



## **Financial Statements**

*For the Years Ended December 31, 2022 and 2021*



**and  
Report Thereon**



**GOOD360**

**TABLE OF CONTENTS**  
**For the Years Ended December 31, 2022 and 2021**

---

	<b><i>Page</i></b>
Independent Auditors' Report.....	1-2
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-20

## 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, 2022 and 2021, 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, 2022 and 2021, 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  
July 17, 2023

GOOD360

STATEMENTS OF FINANCIAL POSITION  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,879,540	\$ 1,038,747
Investments	6,224,063	5,044,713
Administrative fees and other receivables, net	881,363	1,609,577
Contributions receivable – product inventory	13,609,283	7,651,547
Prepaid expenses and other	67,858	120,026
Product inventory	52,652,899	43,016,820
<b>Total Current Assets</b>	<b>75,315,006</b>	<b>58,481,430</b>
Right of use asset – operating	580,328	-
Deposits	43,945	112,575
Property and equipment, net	911,697	850,334
<b>TOTAL ASSETS</b>	<b>\$ 76,850,976</b>	<b>\$ 59,444,339</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 1,594,626	\$ 1,281,296
Accrued expenses	348,124	866,036
Credits due to customers	313,024	427,632
Deferred administrative fees	530,785	651,809
Lease liability – operating, current portion	284,400	-
Notes payable, current portion	-	158,317
Deferred rent and lease incentives, current portion	-	26,047
<b>Total Current Liabilities</b>	<b>3,070,959</b>	<b>3,411,137</b>
Lease liability – operating, net of current portion	331,518	-
Notes payable, net of current portion	-	281,528
Deferred rent and lease incentives, net of current portion	-	42,730
<b>TOTAL LIABILITIES</b>	<b>3,402,477</b>	<b>3,735,395</b>
Net Assets		
Without donor restrictions	72,267,774	54,982,932
With donor restrictions	1,180,725	726,012
<b>TOTAL NET ASSETS</b>	<b>73,448,499</b>	<b>55,708,944</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 76,850,976</b>	<b>\$ 59,444,339</b>

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

**GOOD360**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2022 and 2021

	2022					2021				
	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	\$ -	\$ 2,656,996,942	\$ 2,656,996,942	\$ -	\$ 2,656,996,942	\$ -	\$ 1,663,992,329	\$ 1,663,992,329	\$ -	\$ 1,663,992,329
Administrative fees	16,870,343	-	16,870,343	-	16,870,343	11,697,642	-	11,697,642	-	11,697,642
Grants and contributions	1,591,174	-	1,591,174	4,784,495	6,375,669	2,740,022	-	2,740,022	2,524,500	5,264,522
Managed program fees	5,155,134	-	5,155,134	-	5,155,134	6,088,599	-	6,088,599	-	6,088,599
Product sales	2,425,391	-	2,425,391	-	2,425,391	1,447,367	-	1,447,367	-	1,447,367
Noncash contributions – contributed services	324,445	-	324,445	-	324,445	334,571	-	334,571	-	334,571
Net assets released from restrictions:										
Satisfaction of program restrictions	4,329,782	-	4,329,782	(4,329,782)	-	3,141,821	-	3,141,821	(3,141,821)	-
<b>Total Support and Program Revenue</b>	<b>30,696,269</b>	<b>2,656,996,942</b>	<b>2,687,693,211</b>	<b>454,713</b>	<b>2,688,147,924</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>OTHER REVENUE</b>										
Sublease rental income	-	-	-	-	-	379,514	-	379,514	-	379,514
Other income (loss)	(544,643)	-	(544,643)	-	(544,643)	104,588	-	104,588	-	104,588
<b>Total Other Revenue</b>	<b>(544,643)</b>	<b>-</b>	<b>(544,643)</b>	<b>-</b>	<b>(544,643)</b>	<b>484,102</b>	<b>-</b>	<b>484,102</b>	<b>-</b>	<b>484,102</b>
<b>TOTAL SUPPORT, PROGRAM AND OTHER REVENUE</b>	<b>30,151,626</b>	<b>2,656,996,942</b>	<b>2,687,148,568</b>	<b>454,713</b>	<b>2,687,603,281</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>EXPENSES</b>										
Program Service:										
Product distribution program	22,659,301	2,641,315,805	2,663,975,106	-	2,663,975,106	18,029,225	1,702,212,120	1,720,241,345	-	1,720,241,345
<b>Total Program Service</b>	<b>22,659,301</b>	<b>2,641,315,805</b>	<b>2,663,975,106</b>	<b>-</b>	<b>2,663,975,106</b>	<b>18,029,225</b>	<b>1,702,212,120</b>	<b>1,720,241,345</b>	<b>-</b>	<b>1,720,241,345</b>
Supporting Services:										
Partnership development	2,333,070	-	2,333,070	-	2,333,070	2,167,046	-	2,167,046	-	2,167,046
Management and general	3,555,550	-	3,555,550	-	3,555,550	3,464,585	-	3,464,585	-	3,464,585
<b>Total Supporting Services</b>	<b>5,888,620</b>	<b>-</b>	<b>5,888,620</b>	<b>-</b>	<b>5,888,620</b>	<b>5,631,631</b>	<b>-</b>	<b>5,631,631</b>	<b>-</b>	<b>5,631,631</b>
<b>TOTAL EXPENSES</b>	<b>28,547,921</b>	<b>2,641,315,805</b>	<b>2,669,863,726</b>	<b>-</b>	<b>2,669,863,726</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>
Change in Net Assets from Operations	1,603,705	15,681,137	17,284,842	454,713	17,739,555	2,273,268	(38,219,791)	(35,946,523)	(617,321)	(36,563,844)
<b>NONOPERATING ACTIVITIES</b>										
Forgiveness of note payable and interest	-	-	-	-	-	797,318	-	797,318	-	797,318
<b>CHANGE IN NET ASSETS</b>	<b>1,603,705</b>	<b>15,681,137</b>	<b>17,284,842</b>	<b>454,713</b>	<b>17,739,555</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>NET ASSETS, BEGINNING 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>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 5,893,393</b>	<b>\$ 66,374,381</b>	<b>\$ 72,267,774</b>	<b>\$ 1,180,725</b>	<b>\$ 73,448,499</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>

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

GOOD360

STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 2,505,651,601	\$ -	\$ -	\$ -	\$ 2,505,651,601
Product exchange	135,664,204	-	-	-	135,664,204
Logistics	17,205,339	-	-	-	17,205,339
Salaries and other personnel costs	3,464,557	1,758,791	1,873,814	3,632,605	7,097,162
Rent	127,618	64,785	69,022	133,807	261,425
Professional fees	-	-	584,584	584,584	584,584
Computer information systems	294,606	149,556	159,336	308,892	603,498
Marketing, printing and supplies	-	138,993	150,576	289,569	289,569
Disaster recovery product purchases	268,398	-	-	-	268,398
Purchased product – cost of goods sold	543,806	-	-	-	543,806
Donated services	218,448	-	105,998	105,998	324,446
Bank fees	-	-	371,651	371,651	371,651
Depreciation and amortization	158,546	80,486	85,750	166,236	324,782
Miscellaneous expenses	29,897	15,177	16,170	31,347	61,244
Travel	146,686	74,465	79,336	153,801	300,487
Dues and subscriptions	41,740	21,190	22,575	43,765	85,505
Contractual services and fees	91,777	-	-	-	91,777
Conferences and meetings	54,040	27,433	29,228	56,661	110,701
Joint programs	9,520	-	-	-	9,520
Bad debt	-	-	5,172	5,172	5,172
Telephone and fax	2,761	1,401	1,493	2,894	5,655
Postage	1,562	793	845	1,638	3,200
<b>TOTAL EXPENSES</b>	<b>\$ 2,663,975,106</b>	<b>\$ 2,333,070</b>	<b>\$ 3,555,550</b>	<b>\$ 5,888,620</b>	<b>\$ 2,669,863,726</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	\$ 1,662,839,187	\$ -	\$ -	\$ -	\$ 1,662,839,187
Product exchange	39,372,933	-	-	-	39,372,933
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	-	-	555,061	555,061	555,061
Computer information systems	199,232	105,623	118,265	223,888	423,120
Marketing, printing and supplies	-	173,585	195,746	369,331	369,331
Purchased product – cost of goods sold	365,073	-	-	-	365,073
Donated services	188,451	-	146,120	146,120	334,571
Bank fees	-	-	266,509	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>\$ 1,720,241,345</b>	<b>\$ 2,167,046</b>	<b>\$ 3,464,585</b>	<b>\$ 5,631,631</b>	<b>\$ 1,725,872,976</b>

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



## GOOD360

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 17,739,555	\$ (35,766,526)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	324,782	263,961
Right of use asset amortization	251,469	-
In-kind contributions of product inventory and equipment	(2,656,996,942)	(1,663,992,329)
Distribution of product inventory and equipment received in-kind	2,641,315,805	1,702,212,120
Inventory obsolescence	1,740,111	-
Realized and unrealized loss on investments	686,756	156,369
Forgiveness of note payable and interest	-	(789,337)
Changes in assets and liabilities:		
Administrative fees and other receivables	728,214	(1,477,311)
Prepaid expenses and other	52,168	52,658
Product inventory	(1,652,789)	67,893
Deposits	68,630	-
Accounts payable	313,330	677,316
Accrued expenses	(517,912)	461,009
Credits due to customers	(114,608)	311,669
Deferred administrative fees	(121,024)	(139,072)
Lease liability	(284,656)	(69,341)
Deferred rent and lease incentives	-	(57,473)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,532,889</b>	<b>1,911,606</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(386,145)	(650,761)
Sales of investments	5,309,490	-
Purchases of investments	(7,175,596)	(3,656,688)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,252,251)</b>	<b>(4,307,449)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on line of credit	-	(200,000)
Repayments on notes payable	(439,845)	(149,158)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(439,845)</b>	<b>(349,158)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>840,793</b>	<b>(2,745,001)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,038,747</b>	<b>3,783,748</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,879,540</b>	<b>\$ 1,038,747</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 3,234</b>	<b>\$ 24,550</b>
<b>NONCASH INVESTING ACTIVITIES</b>		
Right of use asset	\$ 831,797	\$ -
Lease liability	(900,574)	-
Deferred rent and lease incentives	68,777	-
	<b>\$ -</b>	<b>\$ -</b>

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

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

#### 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, grants and contributions and managed program fees.

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 collected (exchange transaction) as well as contributions receivables which 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 \$3,249,000 as of December 31, 2022, 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. 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, 2022 and 2021

---

#### 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. As of December 31, 2022 and 2021, management has determined that no inventory allowance was necessary. When product inventory is determined to be unfit to donate and has limited use in Good360's network capacity, Good360 will monetize this product through recycling and in limited cases it will liquidate. In 2022 and 2021, the amount distributed in this manner was 2.5% and 2.6%, respectively, of total product distributions and is included in product inventory distributions on the accompanying statements of functional expenses. Good360 also operates a nonmonetary product exchange as part of its product distribution program wherein it exchanges product inventory with other organizations for other goods that can more easily or efficiently be distributed by Good360 to close the needs gap.

##### **Right of Use Asset and Lease Liability**

At the inception of an agreement, Good360 evaluates whether the agreement meets the criteria for a lease. The right of use asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using a risk free rate of return that coincides with the date and term of the lease and is adjusted for lease incentives. The asset is amortized over the lease term and is reflected as rent expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as rent expense on a straight-line basis over the lease term.

##### **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.

##### **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.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

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

##### **Fair Value Measurement (continued)**

*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, 2022 and 2021, 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. 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 Match 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.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

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

##### **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 truckloads 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.
- Direct truckload fees are 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 included 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, 2021, there was a conditional grant in the amount of \$1,875,000, of which \$1,500,000 was recognized in 2021 and \$375,000 was recognized in 2022.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

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

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

Managed program fees are 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, all less than one year.

In-kind contributions in the form of services are recorded 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.

Product sales includes inventory that Good360 purchases and sells to nonprofits and donated product that has been determined to be unfit to donate or has limited use in Good360's network capacity, that has been recycled or sold. See note 12.

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 as well as realized and unrealized gains and losses from investments.

##### **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. Shared costs include salaries and benefits, rent, depreciation and amortization, computer information systems, travel and meeting 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.

##### **New Accounting Pronouncements**

In September 2020, the Financial Accounting Standards Board (FASB) 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. Good360 adopted the standard retrospectively on January 1, 2022. The adoption of the standard did not result in a material change to the financial statements other than expanded disclosures below.

**GOOD360**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

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

**New Accounting Pronouncements (continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The standard applies a right-of-use model that requires all leases with a lease term of more than 12 months, to recognize an asset representing its right to use the underlying asset for the lease term and a liability based on the value of the discounted future lease payments. Good360 adopted this standard on January 1, 2022 and elected not to restate the comparative period. Good360 also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, (iii) initial direct costs for existing leases. The adoption of ASU 2016-02 resulted in the recognition of right-of-use asset of \$831,797 and operating lease liabilities of \$900,574 as of January 1, 2022. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on Good360's operations and cash flows.

2. Investments and Fair Value Measurement

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Mutual funds –				
fixed income	\$ 6,224,038	\$ 6,224,038	\$ -	\$ -
Common stocks	25	25	-	-
Total Investments	<u>\$ 6,224,063</u>	<u>\$ 6,224,063</u>	<u>\$ -</u>	<u>\$ -</u>

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 –				
fixed income	\$ 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>

Fixed income mutual funds and common stocks are valued on the basis of quoted market prices in active markets.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

#### 3. Administrative Fees and Other Receivables

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

	<u>2022</u>	<u>2021</u>
Administrative fees and other receivables	\$ 881,363	\$ 559,577
Contributions receivable	<u>-</u>	<u>1,050,000</u>
Administrative Fees and Other Receivables	<u>\$ 881,363</u>	<u>\$ 1,609,577</u>

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

As of December 31, 2020, Administrative fees and other receivables of \$106,191 and contributions receivable of \$26,075 were due to be collected within one year and were considered to be fully collectible.

#### 4. Right-of-Use Asset and Lease Liability

Good360 evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents Good360's right to use underlying assets for the lease term, and the lease liability represents Good360's obligation to make lease payments arising from these leases. The ROU asset and lease liability, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Good360 has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Good360 entered into a noncancelable lease agreement for office space that commenced in January 2015, and expires in April 2024. The lease includes certain incentives, including an eight-month rent abatement, and an annual escalation clause. Good360 recorded a lease liability equal to the present value of the future payments under the terms of the lease, discounted at a risk free rate of return of 2.0%.

Good360 subleased its original office space to MindPoint Group (referred to as MindPoint) on February 1, 2015. 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 sublease agreement expired in December 2021, the same day as Good360's original lease end date. 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, were 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 balance was paid off as of December 31, 2021.



**GOOD360**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

4. Right-of-Use Asset and Lease Liability (continued)

On August 18, 2021, Good360 entered into a noncancelable lease agreement for warehouse space that commenced on January 1, 2022, and expires in December 2026. The lease includes a rent escalation clause that takes effect in January 2024. Good360 recorded a lease liability equal to the present value of the future payments under the terms of the lease, discounted at a risk free rate of return of 2.0%.

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 terminated.

For the year ended December 31, 2022, total operating lease expense was \$261,425 and is included in rent in the accompanying statement of functional expenses. Cash paid for operating leases for the year ended December 31, 2022, totaled \$287,282. Rent expense for the year ended December 31, 2021, was \$679,802.

The maturities of operating lease liabilities as of December 31, 2022 were as follows:

For the Year Ending December 31,		
2023	\$	284,400
2024		172,567
2025		94,585
2026		94,585
Total Lease Liability Before Discount		646,137
Less: Present Value Discount		(30,219)
Lease Liability	\$	615,918

5. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment at December 31, 2022 and 2021, consisted of the following:

	2022	2021
Software	\$ 3,032,540	\$ 2,786,496
Office equipment	488,653	389,365
Office furniture	51,625	51,625
Leasehold improvements	62,531	21,718
Total Property and Equipment	3,635,349	3,249,204
Less: Accumulated Depreciation and Amortization	(2,723,652)	(2,398,870)
Property and Equipment, Net	\$ 911,697	\$ 850,334

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$324,782 and \$263,961, respectively.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

#### 6. Lines of Credit

Good360 had a \$600,000 revolving line of credit with a financial institution. In March 2022, the line of credit was closed. The line of credit required monthly interest payments and interest accrued at a variable interest rate equal to the Wall Street Journal's published prime rate plus 1%. As of December 31, 2021, the interest rate on the line of credit was 5.75%. The revolving line of credit was collateralized with a blanket lien on all of Good360's assets, which included product inventory, receivables, and property and equipment. There was no balance as of December 31, 2021, on this line of credit. Interest expense related to the line of credit was zero and \$7,305 for the years ended December 31, 2022 and 2021, respectively.

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, 2022 and 2021, \$3,200,000 and \$2,966,366, respectively, were available to borrow. Interest accrues at a variable interest rate equal to the Wall Street Journal's published prime rate minus 0.7%. As of December 31, 2022, the interest rate on the line of credit was 7.55%. There was no balance outstanding as of December 31, 2022 and 2021.

#### 7. 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 as of December 31, 2021, and was paid off in February 2022. The term note bears interest at a fixed rate of 6% and 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.

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 \$2,421 in 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 was 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. This loan was paid off in September 2022.

Interest expense incurred under these notes were \$3,066 and \$24,550 respectively, for the years ended December 31, 2022 and 2021.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

#### 8. Concentrations and Risks

##### **Concentration**

For the years ended December 31, 2022 and 2021, Good360 received product inventory contributions of approximately \$2.09 billion and \$812 million, respectively, from one donor in 2022 and three donors in 2021, which was approximately 77% and 48% 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, 2022 and 2021, there were \$1,461,000 and \$480,000, respectively, in excess of the insured limit of \$250,000.

#### 9. Net Assets With Donor Restrictions

As of December 31, 2022 and 2021, net assets with donor restrictions were 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, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,879,540	\$ 1,038,747
Administrative fees and other receivables, net	881,363	1,609,577
Investments	<u>6,224,063</u>	<u>5,044,713</u>
Total Financial Assets Available Within One Year	<u>\$ 8,984,966</u>	<u>\$ 7,693,037</u>

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 with a financial institution that is secured by its investments. The amount available was \$3,200,000 and \$2,966,366 as of December 31, 2022 and 2021, respectively.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

---

#### 11. Contributed Services

Good360 received donated professional services for the years ended December 31, 2022 and 2021. These donated professional services related to legal and shipping activities and amounted to \$324,445 and \$334,571, respectively. Donated legal services are valued at the standard hourly rates charged for those services. Shipping was valued at the price that would be paid for receiving the service. All donated services were utilized by Good360's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

#### 12. Contributed Nonfinancial Assets

Good360 receives significant contributed nonfinancial assets, in the form of tangible product, from its corporate donors. Good360 donates these products by distributing the product to nonprofits that are in Good360's network. Donor-imposed restrictions for these non-financial assets are limited in nature but in general, require that the non-financial assets go to support Good360's nonprofit network of over 100,000 nonprofits, to assist them in supporting the ill, needy or youth and to support disaster recovery and certain donations cannot be sold.

Good360 charges its nonprofits an administrative fee for the coordination of distributing the contributed product to its nonprofit partners. This administration fee covers the cost of shipping, handling, and other administration costs of managing the distribution of donated product. When product is determined to be unfit to donate or there is limited use in Good360's network capacity, Good360 will monetize this product through recycling and in limited cases it will liquidate. During the years ended December 31, 2022 and 2021, Good360 recognized recycling and liquidated property revenue of \$1,755,512 and \$866,550, respectively, which is included in product sales in the accompanying statements of activities.

At the time of the contributed nonfinancial asset, the donor will provide Good360 with a description of the contribution that includes the quantity, condition, brand, photos (if available) and the fair value of the contributed product. When the contribution is received, Good360 or one of its nonprofit partners will verify that the quantity and condition of the contributed product materially meets the donor provided description and that the fair value provided by the donor is reasonable. If the received contribution is deemed to be materially different from the donor's description, Good360 will re-value the fair value by researching like kind product using various commercial websites to establish a more reasonable fair value.

Good360 recognizes contributed nonfinancial assets as in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the contribution. Good360 will adjust any in-kind contribution, if the fair value validation process determines that the donor provided fair value is not reasonable.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2022 and 2021

#### 12. Contributed Nonfinancial Assets (continued)

Good360 received the following contributions of nonfinancial assets for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Clothing	\$ 796,958,613	\$ 499,109,727
Health & beauty	285,071,943	178,531,453
Home goods and building supplies	882,908,891	552,937,641
Sports & outdoors	263,101,586	164,772,121
Education, entertainment & toys	325,714,747	203,984,744
Other consumer retail goods	<u>103,241,162</u>	<u>64,656,643</u>
Total Product Contributions	<u>\$2,656,996,942</u>	<u>\$1,663,992,329</u>

#### 13. 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, 2022 and 2021, Good360 made employer contributions of \$80,839 and \$60,299 respectively, to the Plan.

#### 14. Reclassifications

Certain 2021 information has been reclassified to conform to the 2022 presentation.

#### 15. 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, 2022 and 2021, as Good360 had no significant net taxable unrelated business income.

Good360 evaluated its uncertainty in income taxes for the years ended December 31, 2022 and 2021, 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, 2022, 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, 2022 and 2021, Good360 had no accrual for interest and/or penalties.

**GOOD360**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

---

16. Subsequent Events

In preparing these financial statements, Good360 has evaluated events and transactions for potential recognition or disclosure through July 17, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.