



**Written by:** Angie Sabin, Chief Financial Officer

**Reviewed by:** Drupal Association Board

Note: The 2021 tax return is not yet complete. We filed an extension and will finalize the 990 by the deadline and will publish the public copy and a narrative shortly after that.

## **Drupal Association 2020 fiscal year narrative**

***2020 was a net positive year but at the end of 2020, The Drupal Association faced continued significant financial risk.***

Although 2020 was successful as a 12-month fiscal period on paper, as of the end of that period, the Drupal Association faced considerable financial risk related to pandemic conditions and uncertainty of in-person events.

At the close of 2020, the organization held **significant liability for potential event cancellations (venue and hotel contracts through 2024) of at least \$2.9M**, due to the [decision to secure five years of in-person conference venues and hotels in late 2018](#). To simplify: if the DA needed to cancel these events, the fees would be at a minimum \$2.9M. This amount does not include any lost revenue that supports a significant portion of the organization or costs for executing a virtual conference nor does it reflect that fees increase the closer you get to scheduled event dates. So while the DA “looked good on paper”, we knew we still had a long road ahead that we needed to navigate carefully given continued pandemic conditions and uncertainty around returning to in-person events. However, we were in a stronger position to mitigate the risk ahead.

### **Summary of revenue and a net increase**

At the start of the pandemic, we calculated the potential risk for canceling our scheduled 2020 in-person event in Minneapolis to be between \$400k and \$1.1M ([read more here](#) about how we calculated that risk). It is extremely difficult to cancel venue or hotel contracts and without the city banning events entirely, we would not have been able to cancel the contracts without paying over a million dollars in fees. In order to mitigate risk, the Drupal Association successfully implemented a DrupalCares fundraising campaign in March 2020 and through the generous



support of the Drupal community, **raised over \$500k.**

In addition to a successful fundraiser, in the end, we were able to avoid paying significant cancellation fees to the Minneapolis hotels and conference center in Minneapolis only because the city banned large events and meetings. The venue finally canceled our contract without fees on April 15 (the event was scheduled for May 15). In the weeks following we were also able to cancel our hotel contracts based on the venue cancellation, without fees. At the advice of lawyers, we weren't able to publicly announce or market a virtual event until these contracts were canceled, otherwise the cancellation fees would have been triggered.

Shortly after the cancellation, we quickly pivoted to a virtual event although, with no history of virtual events, it was unclear how ticket sales would go. It did turn out to be a modestly successful event. The virtual event platform was new to the market and, therefore, reasonably inexpensive. Many of our sponsors generously converted their sponsorships from the planned Minneapolis conference to the virtual event and many Minneapolis ticket holders also donated a portion of their ticket sales to the DA.

In addition to successfully navigating the risk specific to the in-person event cancellation, we significantly reduced our costs for the year and received a payroll protection loan (part of the US Government COVID aid available to companies).

With a combination of the items mentioned above, along with careful budgeting, the revenue after expenses for 2020 was **\$920k**. However, given the considerable risk we still faced (**at least \$2.9 million as mentioned above**), and the continued uncertainty of the pandemic, the net surplus was considered part of a long-term, multi-year risk mitigation strategy. In short, this surplus positioned us to have enough operating reserves to avoid a crisis that could threaten the existence of the DA.

### **Cautious Strategic Investment**

While we determined we should maintain enough cash to mitigate continued risk, the board set aside \$200k in cash for strategic initiatives that included TUF Server Signing, Project Messaging in Core, Events.Drupal.org update to Drupal 9, and Drupal.org homepage redesign. These funds have been allocated to these initiatives from 2021 and continue through the present.

# THE DRUPAL ASSOCIATION

Financial Statements

For the Years Ended December 31, 2020 (Audited)  
and December 31, 2019 (Reviewed)



MCDONALD JACOBS

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Drupalcon, Inc. dba The Drupal Association

We have audited the accompanying financial statements of Drupalcon, Inc. dba The Drupal Association (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### *Accountant's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Drupalcon, Inc. dba The Drupal Association as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

We have previously reviewed Drupalcon, Inc. dba The Drupal Association's 2019 financial statements, and in our report thereon, dated February 28, 2020, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with generally accepted accounting principles. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion in the financial statements taken as a whole.

*McDonald Jacobson, P.C.*

Portland, Oregon  
March 16, 2021

THE DRUPAL ASSOCIATION  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2020 and 2019

	2020 <u>(Audited)</u>	2019 <u>(Reviewed)</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,698,428	\$ 1,088,910
Accounts receivable	60,860	191,595
Prepaid expenses and other assets	141,224	316,852
Property and equipment, net	<u>1,843</u>	<u>2,281</u>
 TOTAL ASSETS	 <u><u>\$ 1,902,355</u></u>	 <u><u>\$ 1,599,638</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 79,817	\$ 129,073
Fiscal sponsorships	-	36,295
Deferred revenue	141,395	955,215
Refundable advance - Paycheck Protection Program	<u>278,287</u>	<u>-</u>
Total liabilities	<u>499,499</u>	<u>1,120,583</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,199,970	476,774
Board designated	200,000	-
Net property and equipment	<u>1,843</u>	<u>2,281</u>
Total without donor restrictions	1,401,813	479,055
With donor restrictions	<u>1,043</u>	<u>-</u>
Total net assets	<u>1,402,856</u>	<u>479,055</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,902,355</u></u>	 <u><u>\$ 1,599,638</u></u>

See independent accountant's review report and notes to financial statements.

THE DRUPAL ASSOCIATION  
STATEMENTS OF ACTIVITIES  
For the years ended December 31, 2020 and 2019

	2020			2019
	(Audited)			(Reviewed)
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions
<b>Support and revenue:</b>				
Contributions and sponsorships	\$ 1,445,816	\$ 1,043	\$ 1,446,859	\$ 1,249,133
Conference and training registrations	585,954	-	585,954	1,906,171
Donated materials and services	126,502	-	126,502	27,500
Dues and memberships	759,556	-	759,556	564,104
Advertising and other income	449,894	-	449,894	580,958
Net realized and unrealized loss from currency translation	(9,304)	-	(9,304)	(4,648)
Total support and revenue	3,358,418	1,043	3,359,461	4,323,218
<b>Expenses:</b>				
Program	1,690,967	-	1,690,967	3,326,080
Management and general	661,768	-	661,768	846,218
Fundraising	82,925	-	82,925	54,682
Total expenses	2,435,660	-	2,435,660	4,226,980
Change in net assets	922,758	1,043	923,801	96,238
<b>Net assets:</b>				
Beginning of year	479,055	-	479,055	382,817
End of year	\$ 1,401,813	\$ 1,043	\$ 1,402,856	\$ 479,055

See independent accountant's review report and notes to financial statements.

THE DRUPAL ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2020

(Audited)

	Program			Total Program	Management and General	Fundraising	Total
	DrupalCons	Drupal.org Website	Other Programs				
Salaries and related expenses	\$ 483,732	\$ 369,617	\$ 288,039	\$ 1,141,388	\$ 493,739	\$ 42,746	\$ 1,677,873
Professional fees	48,924	82,630	10,207	141,761	59,541	6,264	207,566
Events and conferences	79,698	-	-	79,698	-	-	79,698
Scholarships and grants	-	400	400	800	-	-	800
Marketing	37,866	15	3,802	41,683	-	-	41,683
Information technology and website	26,453	111,611	-	138,064	-	-	138,064
Facilities	15,607	4,136	1,765	21,508	2,016	3,811	27,335
Travel and meals	11,703	2,145	2,087	15,935	2,183	575	18,693
Board expenses	-	-	124	124	129	-	253
Office and other operating expenses	6,903	25,998	6,210	39,111	15,714	9,272	64,097
Insurance	5,829	4,481	3,480	13,790	1,954	4,631	20,375
Bank fees	35,094	18,407	3,308	56,809	2,007	15,526	74,342
Income and sales taxes	-	-	-	-	84,443	-	84,443
Depreciation and amortization	125	96	75	296	42	100	438
Total expenses	<u>\$ 751,934</u>	<u>\$ 619,536</u>	<u>\$ 319,497</u>	<u>\$ 1,690,967</u>	<u>\$ 661,768</u>	<u>\$ 82,925</u>	<u>\$ 2,435,660</u>

See independent accountant's review report and notes to financial statements.



THE DRUPAL ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended December 31, 2019

(Reviewed)

	Program						Total
	DrupalCons	Drupal.org Website	Other Programs	Total Program	Management and General	Fundraising	
Salaries and related expenses	\$ 318,828	\$ 461,369	\$ 286,612	\$ 1,066,809	\$ 324,587	\$ 46,505	\$ 1,437,901
Professional fees	62,097	134,532	25,200	221,829	129,412	-	351,241
Events and conferences	1,563,690	-	-	1,563,690	-	-	1,563,690
Scholarships and grants	46,114	-	7,902	54,016	-	-	54,016
Marketing	49,523	21	7,000	56,544	39,272	-	95,816
Information technology and website	-	178,127	-	178,127	-	-	178,127
Facilities	-	1,955	-	1,955	12,308	-	14,263
Travel and meals	27,205	16,006	9,764	52,975	17,085	91	70,151
Board expenses	6,449	-	-	6,449	75,518	-	81,967
Office and other operating expenses	16,075	19,406	2,533	38,014	38,910	-	76,924
Insurance	-	-	-	-	22,003	-	22,003
Bank fees	65,614	9,316	4,154	79,084	8,314	7,799	95,197
Income and sales taxes	-	-	-	-	176,811	-	176,811
Depreciation and amortization	1,969	2,849	1,770	6,588	1,998	287	8,873
Total expenses	<u>\$ 2,157,564</u>	<u>\$ 823,581</u>	<u>\$ 344,935</u>	<u>\$ 3,326,080</u>	<u>\$ 846,218</u>	<u>\$ 54,682</u>	<u>\$ 4,226,980</u>

See independent accountant's review report and notes to financial statements.

THE DRUPAL ASSOCIATION  
 STATEMENTS OF CASH FLOWS  
 For the years ended December 31, 2020 and 2019

	<u>2020</u> <u>(Audited)</u>	<u>2019</u> <u>(Reviewed)</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 923,801	\$ 96,238
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	438	8,873
(Increase) decrease in:		
Accounts receivable	130,735	13,731
Prepaid expenses and other assets	175,628	(134,894)
Increase (decrease) in:		
Accounts payable, accrued expenses and other	(85,551)	(30,867)
Deferred revenue	(813,820)	(91,466)
Refundable advance - Paycheck Protection Program	278,287	-
Net cash flows from operating activities	<u>609,518</u>	<u>(138,385)</u>
Net change in cash and cash equivalents	609,518	(138,385)
Cash and cash equivalents - beginning of year	<u>1,088,910</u>	<u>1,227,295</u>
Cash and cash equivalents - end of year	<u>\$ 1,698,428</u>	<u>\$ 1,088,910</u>
<b>Supplemental cash flow information:</b>		
Cash paid during the year for income taxes	<u>\$ 48,998</u>	<u>\$ 78,778</u>

See independent accountant's review report and notes to financial statements.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2020 and 2019

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Drupal Association (the Association) is a nonprofit organization dedicated to helping the open-source Drupal CMS project flourish. The Association supports the Drupal community with funding, infrastructure, education, promotion, distribution and online collaboration (Drupal.org website). The Association also hosts two or three worldwide conferences (DrupalCons) annually. Revenue and support is provided by memberships, supporting partners, sponsorships, donations, and volunteers.

Basis of Presentation

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

See independent accountant's review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial. Accounts receivable are unsecured and represent cancelable event sponsorships. At December 31, 2019, accounts receivable 90 days past due total approximately \$37,500.

Prepaid Expenses

Prepaid expenses primarily represent costs incurred in advance related to conferences scheduled in subsequent years. These costs are recognized as expenses in the year the conference occur.

Property and Equipment

Acquisitions of property and equipment in excess of \$2,500 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment and amortization of website costs are calculated using the straight-line method over the estimated useful lives of the assets.

Fiscal Sponsorships

The Association receives and expends funds on behalf of Drupal Camps, established as fiscal sponsorships. Funds held are reflected as a liability on the statement of financial position. The revenue and expenses of these activities are not reflected in the financial statements of the Association.

Refundable Advance – Paycheck Protection Program

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue.

Revenue Recognition

Revenues from various sources are recognized as follows:

**Contributions and Sponsorships:** Contributions and non-cancelable sponsorships, which include unconditional promises to give (pledges), are recognized as revenues in the period the Association is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

See independent accountant's review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenue Recognition, Continued

**Memberships, Registrations and Deferred Revenue:** Membership dues are recognized as revenue when received. Conference and training registrations and cancelable event sponsorships are recognized as revenue in the period the programs and conferences occur. Advertising revenue for website hosting is recognized and billed monthly. Conference and program registration fees and advertising payments received in advance are reflected as deferred revenue.

**Donated Assets and Services:** Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Association recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2020, the Association received approximately \$62,500 in donated services for program and approximately \$64,000 in services used for both programs and management functions.

Advertising

The Association expenses advertising and marketing costs in the year the advertising takes place, except for direct-response advertising and marketing relating to future conferences, which is capitalized and expensed in the year the conference takes place. Advertising expense totaled approximately \$34,900 and \$95,800 during the years ended December 31, 2020 and 2019, respectively. There were no prepaid advertising costs at December 31, 2020. Prepaid expenses included advertising cost of approximately \$12,700 at December 31, 2019.

Foreign Currency Translation

The Association maintains bank accounts in Belgium and the United Kingdom and hosts conferences in various foreign cities and receives support from members world-wide. Foreign bank balances in the statement of financial position have been translated using the exchange rates in effect as of December 31, 2020 and 2019. Amounts reported in the statement of activities have been translated using the exchange rate in effect at the time of the transaction.

See independent accountant's review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

1. THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Foreign Currency Translation, Continued

Foreign currency translation adjustments on foreign bank accounts resulted in an unrealized loss of approximately \$9,000 and \$3,000, for 2020 and 2019, respectively and have been reported in the statement of activities. Realized foreign currency transaction loss resulting from exchange rate fluctuations on transactions denominated in a currency other than the functional currency totaled approximately \$300 for 2020 and a loss of \$1,700 in 2019 and have been reported in the accompanying statement of activities.

Income Tax Status

The Drupal Association is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. The Association is subject to income tax on income from activities unrelated to its exempt purpose. Income taxes relating to net advertising income of approximately \$84,000 for 2020 and \$74,000 for 2019 are included in management and general expenses. The Association is not a private foundation.

The Association follows the provisions of FASB ASC Topic 740 *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Association's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related costs, depreciation and amortization, insurance and other, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Association has evaluated all subsequent events through March 16, 2021, the date the financial statements were available to be issued.

See independent accountant's review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

2. AVAILABLE RESOURCES AND LIQUIDITY, Continued

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the impact of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Association at December 31, 2020 and 2019 are as follows:

	2020	2018
Cash and cash equivalents	\$ 1,698,428	\$ 1,088,910
Accounts receivable	<u>60,860</u>	<u>191,595</u>
	1,759,288	1,280,505
Less amounts unavailable for general expenditure:		
Board designated net assets	(200,000)	-
Net assets with donor restrictions	(1,043)	-
Fiscal sponsorship	<u>-</u>	<u>(36,295)</u>
Financial assets available for general expenditure	<u>\$ 1,558,245</u>	<u>\$ 1,244,210</u>

Board designated funds are available for use when approved by the board of directors (See Note 6).

3. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 are as follows:

	2020	2019
Computer and equipment	\$ 83,974	\$ 83,974
Website	267,242	267,242
Furniture and fixtures	<u>6,345</u>	<u>6,345</u>
Total property and equipment	357,561	357,561
Less accumulated depreciation and amortization	<u>355,718</u>	<u>355,280</u>
Net property and equipment	<u>\$ 1,843</u>	<u>\$ 2,281</u>

See independent accountant's review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings, and cash collections may result in billed accounts receivable (contract asset) and customer advances and deposits (contract liabilities) on the statement of financial position.

- Revenue for DrupalCon conferences, and any other events for which participants pay a registration fee, is recognized when the event occurs. Registration fees and event sponsorships, both of which are non-refundable, are often received in advance of events and result in contract liabilities (deferred revenue) until the event occurs and revenue is recognized. These deposits are liquidated when revenue is recognized.
- Generally, billing for advertising and other billed services occurs monthly subsequent to revenue recognition, resulting in contract assets (accounts receivable). However, if advances or deposits are received from customers, before revenue is recognized, these result in contract liabilities (deferred revenue). These deposits are liquidated when revenue is recognized.

The beginning and ending contract balances are as follows:

	December 31,		
	2020	2019	2018
Accounts receivable	\$ 60,860	\$ 191,595	\$ 205,326
Deferred revenue (contract liability):			
Ticket sales	\$ 2,145	\$ 364,015	\$ 478,200
Sponsorships	139,250	591,200	568,481
	\$ 141,395	\$ 955,215	\$ 1,046,681

Revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of each year was \$955,215 and \$1,046,681, respectively.

See independent accountant's review report.



THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

5. CONTINGENT LIABILITY

The Association is contingently liable for committed future charges with various hotels in the event the Association cancels the reservations. The contingent liability represents the “worst case” scenario, as if all of the hotel contracts required full payment of anticipated profit. In actuality, a majority of the contracts have graduated cancellation clauses, where the percentage of payment required increases as the event date approaches. The total potential obligation approximates \$2,912,300 at December 31, 2020.

6. BOARD DESIGNATED NET ASSETS

During 2020, the board of directors established a board designated reserve of \$200,000 to support strategic initiatives outside of the approved budget.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of funds for a volunteer security program.

8. RETIREMENT PLAN

The Association has a 401(k) retirement plan covering substantially all employees. Under the plan, employees may elect to defer salary up to the amounts allowed by law. The plan provides for discretionary employer contributions. No matching contributions were made to the plan in 2020 or 2019.

9. CONCENTRATIONS OF CREDIT RISK

The Association maintains its cash balances in several financial institutions including foreign banks. Balances in each U.S. institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in other financial institutions, including foreign banks, are uninsured. Uninsured balances total approximately \$1,203,000 and \$802,000 at December 31, 2020 and 2019, respectively. Credit risk for accounts receivable is concentrated in that approximately 56% of the balance at December 31, 2019 receivable from one related company.

See independent accountant’s review report.

THE DRUPAL ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
December 31, 2020 and 2019

10. RELATED PARTY TRANSACTIONS

Certain board members are in senior management positions with entities that provide sponsorships, donations and engage in business activities with the Association. Sponsorships, donations and supporting partner revenue from these member companies totaled approximately \$598,000 and \$474,000 in 2020 and 2019, respectively, including approximately \$425,000 and \$438,000 from one member during 2020 and 2019, respectively. At December 31, 2019, the Association has a receivable of approximately \$108,000 from one of the member companies.

The Association paid the board chair approximately \$50,000 and \$52,000 in 2020 and 2019, respectively, for services in supporting management.

11. UNCERTAINTIES

The Association has been negatively impacted by the effects of the world-wide coronavirus pandemic. As a result of the pandemic, the Association transitioned its worldwide conferences to online events. The Association is closely monitoring its operations, liquidity, commitments and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. During 2020, the Association received a Paycheck Protection Program loan expects to receive full forgiveness in 2021. The Association is also eligible to apply for a second PPP draw in 2021. As of the date of issuance of these financial statements, the full impact to the Association's financial position is not known.

See independent accountant's review report.