



## **Financial Statements**

*For the Years Ended December 31, 2021 and 2020*



**and  
Report Thereon**



**GOOD360**

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**For the Years Ended December 31, 2021 and 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Good360

### ***Opinion***

We have audited the financial statements of Good360, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Good360 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Good360 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Good360's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Good360's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Good360'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.

*Marcum LLP*

Washington, DC  
May 24, 2022

GOOD360

STATEMENTS OF FINANCIAL POSITION  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,038,747	\$ 3,783,748
Investments	5,044,713	1,544,394
Administrative fees and other receivables, net	1,609,577	132,266
Contributions receivable – product inventory	7,651,547	19,853,909
Prepaid expenses and other	120,026	172,684
Product inventory	<u>43,016,820</u>	<u>69,102,142</u>
Total Current Assets	58,481,430	94,589,143
Deposits	112,575	112,575
Property and equipment, net	<u>850,334</u>	<u>463,534</u>
TOTAL ASSETS	<u>\$ 59,444,339</u>	<u>\$ 95,165,252</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,281,296	\$ 603,980
Accrued expenses	866,036	405,027
Credits due to customers	427,632	115,963
Deferred administrative fees	651,809	790,881
Line of credit	-	200,000
Notes payable, current portion	158,317	947,760
Lease obligation, current portion	-	69,341
Deferred rent and lease incentives, current portion	<u>26,047</u>	<u>20,659</u>
Total Current Liabilities	3,411,137	3,153,611
Notes payable, net of current portion	281,528	430,580
Deferred rent and lease incentives, net of current portion	<u>42,730</u>	<u>105,591</u>
TOTAL LIABILITIES	<u>3,735,395</u>	<u>3,689,782</u>
Net Assets		
Without donor restrictions	54,982,932	90,132,137
With donor restrictions	<u>726,012</u>	<u>1,343,333</u>
TOTAL NET ASSETS	<u>55,708,944</u>	<u>91,475,470</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 59,444,339</u>	<u>\$ 95,165,252</u>

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

**GOOD360**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended December 31, 2021 and 2020**

	2021					2020				
	Without Donor Restrictions			With Donor Restrictions		Without Donor Restrictions			With Donor Restrictions	
	Operations	In-Kind Product	Total	Restrictions	Total	Operations	In-Kind Product	Total	Restrictions	Total
<b>SUPPORT AND PROGRAM REVENUE</b>										
Product contributions	\$ -	\$ 1,663,992,329	\$ 1,663,992,329	\$ -	\$ 1,663,992,329	\$ -	\$ 861,132,522	\$ 861,132,522	\$ -	\$ 861,132,522
Administrative fees	11,697,642	-	11,697,642	-	11,697,642	8,265,338	-	8,265,338	-	8,265,338
Grants, contributions and managed program fees	8,828,621	-	8,828,621	2,524,500	11,353,121	3,285,677	-	3,285,677	5,299,788	8,585,465
Product sales	1,447,367	-	1,447,367	-	1,447,367	1,714,622	-	1,714,622	-	1,714,622
Donated services	334,571	-	334,571	-	334,571	24,800	-	24,800	-	24,800
Net assets released from restrictions:										
Satisfaction of program restrictions	3,141,821	-	3,141,821	(3,141,821)	-	4,115,394	-	4,115,394	(4,115,394)	-
<b>Total Support and Program Revenue</b>	<b>25,450,022</b>	<b>1,663,992,329</b>	<b>1,689,442,351</b>	<b>(617,321)</b>	<b>1,688,825,030</b>	<b>17,405,831</b>	<b>861,132,522</b>	<b>878,538,353</b>	<b>1,184,394</b>	<b>879,722,747</b>
<b>OTHER REVENUE</b>										
Sublease rental income	379,514	-	379,514	-	379,514	379,514	-	379,514	-	379,514
Other income	104,588	-	104,588	-	104,588	115,062	-	115,062	-	115,062
<b>Total Other Revenue</b>	<b>484,102</b>	<b>-</b>	<b>484,102</b>	<b>-</b>	<b>484,102</b>	<b>494,576</b>	<b>-</b>	<b>494,576</b>	<b>-</b>	<b>494,576</b>
<b>TOTAL SUPPORT, PROGRAM AND OTHER REVENUE</b>	<b>25,934,124</b>	<b>1,663,992,329</b>	<b>1,689,926,453</b>	<b>(617,321)</b>	<b>1,689,309,132</b>	<b>17,900,407</b>	<b>861,132,522</b>	<b>879,032,929</b>	<b>1,184,394</b>	<b>880,217,323</b>
<b>EXPENSES</b>										
Program Service:										
Product distribution	18,792,682	1,702,212,120	1,721,004,802	-	1,721,004,802	11,965,992	796,962,561	808,928,553	-	808,928,553
<b>Total Program Service</b>	<b>18,792,682</b>	<b>1,702,212,120</b>	<b>1,721,004,802</b>	<b>-</b>	<b>1,721,004,802</b>	<b>11,965,992</b>	<b>796,962,561</b>	<b>808,928,553</b>	<b>-</b>	<b>808,928,553</b>
Supporting Services:										
Partnership development	2,264,051	-	2,264,051	-	2,264,051	2,065,207	-	2,065,207	-	2,065,207
Management and general	2,604,123	-	2,604,123	-	2,604,123	2,009,060	-	2,009,060	-	2,009,060
<b>Total Supporting Services</b>	<b>4,868,174</b>	<b>-</b>	<b>4,868,174</b>	<b>-</b>	<b>4,868,174</b>	<b>4,074,267</b>	<b>-</b>	<b>4,074,267</b>	<b>-</b>	<b>4,074,267</b>
<b>TOTAL EXPENSES</b>	<b>23,660,856</b>	<b>1,702,212,120</b>	<b>1,725,872,976</b>	<b>-</b>	<b>1,725,872,976</b>	<b>16,040,259</b>	<b>796,962,561</b>	<b>813,002,820</b>	<b>-</b>	<b>813,002,820</b>
Change in Net Assets from Operations	2,273,268	(38,219,791)	(35,946,523)	(617,321)	(36,563,844)	1,860,148	64,169,961	66,030,109	1,184,394	67,214,503
<b>NONOPERATING ACTIVITIES</b>										
Forgiveness of note payable and interest	797,318	-	797,318	-	797,318	-	-	-	-	-
<b>CHANGE IN NET ASSETS</b>	<b>3,070,586</b>	<b>(38,219,791)</b>	<b>(35,149,205)</b>	<b>(617,321)</b>	<b>(35,766,526)</b>	<b>1,860,148</b>	<b>64,169,961</b>	<b>66,030,109</b>	<b>1,184,394</b>	<b>67,214,503</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,219,102</b>	<b>88,913,035</b>	<b>90,132,137</b>	<b>1,343,333</b>	<b>91,475,470</b>	<b>(641,046)</b>	<b>24,743,074</b>	<b>24,102,028</b>	<b>158,939</b>	<b>24,260,967</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,289,688</b>	<b>\$ 50,693,244</b>	<b>\$ 54,982,932</b>	<b>\$ 726,012</b>	<b>\$ 55,708,944</b>	<b>\$ 1,219,102</b>	<b>\$ 88,913,035</b>	<b>\$ 90,132,137</b>	<b>\$ 1,343,333</b>	<b>\$ 91,475,470</b>

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

## GOOD360

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 1,702,212,120	\$ -	\$ -	\$ -	\$ 1,702,212,120
Logistics	13,594,136	-	-	-	13,594,136
Salaries and other personnel costs	2,859,448	1,515,942	1,697,375	3,213,317	6,072,765
Rent	320,094	169,699	190,009	359,708	679,802
Professional fees	261,358	138,560	155,143	293,703	555,061
Computer information systems	199,232	105,623	118,265	223,888	423,120
Marketing, printing and supplies	173,905	92,196	103,230	195,426	369,331
Purchased product – cost of goods sold	365,073	-	-	-	365,073
Donated services	250,136	39,834	44,601	84,435	334,571
Bank fees	266,509	-	-	-	266,509
Depreciation and amortization	124,290	65,892	73,779	139,671	263,961
Miscellaneous expenses	85,855	45,515	50,964	96,479	182,334
Travel	76,346	40,475	45,319	85,794	162,140
Dues and subscriptions	48,427	25,674	28,746	54,420	102,847
Contractual services and fees	83,644	-	-	-	83,644
Conferences and meetings	31,478	16,688	18,685	35,373	66,851
Joint programs	37,750	-	-	-	37,750
Bad debt	-	-	37,248	37,248	37,248
Interest expense	-	-	31,855	31,855	31,855
Telephone and fax	14,079	7,464	8,357	15,821	29,900
Postage	922	489	547	1,036	1,958
<b>TOTAL EXPENSES</b>	<b>\$ 1,721,004,802</b>	<b>\$ 2,264,051</b>	<b>\$ 2,604,123</b>	<b>\$ 4,868,174</b>	<b>\$ 1,725,872,976</b>

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

GOOD360

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 796,962,561	\$ -	\$ -	\$ -	\$ 796,962,561
Logistics	7,077,526	-	-	-	7,077,526
Salaries and other personnel costs	2,492,232	1,489,477	1,340,606	2,830,083	5,322,315
Rent	307,393	183,713	165,351	349,064	656,457
Professional fees	143,747	85,910	77,323	163,233	306,980
Computer information systems	148,095	88,508	79,662	168,170	316,265
Marketing, printing and supplies	104,970	62,735	56,465	119,200	224,170
Purchased product – cost of goods sold	1,019,501	-	-	-	1,019,501
Bank fees	197,766	-	-	-	197,766
Depreciation and amortization	71,837	42,933	38,642	81,575	153,412
Miscellaneous expenses	40,653	24,296	21,868	46,164	86,817
Travel	48,391	28,921	26,030	54,951	103,342
Donated services	11,613	6,940	6,247	13,187	24,800
Dues and subscriptions	44,324	26,490	23,843	50,333	94,657
Contractual services and fees	61,887	-	-	-	61,887
Conferences and meetings	12,540	7,494	6,745	14,239	26,779
Joint programs	153,750	-	-	-	153,750
Bad debt	-	-	97,071	97,071	97,071
Interest expense	-	-	53,194	53,194	53,194
Telephone and fax	28,736	17,174	15,458	32,632	61,368
Postage	1,031	616	555	1,171	2,202
<b>TOTAL EXPENSES</b>	<b>\$ 808,928,553</b>	<b>\$ 2,065,207</b>	<b>\$ 2,009,060</b>	<b>\$ 4,074,267</b>	<b>\$ 813,002,820</b>

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



## GOOD360

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (35,766,526)	\$ 67,214,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	263,961	153,412
Loss on disposal of property and equipment	-	26,983
In-kind contributions of product inventory and equipment	(1,663,992,329)	(861,132,522)
Distribution of product inventory and equipment received in-kind	1,702,212,120	796,962,561
Unrealized (gain) loss on investments	156,369	(7,813)
Forgiveness of note payable and interest	(789,337)	-
Changes in assets and liabilities:		
Administrative fees and other receivables	(1,477,311)	343,325
Prepaid expenses and other	52,658	25,386
Product inventory	67,893	(7,129)
Deposits	-	(5,710)
Accounts payable	677,316	(95,227)
Accrued expenses	461,009	278,657
Credits due to customers	311,669	87,980
Deferred administrative fees	(139,072)	124,997
Lease obligation	(69,341)	(71,621)
Deferred rent and lease incentives	(57,473)	(14,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,911,606</b>	<b>3,883,782</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(650,761)	(291,679)
Purchases of investments	(3,656,688)	(1,010,785)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(4,307,449)</b>	<b>(1,302,464)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit	-	400,000
Repayments on line of credit	(200,000)	(500,000)
Borrowings on notes payable	-	949,237
Repayments on notes payable	(149,158)	(138,342)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(349,158)</b>	<b>710,895</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,745,001)</b>	<b>3,292,213</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>3,783,748</b>	<b>491,535</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,038,747</b>	<b>\$ 3,783,748</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 24,550</b>	<b>\$ 53,194</b>

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

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 1. Organization and Summary of Significant Accounting Policies

##### **Organization**

Good360's mission is to transform lives by providing hope, dignity and a sense of renewed possibility to individuals, families and communities impacted by disasters or other challenging life circumstances who, without Good360, would struggle to find that hope. As the global leader in product philanthropy and purposeful giving, Good360 partners with socially responsible companies to source highly needed goods and distribute them through its network of diverse nonprofits that support people in need. These activities are funded primarily through donated product inventory; administrative fees charged related to the donated product inventory; and grants, managed program fees and contributions.

Good360 is a nonpartisan, cause-agnostic 501(c)(3) nonprofit and is headquartered in Alexandria, Virginia.

##### **Basis of Accounting**

The financial statements of Good360 have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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

Good360 considers all cash and money market funds, which are to be used for current operations, to be cash and cash equivalents.

##### **Administrative Fees and Other Receivables**

Administrative fees as well as contributions receivables are unconditional promises to give that are expected to be collected within one year and are recorded at their net realizable value. Management determines the allowance for doubtful accounts by reviewing all outstanding receivables for possible uncollectibility. Receivables are charged to the allowance account when deemed uncollectible.

##### **Contributions Receivable – Product Inventory**

Product inventory contributions receivable consists of unconditional promises to give of product inventory that are expected to be received within three months or less and are recorded at estimated retail value, which approximates fair value. Contributions receivable – product inventory included approximately \$3,488,000 as of December 31, 2020, in product held at the warehouses of the donors that had not been distributed to the ultimate recipients but was under the control of Good360. There was no such balance as of December 31, 2021. The remaining amounts in contributions receivable – product inventory were goods that were in transit to the partner organization but had not been received as of year-end. Good360 does not accept or record inventory receivables that are expected to be collected in greater than one year. Management considers all unconditional promises to give of product inventory to be fully collectible; therefore, no allowance for doubtful accounts has been established.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Product Inventory**

Product inventory consists of donated goods and is recorded at estimated retail value, which approximates fair value. As the donated product inventory is shipped, it is released from inventory and reported as product inventory distributions in the accompanying statements of functional expenses. Management periodically adjusts the value for slow-moving or obsolete inventory. The distribution of the product inventory is based on the first in, first out method.

##### **Investments**

Investments consist of open-end mutual funds and common stock recorded at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment transactions are recorded on a trade-date basis. Investment income or loss, including realized and unrealized gains and losses, is included in other income in the statements of activities. Net investment income is reported as increases or decreases in net assets without donor restrictions, unless restricted by donor or law.

##### **Fair Value Measurement**

Good360 has categorized its applicable financial instruments into a required fair value hierarchy based on the inputs to valuation techniques as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2021 and 2020, only Good360's investments as described in Note 2, were measured at fair value on a recurring basis.

##### **Property and Equipment and Related Depreciation and Amortization**

Property and equipment with an estimated useful life of more than a year are recorded at cost or, if donated, such assets are capitalized at the estimated fair value at the date of receipt. Good360 capitalizes all expenditures for property and equipment over \$2,000. Office equipment and office furniture are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Costs incurred in the development of software for internal use are expensed during the preliminary and post-implementation operation stages, including data conversion, training and maintenance costs. Costs incurred during the application and development stage are capitalized. Software is amortized using the straight-line method over three to five years.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Property and Equipment and Related Depreciation and Amortization (continued)**

Leasehold improvements are amortized over the shorter of the lease term or useful life. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income or expense in the accompanying statements of activities. Major additions are capitalized, while replacements, and maintenance and repairs that do not improve or extend the lives of the respective assets, are expensed as incurred.

##### **Deferred Administrative Fees**

Deferred administrative fees represent advance payments of annual fees to participate in the Retail Donation Program and are recognized as revenue ratably over the period to which the fees relate.

##### **Classification of Net Assets**

Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Good360 at the discretion of Good360's management and the Board of Directors. Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of Good360 or by the passage of time. Other donor restrictions can be perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Good360 does not have any net assets with donor restrictions that are perpetual in nature.

##### **Support and Revenue Recognition**

Unconditional product contributions are recorded at the estimated retail value at the date of donation, which approximates fair value. Retail value of the items donated is determined based on management's best estimate using information provided by donors and other third parties. All unconditional donated inventory is considered support without restrictions.

Under the Retail Match Program, participating charities collect items from individual locations of participating donors at a predetermined interval. The participating charities collect items in retail quantities; accordingly, the product inventory contributions and the related product distributions are recorded in the accompanying statements of activities at the estimated retail value, as discussed above.

Administrative fees are collected for warehouse, direct truckload and Retail Match Program transactions and consist of the following:

- Warehouse fees collected from charities that order products via the online catalog. It is an administrative fee based on the quantity ordered to cover costs associated with shipping and handling and overhead. These fees are recognized at the point in time that the shipment occurs. Payments not received as of year-end are included in administrative fees and other receivables in the accompanying statements of financial position.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Supporting and Revenue Recognition (continued)**

- Direct truckload fees are fees collected from charities to receive a truckload of donor inventory. The fees are recognized at the point in time the sales order is processed.
- Administrative fees collected to participate in the Retail Match Program are recognized ratably over the term of the subscription which is usually one year from when the subscription period starts and shown as administrative fees on the statements of activities. Administrative fees that have been collected but the performance obligation has not been satisfied are include in deferred administrative fees on the statements of financial position.

Unconditional grants and contributions are reported as revenue in the year in which payments are received and/or unconditional promises to give are made. Good360 reports unconditional gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Unconditional support recognized on grants and contributions that have been committed to Good360, but have not been received, is reported as administrative fees and other receivables in the accompanying statements of financial position.

Conditional promises to give – that is, those with a measurable performance or other barriers and a right of return – are not recognized until the conditions on which they depend have been met. During the year ended December 31, 2020, there was a conditional grant in the amount of \$3,200,000, of which \$1,375,000 was recognized in 2020 and \$1,500,000 was recognized in 2021. \$325,000 is yet to be recognized as of December 31, 2021.

Managed program fees is funding that donors pay to assist with the distribution of their donated product inventory. Revenue is recognized over the term of the contract as the performance obligation is completed over time.

Good360 recognizes donated services at the estimated fair value of the services received if the services received create or enhance nonfinancial assets, or if the services require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

During the years ended December 31, 2021 and 2020, Good360 purchased inventory that was needed by nonprofit organizations participating in its donation program, but Good360 did not have enough of the donated product. This inventory was sold through Good360's online catalogue and is shown as product sales in the statements of activities and purchased product – cost of goods sold in the statements of functional expenses.

Other revenue includes rental income and other income. Sublease rental income, adjusted for lease incentives, is recognized on a straight-line basis over the term of each lease. Other income includes interest earned from banking institutions.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

#### 1. Organization and Summary of Significant Accounting Policies (continued)

##### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Expenses directly attributed to a specific functional area of Good360 are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on management's estimates of direct labor costs.

##### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Upcoming Accounting Pronouncements**

In September 2020, the Financial Accounting Standards Board issued Accounting Standard Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for Good360's fiscal year ending December 31, 2022. Management is evaluating the effect of ASU 2020-07 on Good360's financial statements.

#### 2. Investments and Fair Value Measurement

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2021:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds	\$ 5,044,671	\$ 5,044,671	\$ -	\$ -
Common stocks	42	42	-	-
Total Investments	<u>\$ 5,044,713</u>	<u>\$ 5,044,713</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2020:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds	\$ 1,544,394	\$ 1,544,394	\$ -	\$ -
Total Investments	<u>\$ 1,544,394</u>	<u>\$ 1,544,394</u>	<u>\$ -</u>	<u>\$ -</u>

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

#### 2. Investments and Fair Value Measurement (continued)

The following is a description of the valuation methodology used for assets measured at fair value:

*Mutual funds and common stocks* are valued on the basis of quoted market prices in active markets.

#### 3. Administrative Fees and Other Receivables

The following are included in administrative and fees and other receivables as of December 31:

	<u>2021</u>	<u>2020</u>
Administrative fees and other receivables	\$ 559,577	\$ 106,191
Contributions receivable	<u>1,050,000</u>	<u>26,075</u>
Administrative Fees and Other Receivables	<u>\$ 1,609,577</u>	<u>\$ 132,266</u>

All amounts were due within one year and are considered fully collectible.

#### 4. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment at December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Software	\$ 2,786,496	\$ 2,436,008
Office equipment	389,365	89,092
Office furniture	51,625	51,625
Leasehold improvements	<u>21,718</u>	<u>21,718</u>
Total Property and Equipment	3,249,204	2,598,443
Less: Accumulated Depreciation and Amortization	<u>(2,398,870)</u>	<u>(2,134,909)</u>
Property and Equipment, Net	<u>\$ 850,334</u>	<u>\$ 463,534</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020, was \$263,961 and \$153,412, respectively.

#### 5. Line of Credit

Good360 had a \$600,000 revolving line of credit with a financial institution. The line of credit is subject to annual renewal on September 30 and is due on demand. The line of credit requires monthly interest payments. Interest accrues at a variable interest rate equal to the

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 5. Line of Credit (continued)

Wall Street Journal's published prime rate plus 1%. As of December 31, 2021 and 2020, the interest rate on the line of credit was 5.75%. The revolving line of credit is collateralized with a blanket lien on all of Good360's assets, which include product inventory, receivables, and property and equipment. As of December 31, 2021 and 2020, \$0 and \$200,000, respectively, was outstanding on this line of credit. Interest expense related to the line of credit was \$7,305 and \$22,403 for the years ended December 31, 2021 and 2020, respectively. The line of credit was closed in March 2022.

Effective July 7, 2021, Good360 opened a line of credit with a financial institution that is secured by Good360's investments held at the bank. The amount available to borrow is calculated as 55% of the funds held in Good360's account. As of December 31, 2021 \$2,966,366 was available to borrow. Interest accrues at a variable interest rate equal to the Wall Street Journal's published prime rate minus 0.8%. As of December 31, 2021, the interest rate on the line of credit was 2.45%. As of December 31, 2021, \$0 was outstanding on this line of credit. Interest expense related to the line of credit was \$0 during the year ended December 31, 2021.

#### 6. Notes Payable

Good360 had a term note requiring monthly payments of interest and principal payments with a maturity date of August 8, 2019. In August 2019, Good360 amended the note payable to extend the maturity date through August 8, 2023. The note payable had a balance of \$282,010 and \$429,103 as of December 31, 2021 and 2020, respectively. \$1,117,990 and \$970,897 was available to Good360 under the note payable as of December 31, 2021 and 2020, respectively. The term note bears interest at a fixed rate of 6%. The term note is collateralized with a blanket lien on all of Good360's assets, which include product inventory, receivables, and property and equipment. The note payable has various financial covenants, including a debt service coverage ratio of at least 1.2. Good360 was in compliance with the financial covenants as of December 31, 2021 and 2020.

On April 27, 2020, Good360 entered into a Small Business Administration (SBA) loan with its financial institution under the Paycheck Protection Program (PPP) in the amount of \$789,337. On April 27, 2021, SBA approved Good360's application for forgiveness of the PPP loan. As a result, Good360 recognized the forgiveness of the loan principal in the amount of \$789,337 and interest of \$7,981 in the accompanying statement of activities for the year ended December 31, 2021.

On June 29, 2020, Good360 entered into a SBA loan under the Economic Disaster Loan program for the amount of \$150,000. The loan is set to mature on June 29, 2050. Monthly payments of principal and interest of \$641 commenced on June 29, 2021 with an interest rate of 2.75% per annum.



GOOD360

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

6. Notes Payable (continued)

Annual maturities of this note payable are as follows:

<u>For the Year Ending December 31,</u>	
2022	\$ 158,317
2023	127,558
2024	3,760
2025	3,864
2026	3,972
Thereafter	<u>142,374</u>
Total Note Payable	439,845
Less: Current Portion	<u>(158,317)</u>
Note Payable, Net of Current Portion	<u>\$ 281,528</u>

Interest expense incurred under these notes were \$24,550 and \$30,791 respectively, for the years ended December 31, 2021 and 2020.

7. Commitments

**Operating Leases**

Due to organizational restructuring, Good360 was left with a significant amount of unused office space. On February 1, 2015, in an effort to minimize the costs associated with the unused office space, Good360 subleased its original office space to MindPoint Group (referred to as MindPoint) and entered into a lease agreement for new office space with Saul Holdings Limited Partnership (Saul Limited). In the sublease, MindPoint agreed to assume all conditions of the original lease and took the existing leasehold improvements and furniture in the office space it was assuming.

The terms of the leases and subleases are described below:

***(a) Operating Lease for New Office Space at 675 North Washington Street***

In January 2015, Good360 entered into a new noncancelable operating lease with Saul Limited for office space located at 675 North Washington Street in Alexandria, Virginia. The lease is set to expire in April 2024. The lease includes certain incentives and an annual escalation clause. Under GAAP, lease incentives and all rental payments, including fixed rent increases, are amortized over the life of the lease on a straight-line basis as a reduction to rent expense. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent and lease incentives in the accompanying statements of financial position. Saul Limited issued Good360 an eight-month abatement commencing on May 1, 2015.

GOOD360

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

7. Commitments (continued)

**Operating Leases (continued)**

**(a) Operating Lease for New Office Space at 675 North Washington Street (continued)**

The future minimum lease payments owed by Good360 under this lease are as follows:

For the Years Ending December 31,	
2022	\$ 201,296
2023	206,832
2024	<u>69,565</u>
Total	<u>\$ 477,693</u>

**(b) Exit of Original Leased Office Space – 1330 Braddock Road**

In April 2011, Good360 entered into a noncancelable operating lease for office space that expired on December 31, 2021. The lease included certain incentives and an annual escalation clause. In addition, Good360 was provided an allowance for tenant improvements of \$816,984. Of this amount, \$748,904 was utilized to purchase leasehold improvements and the remaining \$68,080 was applied to the security deposit for the office space.

In February 2015, Good360 entered into a noncancelable sublease agreement with MindPoint, an independent third party, to sublease the office space located on 1330 Braddock Road in Alexandria, Virginia. The agreement expired in December 2021. If MindPoint were to default on the sublease agreement at any time, Good360 would continue to be responsible for the total amount due under the lease. The sublease included yearly rental increases and required a security deposit in the amount of \$30,259.

There were no future minimum lease payments remaining on this agreement as of December 31, 2021.

At the onset of the sublease to MindPoint, Good360 wrote off the leasehold incentives related to the office space at 1330 Braddock Road in Alexandria, Virginia, as they were no longer used by Good360. Rent expense and sublease rental income, adjusted for lease incentives, are recognized on a straight-line basis over the term of each lease. The net difference between the total straight-line rental expense and the total straight-line rental income resulted in a loss of approximately \$280,000, which was recognized in February 2015. The net amount owed under this sublease agreement by Good360 is shown in lease obligation in the accompanying statements of financial position. The balance was paid off as of December 31, 2021.

In March 2019, Good360 entered into a one-year lease in Alabama for \$4,000 per month. This lease was extended an additional year through February 2021. An additional extension was made through March 2022, at which time the lease will terminate.

Rent expense for the years ended December 31, 2021 and 2020, was \$679,802 and \$656,457, respectively.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

#### 8. Concentrations and Risks

##### **Concentration**

For the years ended December 31, 2021 and 2020, Good360 received product inventory contributions of \$812,082,564 and \$289,323,635, respectively, through the Retail Donation Program from three donors in 2021 and three donors in 2020, which was approximately 48% and 33% of Good360's total support and revenue for those respective years.

##### **Credit Risk**

Financial instruments, which potentially subject Good360 to a concentration of credit risk, consist principally of cash balances maintained at various creditworthy financial institutions. While the amount at a given bank at times exceeds the amount guaranteed by the Federal Deposit Insurance Corporation, and therefore bears some risk, Good360 has not experienced, nor does it anticipate, any losses on its funds. As of December 31, 2021 and 2020, there were \$480,000 and \$3,540,000, respectively, in excess of the insured limit of \$250,000.

##### **Risks and Uncertainties**

The COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. Good360 continued most of its administrative operations in a remote environment and operated its warehouse to provide donated goods for COVID-19 relief including donating lifesaving hygiene products to the most vulnerable, sourcing and shipping protective equipment to essential workers domestically and overseas, providing essential items (including clothing furniture, baby products), to those facing economic hardship and distributing educational materials, toys, books and games to children and families in quarantine. The extent to which COVID-19 may impact Good360's financial condition or results of operations remains uncertain.

#### 9. Net Assets

##### **Net Assets With Donor Restrictions**

As of December 31, 2021 and 2020, net assets with donor restrictions were all restricted for the disaster relief product distribution program.

#### 10. Availability and Liquidity

Good360 regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. Good360's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,038,747	\$ 3,783,748
Administrative fees and other receivables, net	1,609,577	132,266
Investments	<u>5,044,713</u>	<u>1,544,394</u>
Total Financial Assets		
Available Within One Year	<u>\$ 7,693,037</u>	<u>\$ 5,460,408</u>

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

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#### 10. Availability and Liquidity (continued)

Good360 has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Good360 throughout the year. This is done through monitoring and reviewing Good360's cash flow needs on a regular basis. As a result, management is aware of the cyclical nature of Good360's various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs. To help manage unanticipated liquidity needs, Good360 has a revolving line of credit of \$600,000 of which \$600,000 and \$400,000 was available to draw upon as of December 31, 2021 and 2020, respectively. Additionally, Good360 had \$2,966,366 available to draw on the line of credit secured by investments.

#### 11. Donated Services

Good360 received various kinds of donated services for the years ended December 31, 2021 and 2020. These donated services related primarily to marketing, legal and shipping activities and amounted to \$334,571 and \$24,800, respectively.

#### 12. Pension Plan

Good360 sponsors a contributory defined contribution pension plan (the Plan), which operates under Section 403(b) of the Internal Revenue Code (the IRC), covering all employees who have completed one year of service and have at least 1,000 hours of service. Good360's employer contributions to the Plan are discretionary. The Plan allows for employee contributions not to exceed federal contribution rates. During the years ended December 31, 2021 and 2020, Good360 made employer contributions of \$60,299 and \$50,382, respectively, to the Plan.

#### 13. Income Taxes

Under Section 501(c)(3) of the IRC, Good360 is a nonprofit public charity and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes was required as of December 31, 2021 and 2020, as Good360 had no significant net taxable unrelated business income.

Good360 evaluated its uncertainty in income taxes for the years ended December 31, 2021 and 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2021, the statute of limitations for certain tax years with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which Good360 files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is Good360's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2021 and 2020, Good360 had no accrual for interest and/or penalties.

**GOOD360**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2021 and 2020**

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14. Subsequent Events

In preparing these financial statements, Good360 has evaluated events and transactions for potential recognition or disclosure through May 24, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.