



## **Financial Statements**

*For the Years Ended December 31, 2020 and 2019*



**and  
Report Thereon**



**GOOD360**

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**For the Years Ended December 31, 2020 and 2019**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
GOOD360

### **Report on the Financial Statements**

We have audited the accompanying financial statements of GOOD360, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GOOD360 as of December 31, 2020 and 2019, 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.

*Marcum LLP*

Washington, DC  
July 7, 2021

GOOD360

STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,783,748	\$ 491,535
Investments	1,544,394	525,796
Administrative fees and other receivables, net	132,266	475,591
Contributions receivable – product inventory	19,889,676	4,913,814
Prepaid expenses and other	172,684	198,070
Product inventory	<u>69,066,375</u>	<u>19,865,147</u>
Total Current Assets	94,589,143	26,469,953
Deposits	112,575	106,865
Property and equipment, net	<u>463,534</u>	<u>352,250</u>
TOTAL ASSETS	<u>\$ 95,165,252</u>	<u>\$ 26,929,068</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable	\$ 603,980	\$ 699,207
Accrued expenses	405,027	126,370
Credits due to customers	115,963	27,983
Deferred administrative fees	790,881	665,884
Line of credit	200,000	300,000
Notes payable, current portion	947,760	139,093
Lease obligation, current portion	69,341	71,621
Deferred rent and lease incentives, current portion	<u>20,659</u>	<u>15,416</u>
Total Current Liabilities	3,153,611	2,045,574
Notes payable, net of current portion	430,580	428,352
Lease obligation, net of current portion	-	69,341
Deferred rent and lease incentives, net of current portion	<u>105,591</u>	<u>124,834</u>
TOTAL LIABILITIES	<u>3,689,782</u>	<u>2,668,101</u>
Net Assets		
Without donor restrictions	90,132,137	24,102,028
With donor restrictions	<u>1,343,333</u>	<u>158,939</u>
TOTAL NET ASSETS	<u>91,475,470</u>	<u>24,260,967</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 95,165,252</u>	<u>\$ 26,929,068</u>

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

**GOOD360**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2020 and 2019

	2020					2019				
	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	\$ -	\$ 861,132,522	\$ 861,132,522	\$ -	\$ 861,132,522	\$ -	\$ 316,371,844	\$ 316,371,844	\$ -	\$ 316,371,844
Administrative fees	8,265,338	-	8,265,338	-	8,265,338	4,681,295	-	4,681,295	-	4,681,295
Grants, contributions and managed program fees	3,285,677	-	3,285,677	5,299,788	8,585,465	958,480	-	958,480	2,464,063	3,422,543
Product sales	1,714,622	-	1,714,622	-	1,714,622	610,737	-	610,737	-	610,737
Donated services	24,800	-	24,800	-	24,800	29,592	-	29,592	-	29,592
Net assets released from restrictions:										
Satisfaction of program restrictions	4,115,394	-	4,115,394	(4,115,394)	-	3,727,124	-	3,727,124	(3,727,124)	-
<b>Total Support and Program Revenue</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>10,007,228</b>	<b>316,371,844</b>	<b>326,379,072</b>	<b>(1,263,061)</b>	<b>325,116,011</b>
<b>OTHER REVENUE</b>										
Sublease rental income	379,514	-	379,514	-	379,514	379,514	-	379,514	-	379,514
Other income	115,062	-	115,062	-	115,062	23,949	-	23,949	-	23,949
<b>Total Other Revenue</b>	<b>494,576</b>	<b>-</b>	<b>494,576</b>	<b>-</b>	<b>494,576</b>	<b>403,463</b>	<b>-</b>	<b>403,463</b>	<b>-</b>	<b>403,463</b>
<b>TOTAL SUPPORT, PROGRAM AND OTHER REVENUE</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>10,410,691</b>	<b>316,371,844</b>	<b>326,782,535</b>	<b>(1,263,061)</b>	<b>325,519,474</b>
<b>EXPENSES</b>										
Program Service:										
Product distribution	11,965,992	796,962,561	808,928,553	-	808,928,553	6,368,229	328,819,406	335,187,635	-	335,187,635
<b>Total Program Service</b>	<b>11,965,992</b>	<b>796,962,561</b>	<b>808,928,553</b>	<b>-</b>	<b>808,928,553</b>	<b>6,368,229</b>	<b>328,819,406</b>	<b>335,187,635</b>	<b>-</b>	<b>335,187,635</b>
Supporting Services:										
Partnership development	2,065,207	-	2,065,207	-	2,065,207	1,778,516	-	1,778,516	-	1,778,516
Management and general	2,009,060	-	2,009,060	-	2,009,060	2,011,136	-	2,011,136	-	2,011,136
<b>Total Supporting Services</b>	<b>4,074,267</b>	<b>-</b>	<b>4,074,267</b>	<b>-</b>	<b>4,074,267</b>	<b>3,789,652</b>	<b>-</b>	<b>3,789,652</b>	<b>-</b>	<b>3,789,652</b>
<b>TOTAL EXPENSES</b>	<b>16,040,259</b>	<b>796,962,561</b>	<b>813,002,820</b>	<b>-</b>	<b>813,002,820</b>	<b>10,157,881</b>	<b>328,819,406</b>	<b>338,977,287</b>	<b>-</b>	<b>338,977,287</b>
<b>CHANGE IN NET ASSETS</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>252,810</b>	<b>(12,447,562)</b>	<b>(12,194,752)</b>	<b>(1,263,061)</b>	<b>(13,457,813)</b>
<b>NET ASSETS, BEGINNING OF YEAR</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>(893,856)</b>	<b>37,190,636</b>	<b>36,296,780</b>	<b>1,422,000</b>	<b>37,718,780</b>
<b>NET ASSETS, END 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>

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
Purchased product – cost of goods sold	1,019,501	-	-	-	1,019,501
Rent	307,393	183,713	165,351	349,064	656,457
Computer information systems	148,095	88,508	79,662	168,170	316,265
Professional fees	143,747	85,910	77,323	163,233	306,980
Marketing, printing and supplies	104,970	62,735	56,465	119,200	224,170
Bank fees	197,766	-	-	-	197,766
Joint costs	153,750	-	-	-	153,750
Depreciation and amortization	71,837	42,933	38,642	81,575	153,412
Travel	48,391	28,921	26,030	54,951	103,342
Bad debt	-	-	97,071	97,071	97,071
Dues and subscriptions	44,324	26,490	23,843	50,333	94,657
Miscellaneous expenses	40,653	24,296	21,868	46,164	86,817
Contractual services and fees	61,887	-	-	-	61,887
Telephone and fax	28,736	17,174	15,458	32,632	61,368
Interest expense	-	-	53,194	53,194	53,194
Conferences and meetings	12,540	7,494	6,745	14,239	26,779
Donated services	11,613	6,940	6,247	13,187	24,800
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**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2019**

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 328,819,406	\$ -	\$ -	\$ -	\$ 328,819,406
Salaries and other personnel costs	2,072,346	1,189,664	1,266,421	2,456,085	4,528,431
Logistics	2,356,870	-	-	-	2,356,870
Rent	282,497	161,417	172,430	333,847	616,344
Purchased product – cost of goods sold	468,924	-	-	-	468,924
Travel	157,490	90,411	96,244	186,655	344,145
Computer information systems	136,145	78,157	83,200	161,357	297,502
Joint programs	262,500	-	-	-	262,500
Marketing, printing and supplies	95,055	54,569	58,089	112,658	207,713
Professional fees	91,839	52,723	56,124	108,847	200,686
Conferences and meetings	73,169	42,004	44,714	86,718	159,887
Bank fees	133,207	-	-	-	133,207
Miscellaneous expenses	48,964	28,109	54,528	82,637	131,601
Depreciation and amortization	59,353	34,073	36,271	70,344	129,697
Dues and subscriptions	35,947	20,636	21,967	42,603	78,550
Telephone and fax	31,700	18,198	19,372	37,570	69,270
Interest expense	-	-	52,885	52,885	52,885
Contractual services and fees	40,112	-	-	-	40,112
Bad debt	-	-	39,782	39,782	39,782
Donated services	13,542	7,774	8,276	16,050	29,592
Product expense – disaster	7,208	-	-	-	7,208
Postage	1,361	781	833	1,614	2,975
<b>TOTAL EXPENSES</b>	<b><u>\$ 335,187,635</u></b>	<b><u>\$ 1,778,516</u></b>	<b><u>\$ 2,011,136</u></b>	<b><u>\$ 3,789,652</u></b>	<b><u>\$ 338,977,287</u></b>

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



## GOOD360

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 67,214,503	\$ (13,457,813)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	153,412	129,697
Loss on disposal of property and equipment	26,983	-
Provision for doubtful accounts	-	(9,030)
In-kind contributions of product inventory and equipment	(861,132,522)	(316,371,844)
Distribution of product inventory and equipment received in-kind	796,962,561	328,819,406
Unrealized gain on investments	(7,813)	(9,090)
Changes in assets and liabilities:		
Administrative fees and other receivables	343,325	288,617
Prepaid expenses and other	25,386	77,617
Product inventory	(7,129)	(12,669)
Deposits	(5,710)	(1,831)
Accounts payable	(95,227)	369,485
Accrued expenses	278,657	(225,251)
Credits due to customers	87,980	(5,678)
Deferred administrative fees	124,997	78,315
Lease obligation	(71,621)	(73,645)
Deferred rent and lease incentives	(14,000)	(8,952)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>3,883,782</b>	<b>(412,666)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(291,679)	(242,982)
Purchases of investments	(1,010,785)	(13,304)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,302,464)</b>	<b>(256,286)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit	400,000	100,000
Repayments on line of credit	(500,000)	(200,000)
Borrowings on notes payable	949,237	200,000
Repayments on notes payable	(138,342)	(139,698)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>710,895</b>	<b>(39,698)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,292,213</b>	<b>(708,650)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>491,535</b>	<b>1,200,185</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,783,748</b>	<b>\$ 491,535</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	<b>\$ 53,194</b>	<b>\$ 52,885</b>

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

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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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 and \$3,470,000 for the years ended December 31, 2020 and 2019, respectively, 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, 2020 and 2019

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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 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, 2020 and 2019, GOOD360's investments were in a bond mutual fund totaling \$1,544,394 and \$525,796, respectively, and were classified as Level 1 investments in the fair value hierarchy.

##### **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, 2020 and 2019

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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. 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, 2020 and 2019

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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 \$1,825,000 is yet to be recognized. There were no conditional grants and contributions as of December 31, 2019.

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, 2020 and 2019, 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, 2020 and 2019**

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.

2. Administrative Fees and Other Receivables

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

	2020	2019
Administrative fees and other receivables	\$ 106,191	\$ 387,591
Managed program fees	-	56,250
Contributions receivable	26,075	31,750
Total Contributions and Other Receivables	132,266	475,591
Less: Allowance for Doubtful Accounts	-	-
Administrative Fees and Other Receivables, Net	\$ 132,266	\$ 475,591

All amounts were due within one year.

3. Property and Equipment and Accumulated Depreciation and Amortization

Property and equipment at December 31, 2020 and 2019, consisted of the following:

	2020	2019
Software	\$ 2,436,008	\$ 2,183,829
Office equipment	89,092	53,092
Office furniture	51,625	51,625
Leasehold improvements	21,718	21,718
Vehicles	-	37,255
Total Property and Equipment	2,598,443	2,347,519
Less: Accumulated Depreciation and Amortization	(2,134,909)	(1,995,269)
Property and Equipment, Net	\$ 463,534	\$ 352,250

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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3. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Depreciation and amortization expense for the years ended December 31, 2020 and 2019, was \$153,412 and \$129,697, respectively.

4. 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 Wall Street Journal's published prime rate plus 1%. As of December 31, 2020 and 2019, 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, 2020 and 2019, \$200,000 and \$300,000, respectively, was outstanding on this line of credit. Interest expense related to the line of credit was \$22,403 and \$22,119 for the years ended December 31, 2020 and 2019, respectively.

5. Notes Payable

GOOD360 has 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 \$429,103 and \$567,445 as of December 31, 2020 and 2019, respectively. \$970,897 and \$832,555 was available to Good360 under the note payable as of December 31, 2020 and 2019, 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 not in compliance with this financial ratio at December 31, 2019. In 2020, Good360 received a waiver from the bank stating that the bank waived the covenant violation for the fiscal year ended December 31, 2019. GOOD360 was in compliance with the financial covenants as of December 31, 2020.

On April 27, 2020, GOOD360 entered into a Small Business Administration loan with its financial institution under the Paycheck Protection Program (PPP) in the amount of \$789,337. The loan was set to mature on April 27, 2022, with a fixed interest rate of 1% per annum. On April 27, 2021, the full principal loan balance of \$789,337, in addition to \$7,981 of interest, was forgiven.

On June 29, 2020, Good360 entered into a Small Business Administrative 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 will commence on June 29, 2021 with an interest rate of 2.75% per annum.

GOOD360

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2020 and 2019

5. Notes Payable (continued)

Annual maturities of this note payable are as follows:

<u>For the Year Ending December 31,</u>	
2021	\$ 947,760
2022	158,317
2023	127,558
2024	3,760
2025	3,864
Thereafter	<u>137,081</u>
Total Note Payable	1,378,340
Less: Current Portion	<u>(947,760)</u>
Note Payable, Net of Current Portion	<u>\$ 430,580</u>

Interest expense incurred under these notes were \$30,791 and \$30,766 respectively, for the years ended December 31, 2020 and 2019.

6. 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, 2020 and 2019**

6. Commitments (continued)

**Operating Lease (continued)**

The future minimum lease payments owed by GOOD360 under this lease are as follows:

For the Years Ending December 31,		
2021	\$	195,909
2022		201,296
2023		206,832
2024		69,565
Total	\$	673,602

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

In April 2011, GOOD360 entered into a noncancelable operating lease for office space that expires on December 31, 2021. The lease includes 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 expires 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 includes yearly rental increases and required a security deposit in the amount of \$30,259.

As of December 31, 2020, future minimum rental payments required under this office space operating lease, net of sublease income, were as follows:

For the Year Ending December 31,	Lease Payments	Sublease Income	Net
2021	\$ 527,312	\$ (457,970)	\$ 69,342
Total	\$ 527,312	\$ (457,970)	\$ 69,342

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.

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.

Rent expense for the years ended December 31, 2020 and 2019, was \$656,457 and \$616,344, respectively.

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

#### 7. Concentrations and Risks

##### **Concentration**

For the years ended December 31, 2020 and 2019, GOOD360 received product inventory contributions of \$289,323,635 and \$117,090,000, respectively, through the Retail Donation Program from three donors in 2020 and two donors in 2019, which was approximately 33% and 36% 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, 2020, there were \$3,540,000 in excess of the insured limit of \$250,000. As of December 31, 2019, there were no amounts 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 is uncertain.

#### 8. Net Assets

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

As of December 31, 2020 and 2019, net assets with donor restrictions were all restricted for the disaster relief product distribution program.

#### 9. 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, 2020 and 2019, were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,783,748	\$ 491,535
Administrative fees and other receivables, net	132,266	475,591
Investments in bond mutual fund	<u>1,544,394</u>	<u>525,796</u>
Total Financial Assets		
Available Within One Year	<u>\$ 5,460,408</u>	<u>\$ 1,492,922</u>

## GOOD360

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019

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#### 9. 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 \$400,000 and \$300,000 was available to draw upon as of December 31, 2020 and 2019, respectively.

#### 10. Donated Services

GOOD360 received various kinds of donated services for the years ended December 31, 2020 and 2019. These donated services related primarily to marketing, legal and shipping activities and amounted to \$24,800 and \$29,592, respectively.

#### 11. 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 year ended December 31, 2020, GOOD360 made employer contributions of \$50,382 to the Plan. GOOD360 did not make any contributions to the Plan for the year ended December 31, 2019.

#### 12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (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, 2020 and 2019, as GOOD360 had no significant net taxable unrelated business income.

GOOD360 evaluated its uncertainty in income taxes for the years ended December 31, 2020 and 2019, 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, 2020, 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, 2020 and 2019, GOOD360 had no accrual for interest and/or penalties.

**GOOD360**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2020 and 2019**

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13. Subsequent Events

In preparing these financial statements, GOOD360 has evaluated events and transactions for potential recognition or disclosure through July 7, 2021, the date the financial statements were available to be issued. Except as disclosed in Note 5 regarding the forgiveness of the PPP loan, there were no other subsequent events that require recognition or disclosure in these financial statements.