



# **PayPal Charitable Giving Fund and Subsidiaries**

**Consolidated Financial Statements**  
Years Ended December 31, 2021 and 2020

## **PayPal Charitable Giving Fund and Subsidiaries**

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Consolidated Financial Statements  
Years Ended December 31, 2021 and 2020

# PayPal Charitable Giving Fund and Subsidiaries

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Tel: 301-354-2500  
Fax: 301-354-2501  
www.bdo.com

12505 Park Potomac Avenue  
Suite 700  
Potomac, MD 20854

## **Independent Auditor's Report**

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

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, 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 Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements***

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

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



### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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*

June 30, 2022

## **Consolidated Financial Statements**

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# PayPal Charitable Giving Fund and Subsidiaries

## Consolidated Statements of Financial Position

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 57,818,780	\$ 52,966,886
Accounts receivable	974,986	1,269,384
Prepaid expenses	45,603	13,697
<b>Total assets</b>	<b>\$ 58,839,369</b>	<b>\$ 54,249,967</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Grants payable, net	\$ 49,645,575	\$ 46,290,448
Accounts payable and accrued expenses	1,618,634	761,363
Deferred revenues	4,905,161	4,455,920
Other liabilities	35,803	286,164
<b>Total liabilities</b>	<b>56,205,173</b>	<b>51,793,895</b>
<b>Commitments and contingencies</b>		
<b>Net Assets</b>		
Net assets, without donor restrictions	2,634,196	2,456,072
<b>Total liabilities and net assets</b>	<b>\$ 58,839,369</b>	<b>\$ 54,249,967</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>2021</b>	<b>2020</b>
<b>Revenues and support</b>		
Contributions	\$ 410,728,918	\$ 497,199,835
Program service revenue	3,591,975	3,290,182
In-kind contributions	10,690,101	10,580,538
Miscellaneous income	1,020	40,061
<b>Total operating revenue and support</b>	<b>425,012,014</b>	<b>511,110,616</b>
<b>Expenses</b>		
Program services	422,245,502	507,904,691
General and management	1,791,183	1,740,228
Fundraising	906,111	679,420
<b>Total operating expenses</b>	<b>424,942,796</b>	<b>510,324,339</b>
<b>Change in net assets without donor restrictions from operations</b>	<b>69,218</b>	<b>786,277</b>
<b>Foreign currency translation adjustment</b>	<b>108,906</b>	<b>(23,011)</b>
<b>Change in net assets without donor restrictions</b>	<b>178,124</b>	<b>763,266</b>
<b>Net assets, beginning of year</b>	<b>2,456,072</b>	<b>1,692,806</b>
<b>Net assets, end of year</b>	<b>\$ 2,634,196</b>	<b>\$ 2,456,072</b>

*See accompanying notes to consolidated financial statements.*



## PayPal Charitable Giving Fund and Subsidiaries

### Consolidated Statement of Functional Expenses

<i>Year ended December 31, 2021</i>	Program services	General and Management	Fundraising	Total
<b>Expenses</b>				
Grants	\$ 406,490,965	\$ -	\$ -	\$ 406,490,965
In-kind expenses	9,380,822	923,504	385,775	10,690,101
Salaries, wages and related expenses	1,362,696	575,508	283,582	2,221,786
Professional fees	249,530	279,822	24,104	553,456
Transaction costs and service fees	4,546,978	-	-	4,546,978
Marketing	-	-	194,049	194,049
Miscellaneous	357	1,210	-	1,567
Insurance	-	6,141	-	6,141
Bad debt	178,177	-	-	178,177
Staff development	35,977	4,998	18,601	59,576
<b>Total expenses</b>	<b>\$ 422,245,502</b>	<b>\$ 1,791,183</b>	<b>\$ 906,111</b>	<b>\$ 424,942,796</b>

*See accompanying notes to consolidated financial statements.*

## PayPal Charitable Giving Fund and Subsidiaries

### Consolidated Statement of Functional Expenses

<i>Year ended December 31, 2020</i>	Program services	General and Management	Fundraising	Total
<b>Expenses</b>				
Grants	\$ 490,990,992	\$ -	\$ -	\$ 490,990,992
In-kind expenses	9,495,335	761,592	323,611	10,580,538
Salaries, wages and related expenses	1,005,626	485,950	228,836	1,720,412
Professional fees	207,564	434,645	36,816	679,025
Transaction costs and service fees	6,174,228	46,646	-	6,220,874
Marketing	-	-	73,244	73,244
Miscellaneous	718	3,657	-	4,375
Insurance	-	3,354	-	3,354
Travel	4,351	4,384	-	8,735
Staff development	25,877	-	16,913	42,790
<b>Total expenses</b>	<b>\$ 507,904,691</b>	<b>\$ 1,740,228</b>	<b>\$ 679,420</b>	<b>\$ 510,324,339</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>	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 178,124	\$ 763,266
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Decrease (increase) in assets:		
Accounts receivable	294,398	217,252
Prepaid expenses	(31,906)	(13,697)
Increase (decrease) in liabilities:		
Grants payable	3,355,127	9,288,068
Accounts payable and accrued expenses	857,271	127,257
Deferred revenues	449,241	2,897,503
Other liabilities	(250,361)	206,196
<b>Net cash provided by operating activities</b>	<b>4,851,894</b>	<b>13,485,845</b>
<b>Increase in cash and cash equivalents</b>	<b>4,851,894</b>	<b>13,485,845</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>52,966,886</b>	<b>39,481,041</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 57,818,780</b>	<b>\$ 52,966,886</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”) 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, GoFundMe, Facebook, Humble Bundle as well as 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, in Australia through PayPal Giving Fund Australia (“PPGF Australia”), a registered Australian charity and in Ireland through PayPal Giving Fund Ireland (“PPGF Ireland”), a registered Irish charity.

PPGF 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 United States 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, PPGF Australia and PPGF Ireland (collectively referred to as the “Organization”). All significant inter-organizational accounts and transactions have been eliminated in consolidation.

#### *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 (US 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 (or in a small number of cases, after) 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 taxes recoverable and program service revenue receivable. There was no allowance for doubtful accounts for each of the years ended December 31, 2021 and 2020.

### ***Prepaid Expenses***

Prepaid expenses at December 31, 2021 consisted of a prepaid subscription to SAP Market Rates and Cash Management services, and 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, 2021 and 2020 are expected to be paid in the following year. The Organization recognizes an allowance for estimated refunds. For each of the years ended December 31, 2021 and 2020, 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***

#### ***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.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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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, 2021 and 2020.

Contributions consist of funds contributed to PPGF for donations 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.

### *Program Service Revenue*

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 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.

The Organization receives program service revenue from contracts with PayPal Inc., eBay Inc., Humble Bundle, Airbnb and Deed Partners 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 revenue results from cash received from eBay Inc. and PayPal Inc. in advance for program service revenue. Payment terms vary and cash received is 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.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### ***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 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.

### ***Concentrations 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 each of the years ended December 31, 2021 and 2020, 3% and 7% 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, 2021 and 2020 include cash and cash equivalents, accounts receivable, grants payable and accounts payable. 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.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### *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, PPGF Australia which has operations in Australia and PPGF Ireland which has operations in Ireland. 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.

The changes in accumulated translation adjustments for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of year	\$ (434,189)	\$ (411,178)
Foreign currency translation income (loss)	108,906	(23,011)
Balance at end of year	\$ (325,283)	\$ (434,189)

### *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, 2021, 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 US federal jurisdiction. The tax years that remain subject to potential examination for the US federal jurisdiction are December 31, 2018 and forward.

### *Recent accounting pronouncements not yet adopted*

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves the transparency of contributed nonfinancial assets through enhancements to presentation and disclosures. The ASU requires that a nonprofit present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets. Information that shows the contributed nonfinancial assets disaggregated by category will be required to be disclosed. In addition, the ASU requires that for each type of contributed nonfinancial asset the following will be disclosed: (a) policy (if any) on liquidating rather than using the contributed nonfinancial assets, (b) qualitative considerations on whether the contributed nonfinancial assets were liquidated or used during the reporting period and, if used, a description of how the asset was employed should be included, (c) any donor imposed restrictions related to contributed nonfinancial assets, (d) valuation methods and inputs utilized to



# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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determine a fair value measure at initial recognition, and (e) the principal or most advantageous market utilized to calculate fair value if it is a market in which the NFP is restricted by the donor from selling or utilizing the contributed nonfinancial assets. The amendments in the ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption of the ASU is permitted. The Organization is evaluating the effect that adoption of this new standard will have on the Organization's consolidated financial statements.

### 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 expenditures are as follows:

<i>December 31,</i>	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 57,818,780	\$ 52,966,886
Accounts receivable	974,986	1,269,384
Total financial assets available for general expenditures, including grants payable, within one year	\$ 58,793,766	\$ 54,236,270

Operating expenses for the Organization are covered by funding from merchant partners, including PayPal, eBay, Humble Bundle, Airbnb, and Deed Partners. 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 2022 operating plan and budget, and in March and September 2021, PayPal provided the funding for the Organization's 2022 operating expenses. The Board expects funding from PayPal to continue for the foreseeable future. In addition, the Organization maintains net assets without donor restrictions that are available, with PPGF board approval, to cover unforeseen operating expenses.

### 4. Taxes Recoverable

PPGF UK enables tax effective donations ("Gift Aid") by UK donors to benefit 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 such 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 Her Majesty's 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, 2021 and 2020, approximately \$680,000 and \$1,079,000, respectively, was accrued and recorded in accounts receivable, all of which is due in less than one year.

### 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 \$28,500 and \$22,000 of matching contributions to the Plan for the years ended December 31, 2021 and 2020, respectively.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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PPGF 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 \$51,000 and \$39,000 in the form of contributions to the retirement plan for the years ended December 31, 2021 and 2020, 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 \$11,600 and \$9,400 in the form of contributions to the retirement plan for the years ended December 31, 2021 and 2020, respectively.

PPGF provides a retirement plan for employees for PPGF Australia. Under this retirement plan, PPGF contributes 9.5% of each employee's annual compensation for period July 1, 2020 to June 30, 2021 and 10% for period July 1, 2021 to June 30, 2022, as defined by the retirement plan agreement. PPGF paid approximately \$21,000 and \$13,000 in the form of contributions to the retirement plan for the years ended December 31, 2021 and 2020, respectively.

PPGF does not have employees in Ireland.

### 6. Related Party Transactions

PPGF board members include PayPal Inc. employees and independent directors. PPGF has entered into a service and license agreement with PayPal Inc. 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, 2021 and 2020, PPGF received approximately \$10,613,000 and \$10,504,000 in contributed transaction processing, office expenses, facilities, legal services, and IT and administrative services from PayPal Inc. In 2021 and 2020, PPGF received approximately \$77,000 for each year, in contributed software and related expenses from a third party. The Organization would have paid for these expenses had they not been contributed.

For the years ended December 31, 2021 and 2020, PPGF recognized approximately \$3,300,000 and \$2,789,000, respectively, of program service revenue from PayPal Inc. PPGF US received \$4,000,000 in 2021 as a prepayment for 2022 program service revenue, and this was recorded as deferred revenue as of December 31, 2021. For the years ended December 31, 2021 and 2020, PPGF US received approximately \$692,000 and \$1,440,000, 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 2021 under the terms of various matching campaigns.

### 7. Risk and Uncertainties - COVID-19 Outbreak

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19) and the risks to the international community as the virus spread 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.

It is management's assessment that PPGF will be able to continue its operations and fulfill its purpose of supporting the charitable sector at this uncertain time.

# PayPal Charitable Giving Fund and Subsidiaries

## Notes to Consolidated Financial Statements

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### 8. Subsequent Events

The Organization has evaluated subsequent events through June 30, 2022, the date the consolidated financial statements were available to be issued. On May 1, 2022, PPGF adopted a new model of employment in order to enhance the employment proposition offered to its staff. Previously, staff were employed directly by PPGF. Having reviewed options with its boards, the Organization agreed with PayPal that staff would be employed by the PayPal entity in each jurisdiction, and formally seconded to the Organization to support its work. It is anticipated that an updated contract between PayPal and the Organization, supplemented by an agreed conflict of interest policy and formal secondment letters for each staff member, will adequately protect PPGF's interests in the arrangement. The arrangement will be subject to regular review to ensure it remains appropriate for, and beneficial to, the Organization.

Other than the matter described above, the Organization is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.