

Omidyar Network Fund, Inc.

Consolidated Financial Statements

December 31, 2019 and 2018

Omidyar Network Fund, Inc.
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December 31, 2019 and 2018

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Report of Independent Auditors

To the Board of Trustees of Omidyar Network Fund Inc:

We have audited the accompanying consolidated financial statements of Omidyar Network Fund, Inc. and its subsidiary (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and of cash flows for the years then ended.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the Company'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 Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation and its subsidiaries as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "PricewaterhouseCoopers LLP", is written over a light blue horizontal line.

San Francisco, California
June 23, 2020

Omidyar Network Fund, Inc.
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	\$ 35,498,587	\$ 55,843,806
Interest and dividends receivable	7,528,792	10,435,449
Investments	388,374,062	372,825,523
Program and mission related investments	59,459,038	54,380,588
Total assets	<u>\$ 490,860,479</u>	<u>\$ 493,485,366</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 140,184	\$ 372,919
Grants payable	14,975,622	10,702,019
Deferred federal excise tax liability	728,764	1,079,960
Total liabilities	<u>15,844,570</u>	<u>12,154,898</u>
Net assets without donor restrictions	475,015,909	417,729,718
Net assets with donor restrictions	-	63,600,750
Total net assets	<u>475,015,909</u>	<u>481,330,468</u>
Total liabilities and net assets	<u>\$ 490,860,479</u>	<u>\$ 493,485,366</u>

The accompanying notes are an integral part of these consolidated financial statements.

Omidyar Network Fund, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues and support without donor restrictions		
Contributions	\$ 38,278,184	\$ 5,587,130
Contributed services and in-kind gifts	45,463,150	41,432,597
Investment return, net	62,603,050	(23,391,071)
Total revenues and support without donor restrictions	<u>146,344,384</u>	<u>23,628,656</u>
Net assets released from restrictions		
Expiration of time restriction	63,600,750	-
Total net assets released from restrictions	<u>63,600,750</u>	<u>-</u>
Total revenues, gains and other support without donor restrictions	<u>209,945,134</u>	<u>23,628,656</u>
Expenses		
Grants awarded	106,451,114	92,584,195
Other grantmaking expenses	35,504,448	22,782,082
Total grantmaking expenses	141,955,562	115,366,277
Management and general expenses	10,703,381	18,646,137
Total expenses	<u>152,658,943</u>	<u>134,012,414</u>
Increase (decrease) in net assets without donor restrictions	<u>57,286,191</u>	<u>(110,383,758)</u>
Changes in net assets with donor restrictions		
Contributions	-	63,600,750
Net assets released from restrictions	(63,600,750)	-
Change in net assets with donor restrictions	<u>(63,600,750)</u>	<u>63,600,750</u>
Increase (decrease) in total net assets	<u>(6,314,559)</u>	<u>(46,783,008)</u>
Total net assets		
Beginning of year	<u>481,330,468</u>	<u>528,113,476</u>
End of year	<u>\$ 475,015,909</u>	<u>\$ 481,330,468</u>

The accompanying notes are an integral part of these consolidated financial statements.

Omidyar Network Fund, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ (6,314,559)	\$ (46,783,008)
Adjustments to reconcile change in total net assets to net cash used in operating activities		
Unrealized and realized loss (gain) on investments	(55,844,478)	29,377,730
Noncash contributions received	(38,269,388)	(69,187,880)
Amortization of premium on bond investments	935,092	1,415,328
Proceeds from sale of donated securities	37,950,260	61,672,148
Changes in operating assets and liabilities		
Interest and dividends receivable	2,906,657	(9,640,600)
Prepaid federal excise tax		
Accounts payable and accrued liabilities	(232,735)	299,971
Grants payable	4,273,603	(3,813,002)
Deferred federal excise tax liability	(351,196)	(1,420,603)
Net cash (used in) provided by operating activities	<u>(54,946,744)</u>	<u>(38,079,916)</u>
Cash flows from investing activities		
Purchase of investments	(76,079,199)	(152,018,546)
Distributions from investments	15,700,712	563,296
Proceeds from sale of investments	94,980,012	109,032,530
Net cash (used in) provided by investing activities	<u>34,601,525</u>	<u>(42,422,720)</u>
Net change in cash and cash equivalents	(20,345,219)	(80,502,636)
Cash and cash equivalents		
Beginning of year	<u>55,843,806</u>	<u>136,346,442</u>
End of year	<u>\$ 35,498,587</u>	<u>\$ 55,843,806</u>
Supplemental schedule of noncash activities		
Contributed services and in-kind gifts	\$ 45,463,150	\$ 41,432,597

The accompanying notes are an integral part of these consolidated financial statements.

Omidyar Network Fund, Inc.

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

1. Organization

Omidyar Network Fund, Inc. (the “Foundation”) is a 501(c)(3) entity incorporated in the State of Delaware. The purpose of the Foundation is to support organizations that create opportunities for people to improve their lives, thereby catalyzing economic and social change. In September 2015, the Foundation formed a wholly owned subsidiary, ONFI Brazil LLC, to facilitate activities in Brazil.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Foundation include the accounts of ONFI Brazil LLC. All intercompany balances and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to non-profit organizations.

Revenues and gains or losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expenses and other assets or liabilities are reported as decreases or increases in net assets without donor restrictions.

Contributions are recognized at fair value in the period received. The Foundation has been funded through contributions received from the Pierre M. Omidyar Trust (the “Trust”), a related party.

Net Assets Without Donor Restrictions

Net Assets without donor restrictions represent resources that are not subject to donor-imposed restrictions and are available to support the Foundation’s activities.

Net Assets With Donor Restrictions

Net Assets with donor restrictions represent donations that are subject to donor-imposed restrictions which expires with the passage of time. Upon the passage of time, the associated net assets are released and recognized as net assets without donor restrictions.

Uses of Estimates

The preparation of consolidated 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 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.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to short-term maturities of the instruments. The Foundation deposits cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits.

Omidyar Network Fund, Inc.

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Investments

Investments, including program related investments (PRIs) and mission related investments (MRIs), are reported at fair value. Fair value is defined as the amount at which an asset could be exchanged between unrelated willing market participants, in an orderly transaction at the measurement date (i.e., the exit price). Investments are classified as program or mission related investments when they have a direct link to the Foundation's strategic purpose.

Securities

Securities listed on a securities exchange are valued at the last quoted sale price from the principal market on which the security is traded. Investments in open-end mutual funds are valued at the closing net asset value. Securities that trade in over-the-counter markets, including most debt and convertible securities, are valued within the range of the most recent quoted bid and ask prices or if such quotes are not available may be valued using evaluated prices determined by the Foundation's pricing services. The Foundation's pricing services may use valuation models which consider information with respect to comparable bond and note transactions, quotations from bond dealers, conversion premiums, interest rate spreads and yield curves to determine current value.

Private Equity

Private equity investments are not registered for public sale and are carried at estimated fair value as determined in good faith by the Foundation's management after consideration of available relevant financial, operational, and economic data. Significant factors considered in the estimation of fair value include, but are not limited to, the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed.

Limited Partnerships

Investments in limited partnerships, which include private equity funds, venture capital funds and hedge funds, are generally subject to certain withdrawal restrictions. Because no readily ascertainable market value exists for these investments, the estimated fair values are determined in good faith by the Foundation's management on the basis of the latest available valuations of the Foundation's pro-rata interest in the net assets of the partnership as determined in good faith by the general partner of each partnership.

The Foundation follows the authoritative guidance for estimating the fair value of investments in investment companies, including limited partnerships that have calculated net asset value in accordance with the specialized accounting guidance for investment companies. Accordingly, in circumstances in which the fair value of an investment in a limited partnership is not readily determinable, the Foundation estimates the fair value of an investment in a limited partnership using the net asset value of the investment without further adjustment, if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for investment companies as of the reporting entity's measurement date.

Management may determine to adjust the valuations after consideration of relevant factors that market participants would consider in a transaction for an interest in the partnership including redemption restrictions.

Omidyar Network Fund, Inc.

Notes to Consolidated Financial Statements

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Investment Income

Realized gains or losses, unrealized gains or losses, and dividends and interest are accrued as earned and are reported on the Consolidated Statement of Activities within investment return, net.

Grants

Grant expenses include unconditional grants. Unconditional grants are expensed when grant agreements are executed and effective. Certain grants may be subject to the grantee fulfilling specific conditions. Such conditional grants are considered commitments and are not recorded as expense until the conditions of the grant are met.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The new guidance addresses certain aspects of recognition, measurement, presentation and disclosure of financial instruments. For nonpublic entities (including not-for-profit organizations and employee benefit plans), the standard is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption of the standard is permitted for all organizations that are not public business entities as of the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Foundation has determined that the adoption of this standard had no impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework — Changes to the Disclosure Requirements for Fair Value Measurement*. It eliminates certain disclosure requirements for fair value measurements for all entities, requires public entities to disclose certain new information and modifies some disclosure requirements. The amended guidance intended to improve the effectiveness of disclosures in the notes to financial statements by focusing on requirements that clearly communicate the most important information to users of the financial statements. The guidance is effective for interim and annual periods beginning after December 15, 2019. For the year ending December 31, 2019, the Foundation has elected to adopt this pronouncement, and the notes to these financial statements reflect the changes to the disclosure requirements.

3. Investments

Investments held at December 31:

	2019	2018
Convertible securities	\$ 44,469,256	\$ 47,958,346
Public equity securities	178,591,445	162,700,544
Fixed income securities	76,986,278	72,372,519
Private equity, venture capital and hedge funds	88,327,083	89,794,114
Total investments	<u>\$ 388,374,062</u>	<u>\$ 372,825,523</u>

At December 31, 2019 and 2018, the Foundation had unfunded commitments of \$415,500 and \$615,500, respectively, related to certain private equity, venture capital and hedge funds. The unfunded portion of these commitments can be called at any time at the request of each general partner.

Omidyar Network Fund, Inc.
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4. Program and Mission Related Investments

Program and mission related investments are strategic investments aligned with the Foundation's mission. These investments are primarily composed of equities, equity funds and debt.

Program and mission related investments held at December 31:

	2019	2018
Private equity investments	\$ 44,718,309	\$ 38,948,521
Venture capital and private equity funds	8,359,683	9,324,192
Debt and convertible notes	<u>6,381,046</u>	<u>6,107,875</u>
Total program and mission related investments	<u>\$ 59,459,038</u>	<u>\$ 54,380,588</u>

As of December 31, 2019 and 2018 the Foundation had unfunded commitments of \$2,312,945 and \$2,681,969, respectively, related to program and mission related investments in companies and limited partnerships. The unfunded commitments to private equity and venture capital funds can be called at any time at the request of the general partners and are not accrued until called.

5. Investment Valuation

The accounting standard over fair value measurements established a framework for measuring fair value and expands disclosures about fair value measurements. The standard prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability as of the measurement date.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment.

Net Asset Value (NAV) – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in investment funds that do not have a readily determinable fair value may be valued at NAV as a practical expedient. Investments measured at NAV include private equity and venture capital funds.

The categorization of an investment within the valuation hierarchy is based upon the lowest level input that is significant to the fair value measurement.

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The following table presents the investments carried at fair value on the Consolidated Statement of Financial Position as of December 31, 2019 (as described above):

	Assets at Fair Value as of December 31, 2019				
	Level 1	Level 2	Level 3	NAV	Total
Convertible securities	\$ -	\$ 44,469,256	\$ -	\$ -	\$ 44,469,256
Public equity securities	178,591,445				178,591,445
Fixed income securities		76,986,278			76,986,278
Private equity, venture capital and hedge funds				88,327,083	88,327,083
PRI and MRI - private equity			44,718,309		44,718,309
PRI and MRI - private equity funds and venture capital funds				8,359,683	8,359,683
PRI and MRI - private debt and convertible notes			6,381,046		6,381,046
	<u>\$ 178,591,445</u>	<u>\$ 121,455,534</u>	<u>\$ 51,099,355</u>	<u>\$ 96,686,766</u>	<u>\$ 447,833,100</u>

There were no transfers of assets into or out of level 3 in 2019. For the year ending December 31, 2019, purchases of level 3 investments totaled \$8,420,871.

The following table presents the investments carried at fair value on the Consolidated Statement of Financial Position as of December 31, 2018.

	Assets at Fair Value as of December 31, 2018				
	Level 1	Level 2	Level 3	NAV	Total
Convertible securities	\$ -	\$ 47,958,346	\$ -	\$ -	\$ 47,958,346
Public equity securities	162,700,544	-	-	-	162,700,544
Fixed income securities	-	72,372,519	-	-	72,372,519
Private equity, venture capital and hedge funds	-	-	-	89,794,114	89,794,114
PRI and MRI - private equity	-	-	38,948,521	-	38,948,521
PRI and MRI - private equity funds and venture capital funds	-	-	-	9,324,192	9,324,192
PRI and MRI - private debt and convertible notes	-	-	6,107,875	-	6,107,875
	<u>\$ 162,700,544</u>	<u>\$ 120,330,865</u>	<u>\$ 45,056,396</u>	<u>\$ 99,118,306</u>	<u>\$ 427,206,111</u>

There were no transfers of assets into or out of level 3 to other levels of the fair value hierarchy.

Omidyar Network Fund, Inc.
Notes to Consolidated Financial Statements
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The Foundation uses significant unobservable inputs in the fair value measurements of certain direct private equity investments. The following table provides quantitative information about the valuation techniques and significant unobservable inputs used to determine the fair value of such investments at December 31, 2019.

Direct Private Equity Investment	Fair Value	Valuation Technique(s)	Unobservable Input	Assumptions or Range
Education	\$ 14,760,464	Option pricing model	Expected volatility	60.0% - 71.5%
			Time to exit (years)	2.00 - 5.00
			DLOM	15.0%
		Market approach - Recent transaction	Revenue multiple	1.19x
Experimental	14,158,075	Option pricing model	Expected volatility	52.0%
			Time to exit (years)	3.00
Financial Inclusion	3,230,276	Market comparable	Book value multiple	1.50x
			Market approach -	Equity adjustment
Tech & Society	296,613	Option pricing model	Expected volatility	59.9%
			Time to exit (years)	5.00

The following table provides quantitative information about the valuation techniques and significant unobservable inputs used to determine the fair value of such investments at December 31, 2018.

Direct Private Equity Investment	Fair Value	Valuation Technique(s)	Unobservable Input	Assumptions or Range
Education	\$ 22,844,034	Option pricing model	Expected volatility	50.8% - 64.1%
			Time to exit (years)	2.0 - 5.0
Emerging market	4,486,210	Market comparable	Book value multiple	1.7x
entrepreneurship		Option pricing model	Expected volatility	62.5%
			Time to exit (years)	2.0
			Discount for lack of marketability	10.0%

Omidyar Network Fund, Inc.
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The Foundation uses NAV to determine the fair value of its investments in limited partnerships. The following table lists such investments by major category at December 31, 2019:

	Number of funds	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions in Place at Year End
(a) Hedge funds	1	\$ 21,616,990	\$ -	Ranges from monthly redemption with 35 days' notice to annual redemption with 90 days' notice	None
- equity strategies	1	10,806,788			Locked from redemption until March 2020; 25% per quarter gate on quarterly redemptions
(b) Hedge funds - diversified	1	23,962,603		Ranges from monthly redemption with 45 days' notice to semiannual redemption with 90 days' notice	None
(c) Private equity and venture capital funds - U.S.	4	10,442,080	415,500	Not redeemable	N/A
(d) Hedge funds					
- debt strategies	3	2,523,476		Range from monthly redemption with 45 days' notice to annual redemption with 90 days' notice	None
- debt strategies	1	18,975,145			Lock on redemption ranges from February 2021 to January 2022
(e) PRI and MRI - private equity funds - non U.S.	6	8,359,683	1,712,945	Not redeemable	N/A
	<u>17</u>	<u>\$ 96,686,766</u>	<u>\$ 2,128,445</u>		

The following table lists such investments by major category at December 31, 2018:

	Number of funds	Fair Value	Unfunded Commitments	Redemption Terms	Redemption Restrictions in Place at Year End
(a) Hedge funds	1	\$ 17,806,526	\$ -	Ranges from monthly redemption with 35 days' notice to annual redemption with 90 days' notice	None
- equity strategies					
(b) Hedge funds - diversified	1	18,046,289		Ranges from monthly redemption with 45 days' notice to semiannual redemption with 90 days' notice	None
(c) Private equity and venture capital funds - U.S.	4	12,507,315	615,500	Not redeemable	N/A
(d) Hedge funds					
- debt strategies	3	25,882,567		Range from monthly redemption with 45 days' notice to annual redemption with 90 days' notice	None
- debt strategies	1	15,551,417			Locked from redemption till February 2021
(e) PRI and MRI - private equity funds - non U.S.	6	9,324,192	2,681,969	Not redeemable	N/A
	<u>16</u>	<u>\$ 99,118,306</u>	<u>\$ 3,297,469</u>		

Omidyar Network Fund, Inc.
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- a. This category includes investments in hedge funds that primarily pursue equity value strategies that provide superior risk-adjusted returns.
- b. This category includes investments in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility including U.S. equity value and growth opportunities, distressed debt, arbitrage and emerging market equities.
- c. This category includes several private equity and venture capital funds that invest primarily in U.S. private companies. Distributions from these funds will be received as the underlying investments of the funds are liquidated.
- d. This category includes investments in hedge funds that primarily invest in multi-credit debt strategies that include investments in distressed debt.
- e. This category includes investments in private equity funds that invest primarily in institutions in emerging economies and small to medium enterprises within India. Distributions from these funds will be received as the underlying investments of the funds are liquidated.

6. Related Party Transactions

The Trust donated cash and marketable securities with total fair value of \$38,278,184 and \$69,187,880 to the Foundation in 2019 and 2018, respectively.

During 2019, Omidyar Network Services LLC and Flourish Ventures Services LLC, both affiliated entities of the Foundation, provided program and general and administrative support to and paid for professional legal costs on behalf of the Foundation. The amount of contributed services and in-kind gifts to the Foundation is determined by each supporting entity and is recognized as support. Each entity determines the portion of operating activity related to the Foundation and employs this as a basis to allocate a pro rata portion of operating expenses as a gift to the Foundation. The allocated amount may fluctuate significantly as the pro rata portion changes from year to year. For the year ending December 31, 2019, support and related expenses totaled \$45,223,150. For the year ending December 31, 2018, Omidyar Network Services LLC provided support and related expenses of \$41,307,597 on behalf of the Foundation.

In addition, other affiliated entities and related parties provided in-kind services related to investment management, governance and operational support of \$240,000 during 2019 and \$125,000 during 2018 to the Foundation.

Omidyar Network Fund, Inc.
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7. Grants and Support

Grant expenses for the year ended by December 31 are as follows:

	2019	2018
Grant payments	\$ 103,649,271	\$ 97,016,615
Less: Amounts committed in previous years and paid	(8,331,849)	(11,391,117)
Future payments committed in the current year on unconditional grants	12,603,921	7,578,115
Expected grant return	(1,500,000)	
Change in prepaid grants	500,000	(500,000)
Refunded grants paid in previous year	<u>(470,229)</u>	<u>(119,418)</u>
Grant expenses	<u>\$ 106,451,114</u>	<u>\$ 92,584,195</u>

Grants payable are due as follows:

Year Ending December 31,	Amount
2020	\$ 10,918,955
2021	3,406,667
2022	<u>650,000</u>
Grants Payable	<u>\$ 14,975,622</u>

All grants payable are recorded at face value, which, as of December 31, 2019 and 2018, was immaterially different from present value.

As of December 31, 2019, and 2018, the Foundation had unfunded commitments of \$53,116,683 and \$52,738,393, respectively, related to conditional grants. Future installments are payable upon the satisfaction of certain conditions and therefore, will not be accrued until such conditions have been met.

In 2016, the Foundation provided a financial guarantee for one organization in the form of a Security and Deposit Account Arrangement and Control Agreement. The arrangement expires on October 25, 2024. As of December 31, 2019, the Deposit Account held \$2,000,000, of which no amounts have been drawn upon.

8. Analysis of Expenses

The Foundation reported other program and administrative activities occurring both within the Foundation and supported by Omidyar Network Services LLC and Flourish Ventures Services LLC. Expenditures directly associated with Omidyar Network Services LLC's and Flourish Ventures Services LLC's initiatives were classified as program activities. All other indirect expenses were classified as supporting activities.

The total expenses, displayed by natural expense classification, for the year ended by December 31, 2019 were as follow:

Omidyar Network Fund, Inc.
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	<u>Program Activities</u> <u>Grantmaking</u>	<u>Supporting Activities</u> <u>Management and General</u>	<u>Total Expenses</u>
Grants awarded	\$ 106,451,114	\$ -	\$ 106,451,114
Other expenses			
Salary and benefits	18,599,380	6,576,574	25,175,954
Professional services	5,725,615	2,355,164	8,080,779
Travel and conference	2,841,791	462,595	3,304,386
Facilities	3,376,242	63,344	3,439,586
Federal excise tax		848,803	848,803
Miscellaneous expenses	4,961,420	396,901	5,358,321
Subtotal of other expenses	<u>35,504,448</u>	<u>10,703,381</u>	<u>46,207,829</u>
Total expenses	<u>\$ 141,955,562</u>	<u>\$ 10,703,381</u>	<u>\$ 152,658,943</u>

The total expenses, displayed by natural expense classification, for the year ended by December 31, 2018 were as follow:

	<u>Program Activities</u> <u>Grantmaking</u>	<u>Supporting Activities</u> <u>Management and General</u>	<u>Total Expenses</u>
Grants awarded	\$ 92,584,195	\$ -	\$ 92,584,195
Other expenses			
Salary and benefits	14,066,265	10,502,081	24,568,346
Professional services	5,767,301	2,551,738	8,319,039
Travel and conference	2,569,095	905,788	3,474,883
Facilities	135,470	3,919,960	4,055,430
Federal excise tax	-	119,398	119,398
Miscellaneous expenses	243,951	647,172	891,123
Subtotal of other expenses	<u>22,782,082</u>	<u>18,646,137</u>	<u>41,428,219</u>
Total expenses	<u>\$ 115,366,277</u>	<u>\$ 18,646,137</u>	<u>\$ 134,012,414</u>

9. Liquidity

The Foundation's financial assets available within one year of December 31, 2019 to meet general expenditures include:

	Amounts
Cash and cash equivalents	\$ 35,498,587
Interest and dividends receivable	7,528,792
Marketable securities	300,046,979
Redeemable hedge funds	56,208,161
Available financial assets	<u>\$ 399,282,519</u>

The Foundation intends to structure its financial assets to cover grants awarded and excise tax expenses. All other program expenses and management and general expenses are contributed services and in-kind gifts from Omidyar Network Services LLC and Flourish Ventures

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Services LLC. The Foundation has no payment obligation, nor liabilities associated with these contributed and in-kind expenses.

10. Taxes

Omidyar Network Fund, Inc. is a private foundation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, and from state income taxes under Section 23701(d) of the Revenue and Taxation Code of the State of California, respectively. Private foundations are subject to a federal excise tax on net investment income and, for the year ending December 31, 2019, may reduce their federal excise tax rate from 2% to 1%, if a foundation's charitable expenditures exceed a specified minimum amount based on its average expenditures over the preceding five years. The Foundation was subject to a 1% excise rate for 2019 and 1% for 2018.

Beginning January 1, 2020, with the enactment of the 2019 Taxpayer Certainty and Disaster Tax Relief Act, private foundations are subject to a flat rate federal excise tax of 1.39%. The Foundation recognized deferred excise tax liabilities on net unrealized gains from investments of 1.39% at December 31, 2019 and 2% at December 31, 2018. Certain investments provide unrelated business income, which is subject to unrelated business income tax. For the years ended December 31, 2019 and 2018, the unrelated business income provided by investments was immaterial.

The expenses for federal excise tax are as follows:

	2019	2018
Current	\$ 603,468	\$ 914,063
Deferred	<u>367,402</u>	<u>(794,665)</u>
Federal excise tax expenses	<u>\$ 970,870</u>	<u>\$ 119,398</u>

The Foundation believes that it has appropriate support for the excise tax positions taken and, as such, does not have any uncertain tax positions that result in a material impact on the Foundation's consolidated financial position or changes in net assets.

11. Subsequent Events

The Foundation has evaluated subsequent events for the period from December 31, 2019 through June 23, 2020, the date the consolidated financial statements were available to be issued, and determined there are no other items to disclose other than those below:

On January 1, 2020, the Foundation spun off its governance and citizen engagement initiative into Luminate Foundation, Inc. and assigned grants and program and mission related investments related to the initiative to the new entity. Program and mission related investments valued at \$3,995,094 and grants payable in the amount of \$8,866,731, along with \$21,826,223 in unfunded commitments related to conditional grants, were transferred.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic has caused worldwide disruption to businesses and economic activity

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and could result in significant drop in the fair value of the entities in which the Foundation has invested. The Foundation considers the pandemic to be a non-adjusting event after the reporting period. As the situation is fluid and rapidly evolving, the Foundation does not consider it practicable to provide a quantitative estimate of the potential impact on the Foundation at this time. The impact of the pandemic on the fair value measurements of the Foundation's investments will be incorporated in the financial statements for the year ending December 31, 2020.