, are not included as support until the conditions are substantially met. PPGF did not have any conditional promises to give for the years ended December 31, 2019 and 2018.

Contributions consist of funds contributed to PPGF for redistribution to various charities through PPGF partner programs with PayPal, GoFundMe, Facebook, Humble Bundle, and others. These funds are recognized as unrestricted funds when a contribution is made, as PPGF has variance power over the contributions. The Organization recognizes an allowance for estimated refunds.

### *Program Service Revenue*

The Organization receives program service revenue from contracts with PayPal Inc., eBay Inc., Humble Bundle, Airbnb and StubHub for providing services including processing and distributing contributions and providing customer support for the partner programs. PPGF records program service revenue ratably over the support period covered by the contract using the output method. In the event the support is tied to performance such as processing disaster donations, such support is recognized ratably over the period of performance. If funds are received for future services, the amounts are recognized as deferred revenue and recognized as revenue when services are provided. Deferred revenues are for eBay Inc. and PayPal Inc. program service revenue received in advance. Payment terms vary and the payments are not refundable.

### *Donated Materials and Services*

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying consolidated financial statements as in-kind contributions are offset by like amounts included in the related functional expense category.

### *Functional Expense Allocations*

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Salaries, wages and related expenses of employees have been allocated based on

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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estimates of time and effort. In-kind expenses have been allocated based on estimates of time and effort, space, and other factors.

### *Use of Estimates*

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, the 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 those estimates under different assumptions or conditions.

### *Concentration of Credit Risk*

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions in the United States of America, United Kingdom, Canada, and Australia. Cash equivalents include overnight investments and money market funds. Deposits, at times, might exceed Federal Deposit Insurance Corporation (“FDIC”) limits in the United States and Deposit Insurance limits in the United Kingdom, Canada and Australia. It is the Organization’s opinion that it is not exposed to any significant credit risks.

### *Concentration of Funding*

PPGF maintains service contracts with several merchant partners, which pay PPGF fees for its services.

### *Concentration of Contributions*

For the years ended December 31, 2019 and 2018, 7% and 14%, respectively, of total contributions were donated by one donor.

### *Fair Value of Financial Instruments*

Financial instruments included in the consolidated statements of financial position as of December 31, 2019 and 2018 include cash and cash equivalents, accounts receivable, prepaid expenses, grants payable, accounts payable, and accrued expenses and other liabilities. For cash and cash equivalents, accounts receivable, prepaid expense, accounts payable, and accrued expenses and other liabilities the carrying amount approximates fair value due to its short maturity. Grants payable are reflected in the accompanying consolidated statements of financial position at their estimated fair values using methodologies described above.

### *Foreign Operations and Currency Translation*

PPGF US is the sole member of PPGF UK which has operations in the United Kingdom, PPGF Canada which has operations in Canada, and PPGF Australia which has operations in Australia. The consolidated financial statements of the Organization have been translated into US dollars. Each entity’s financial statements have been translated using the applicable exchange rate at the consolidated statements of financial position date. Changes in accumulated translation adjustments are reported in the consolidated statements of activities. The amount of accumulated translation adjustments is a separate line item on the consolidated statements of activities.

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## Notes to Consolidated Financial Statements

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The changes in accumulated translation adjustments for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	\$ (482,615)	\$ (355,574)
Foreign currency translation loss	71,437	(127,041)
Balance at end of year	\$ (411,178)	\$ (482,615)

### *Accounting for Uncertainty in Income Taxes*

PPGF evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the consolidated financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position and for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2019, management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are December 31, 2016 and forward.

### *Reclassifications*

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 consolidated financial statement presentation.

### *Recently Adopted Authoritative Guidance*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, "ASC 606") in 2019 under the modified retrospective method. The update was applied to all contracts that were not completed at the date of initial application. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The adoption of this update did not materially impact the consolidated financial statements.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis. The adoption of this update did not materially impact the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*. The update standardizes how certain transactions should be classified in the consolidated statement of cash flows. The Organization adopted this standard during the year ended December 31, 2019 with no impact to the consolidated statements of cash flows.

### 3. Liquidity and Availability of Resources

All of PPGF's assets are short-term in nature, with the majority of cash and cash equivalents to be spent on grants in the following month. PPGF's financial assets within one year of the consolidated statements of financial position date for general expenditure are as follows:

<i>December 31,</i>	<b>2019</b>		<b>2018</b>	
Cash and cash equivalents	\$	<b>39,481,041</b>	\$	27,856,272
Accounts receivable		<b>1,486,636</b>		395,373
Total financial assets available for general expenditure, including grants payable, within one year	\$	<b>40,967,677</b>	\$	28,251,645

Operating expenses for the Organization are covered by funding from merchant partners, including PayPal, eBay, Humble Bundle, Airbnb, and StubHub. PPGF maintains a contract with PayPal Inc. in which PayPal Inc. has agreed to provide funding to support the operating expenses of the Organization for donation processing. PayPal approved the PPGF 2020 operating plan and budget, and in January and March 2020, PayPal provided the funding for the Organization's 2020 operating expenses. The Board expects funding from PayPal to continue for the foreseeable future. In addition, the Organization maintains unrestricted net assets that are available, with PPGF board approval, to cover unforeseen operating expenses.

### 4. Taxation Recoverable

PPGF UK enables tax effective donations ("Gift Aid") by UK donors to their designated charities. Gift Aid allows donors who are subject to UK income tax to complete a simple, short declaration that they are a UK taxpayer. All donations that the donor makes to the charity after making a declaration are treated as being made after deduction of income tax at the basic rate (20%), and the charity can reclaim the inferred taxes, 25% on top of the gift, from HM Revenue & Customs ("HMRC"). PPGF claims tax relief from HMRC for Gift Aid donations. These funds are accrued as identified. Accrued amounts are reversed when submitted to HMRC for payment. At December 31, 2019 and 2018, approximately \$493,000 and \$364,000, respectively, was accrued, all of which is due in less than one year.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### 5. Retirement Plans

PPGF provides a 401(k) plan (the “Plan”) for PPGF US employees. Under the plan, PPGF matches 50% of employee contributions to the Plan up to 4% of each employee’s annual compensation, as defined by the plan agreement. PPGF paid approximately \$18,000, of matching contributions to the Plan for each of the years ended December 31, 2019 and 2018.

PPGF also provides a retirement plan for employees of PPGF UK. Under this retirement plan, PPGF contributes 7.5% of each employee’s annual compensation, as defined by the retirement plan agreement. PPGF paid approximately \$66,000 and \$51,000 in the form of contributions to the retirement plan for the years ended December 31, 2019 and 2018, respectively.

PPGF provides a retirement plan for employees of PPGF Canada. Under this retirement plan, PPGF contributes 4% of each employee’s annual compensation, as defined by the retirement plan agreement. PPGF paid approximately \$7,000 and \$0 in the form of contributions to the retirement plan for the years ended December 31, 2019 and 2018, respectively.

PPGF did not have an employee retirement plan set up in Australia as of December 31, 2019.

### 6. Related Party Transactions

PPGF board members include PayPal Inc. employees and independent directors. PayPal Inc. has entered into a service and license agreement with PPGF. The contract between the parties is valued at fair market value and such contracts are reviewed and approved by disinterested directors to avoid a real or perceived conflict of interest.

In addition, for the years ended December 31, 2019 and 2018, PPGF received approximately \$4,927,000 and \$3,289,000 in contributed transaction processing, office expenses, facilities, legal services, and IT and administrative services from PayPal Inc. In 2019, PPGF received approximately \$645,000 in contributed software and related expenses from a third party. The Organization would have paid for these expenses if they had not been contributed.

For the years ended December 31, 2019 and 2018, PPGF US recognized approximately \$2,135,000 and \$1,185,000, respectively, of program service revenue from PayPal Inc. Approximately \$265,000 of funds received from PayPal for 2019 operations was recorded as deferred revenue as of December 31, 2019. PPGF US received \$1,040,000 in 2018 as a prepayment for 2019 program service revenue, and this was recorded as deferred revenue as of December 31, 2018. PPGF US did not receive any prepayment of 2020 program service revenue for the year ended December 31, 2019. For the years ended December 31, 2019 and 2018, PPGF US received approximately \$1,930,000 and \$1,232,000, respectively, in donations from PayPal Inc. to be used as incentives during PayPal campaigns to encourage charitable giving. The majority of these funds were disbursed as grants to charities in 2019 and 2018, under the terms of various matching campaigns.

### 7. Subsequent Events

On March 11, 2020, the World Health Organization declared the novel coronavirus a global pandemic. As of the date of issuance, this public health emergency stands to substantially impact the global economy, including significant volatility in the financial markets. The coronavirus pandemic and government responses are creating disruption in global supply chains and adversely impacting many industries. The rapid development and fluidity of this situation precludes any

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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prediction as to the ultimate material adverse impact of the novel coronavirus on the results of the Organization's future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, 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 and deferment of employer side social security payments. Management has examined the provisions of the CARES Act and determined there is no impact to operations.

The Organization has evaluated subsequent events through June 25, 2020, the date the consolidated financial statements were available to be issued. Other than the matters described above, the Organization is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.