Good360 and Affiliate

Consolidated Financial Report
December 31, 2023

Contents

Independent Auditor's Report

Board of Directors
Good360

Opinion
We have audited the financial statements of Good360 and Affiliate (Good360), which comprise the consolidated statement of financial position as of December 31, 2023, the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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, 2023, and the changes in their net assets and their cash flows for the year 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 Auditor's 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.

Other Matter
The financial statements of Good360, as of and for the year ended December 31, 2022, were audited by other auditors whose report dated July 17, 2023, expressed an unmodified opinion on those statements.

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 issued or available to be issued.

Auditor's 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 auditor's 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.

RSM US LLP

McLean, Virginia
June 6, 2025

Good360 and Affiliate

Consolidated Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 1,733,959**	$ 1,879,540
Investments	**7,486,016**	6,224,063
Administrative fees and other receivables, net of allowance of $0 for 2023 and 2022	**1,478,628**	881,363
Contributions receivable—product inventory	**1,550,166**	13,609,283
Prepaid expenses and other	**132,407**	67,858
Product inventory	**154,753,152**	52,652,899
Right-of-use assets—operating, net	**4,389,819**	580,328
Deposits	**90,072**	43,945
Property and equipment, net	**1,166,541**	911,697
Total assets	**$ 172,780,760**	$ 76,850,976
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 1,797,366**	$ 1,594,626
Accrued expenses	**862,119**	348,124
Credits due to customers	**326,014**	313,024
Deferred administrative fees	**422,402**	530,785
Lease liabilities—operating, net	**4,495,549**	615,918
Total liabilities	**7,903,450**	3,402,477
Net assets:		
Without donor restrictions	**101,845,403**	72,267,774
With donor restrictions	**63,031,907**	1,180,725
Total net assets	**164,877,310**	73,448,499
Total liabilities and net assets	**$ 172,780,760**	$ 76,850,976

See notes to consolidated financial statements.

Good360 and Affiliate

Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022

	2023					2022				
	Without Donor Restrictions					Without Donor Restrictions				
	Operations	In-Kind Product	Total	With Donor Restrictions	Total	Operations	In-Kind Product	Total	With Donor Restrictions	Total
Support and program revenue:										
Contributions of nonfinancial assets—product	**$ -**	**$ 2,968,052,930**	**$ 2,968,052,930**	**$ 61,495,600**	**$ 3,029,548,530**	$ -	$ 2,656,996,942	$ 2,656,996,942	$ -	$ 2,656,996,942
Administrative fees	**19,075,286**	**-**	**19,075,286**	**-**	**19,075,286**	16,870,343	-	16,870,343	-	16,870,343
Grants and contributions	**2,280,324**	**-**	**2,280,324**	**2,453,228**	**4,733,552**	1,591,174	-	1,591,174	4,784,495	6,375,669
Managed program fees	**7,848,274**	**-**	**7,848,274**	**-**	**7,848,274**	5,155,134	-	5,155,134	-	5,155,134
Product sales	**1,809,342**	**-**	**1,809,342**	**-**	**1,809,342**	2,425,391	-	2,425,391	-	2,425,391
Contributions of nonfinancial assets—services	**94,510**	**-**	**94,510**	**-**	**94,510**	324,445	-	324,445	-	324,445
Net assets released from restrictions:										
Satisfaction of program restrictions	**1,702,029**	**395,617**	**2,097,646**	**(2,097,646)**	**-**	4,329,782	-	4,329,782	(4,329,782)	-
Total support and program revenue	**32,809,765**	**2,968,448,547**	**3,001,258,312**	**61,851,182**	**3,063,109,494**	30,696,269	2,656,996,942	2,687,693,211	454,713	2,688,147,924
Other revenue:										
Investment income (loss)	**323,704**	**-**	**323,704**	**-**	**323,704**	(544,643)	-	(544,643)	-	(544,643)
Total other revenue	**323,704**	**-**	**323,704**	**-**	**323,704**	(544,643)	-	(544,643)	-	(544,643)
Total support, program and other revenue	**33,133,469**	**2,968,448,547**	**3,001,582,016**	**61,851,182**	**3,063,433,198**	30,151,626	2,656,996,942	2,687,148,568	454,713	2,687,603,281
Expenses:										
Program service:										
Product distribution program	**24,239,010**	**2,939,530,492**	**2,963,769,502**	**-**	**2,963,769,502**	22,659,301	2,641,315,805	2,663,975,106	-	2,663,975,106
Total program service	**24,239,010**	**2,939,530,492**	**2,963,769,502**	**-**	**2,963,769,502**	22,659,301	2,641,315,805	2,663,975,106	-	2,663,975,106
Supporting services:										
Partnership development	**3,207,444**	**-**	**3,207,444**	**-**	**3,207,444**	2,333,070	-	2,333,070	-	2,333,070
Management and general	**5,027,441**	**-**	**5,027,441**	**-**	**5,027,441**	3,555,550	-	3,555,550	-	3,555,550
Total supporting services	**8,234,885**	**-**	**8,234,885**	**-**	**8,234,885**	5,888,620	-	5,888,620	-	5,888,620
Total expenses	**32,473,895**	**2,939,530,492**	**2,972,004,387**	**-**	**2,972,004,387**	28,547,921	2,641,315,805	2,669,863,726	-	2,669,863,726
Change in net assets	**659,574**	**28,918,055**	**29,577,629**	**61,851,182**	**91,428,811**	1,603,705	15,681,137	17,284,842	454,713	17,739,555
Net assets:										
Beginning	**5,893,393**	**66,374,381**	**72,267,774**	**1,180,725**	**73,448,499**	4,289,688	50,693,244	54,982,932	726,012	55,708,944
Ending	**$ 6,552,967**	**$ 95,292,436**	**$ 101,845,403**	**$ 63,031,907**	**$ 164,877,310**	$ 5,893,393	$ 66,374,381	$ 72,267,774	$ 1,180,725	$ 73,448,499

See notes to consolidated financial statements.

Good360 and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services			
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	Total
Product inventory distributions	$ 2,683,678,256	$ -	$ -	$ -	$ 2,683,678,256
Product exchange	255,852,236	-	-	-	255,852,236
Logistics	18,221,585	-	-	-	18,221,585
Salaries and other personnel costs	3,829,330	2,345,796	2,447,499	4,793,295	8,622,625
Rent	119,932	73,469	76,654	150,123	270,055
Professional fees	-	-	1,121,256	1,121,256	1,121,256
Computer information systems	335,495	205,520	214,430	419,950	755,445
Marketing, printing and supplies	-	254,663	275,885	530,548	530,548
Disaster recovery product purchases	436,216	-	-	-	436,216
Purchased product—cost of goods sold	635,976	-	-	-	635,976
Donated services	(11,488)	-	105,998	105,998	94,510
Bank fees	-	-	449,863	449,863	449,863
Depreciation and amortization	243,430	149,122	155,587	304,709	548,139
Miscellaneous expenses	4,322	2,648	2,761	5,409	9,731
Travel	185,921	113,893	118,831	232,724	418,645
Dues and subscriptions	39,890	24,436	25,495	49,931	89,821
Contractual services and fees	111,144	-	-	-	111,144
Conferences and meetings	59,289	36,319	37,894	74,213	133,502
Joint programs	25,392	-	-	-	25,392
Bad debt (recovery)	-	-	(6,359)	(6,359)	(6,359)
Telephone and fax	549	336	351	687	1,236
Postage	2,027	1,242	1,296	2,538	4,565
Total expenses	$ 2,963,769,502	$ 3,207,444	$ 5,027,441	$ 8,234,885	$ 2,972,004,387

See notes to consolidated financial statements.

Good360 and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Supporting Services			
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	Total
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
Total expenses	$ 2,663,975,106	$ 2,333,070	$ 3,555,550	$ 5,888,620	$ 2,669,863,726

See notes to consolidated financial statements.

Good360 and Affiliate

Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 91,428,811	$ 17,739,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	548,139	324,782
Right-of-use asset amortization	342,352	251,469
Contributions of nonfinancial assets—product	(3,029,548,530)	(2,656,996,942)
Distribution of contributed product inventory	2,939,530,492	2,641,315,805
Inventory obsolescence	179,781	1,740,111
Realized and unrealized (gain) loss on investments	(37,121)	686,756
Changes in assets and liabilities:		
(Increase) decrease in:		
Administrative fees and other receivables	(597,265)	728,214
Prepaid expenses and other	(64,549)	52,168
Product inventory	(202,879)	(1,652,789)
Deposits	(46,127)	68,630
Increase (decrease) in:		
Accounts payable	202,740	313,330
Accrued expenses	513,995	(517,912)
Credits due to customers	12,990	(114,608)
Deferred administrative fees	(108,383)	(121,024)
Principal payments on operating lease liabilities	(272,212)	(284,656)
Net cash provided by operating activities	1,882,234	3,532,889
Cash flows from investing activities:		
Purchases of property and equipment	(802,983)	(386,145)
Sales of investments	4,487,100	5,309,490
Purchases of investments	(5,711,932)	(7,175,596)
Net cash used in investing activities	(2,027,815)	(2,252,251)
Cash flows from investing activities:		
Repayments on notes payable	-	(439,845)
Net cash used in investing activities	-	(439,845)
Net (decrease) increase in cash and cash equivalents	(145,581)	840,793
Cash and cash equivalents:		
Beginning	1,879,540	1,038,747
Ending	$ 1,733,959	$ 1,879,540
Supplemental disclosures of cash flow information:		
Right-of-use asset recorded under ASC 842	$ 4,151,843	$ 831,797
Lease liability recorded under ASC 842	$ 4,151,843	$ 900,574
Cash payments for operating lease	$ 292,818	$ 287,282
Deferred rent and lease incentives	$ -	$ 68,777

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature and activities: Good360's (the Organization) 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 the Organization, would struggle to find that hope. As the global leader in product philanthropy and purposeful giving, the Organization's 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. The Organization is a nonpartisan, cause-agnostic 501(c)(3) nonprofit and is headquartered in Alexandria, Virginia.

In 2022, Good360 Canada was established under the *Canada Not-for-profit Corporations Act* and has received its tax-exempt status as a registered charity in Canada. Its mission is similar to that of Good360. There was no activity during the years ended December 31, 2023 and 2022. Collectively, these organizations are referred to as Good360.

A summary of Good360's significant accounting policies follows:

Adoption of accounting pronouncement: In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost. The ASU requires financial assets measured at amortized cost (including loans and trade receivables) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the consolidated statements of activities as the amounts expected to be collected change. The adoption resulted in additional disclosures.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Good360 and Good360 Canada. All material intercompany accounts and transactions have been eliminated.

Basis of presentation: Good360 follows the accounting and reporting practices set forth in the Not-For-Profit Topic of the Accounting Standards Codification (ASC), which includes ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, Good360 is required to report information regarding its financial position and activities within two classes of net assets, as follows:

Net assets without donor restrictions: 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. The Board may designate net assets without donor restrictions at its discretion. At December 31, 2023 and 2022, the Board has not designated any net assets.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions: 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents: Good360 considers all cash and money market funds with maturities of three months or less, which are to be used for current operations, to be cash and cash equivalents.

Financial risk: Good360 maintains its cash in bank deposits which, at times, may exceed federally insured limits. Good360 has not experienced any losses in such accounts. Good360 believes it is not exposed to any significant financial risk on cash.

Good360's investments contain various securities that are exposed to various risks, such as market, interest and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Administrative fees and other receivables: Administrative fees collected (exchange transaction) as well as contributions receivable, 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 for contributions receivable by using specific identification for possible uncollectibility. Receivables are charged to the allowance account when deemed uncollectible. Accounts receivable from customers was $559,577 at January 1, 2022.

Good360 offsets gross accounts receivable with an allowance for credit losses. The allowance for credit losses is Good360's best estimate of the amount of probable credit losses in Good360's existing accounts receivable and is based upon historical loss patterns, current economic and other conditions, and potential future trends that might impact the customers' ability to pay. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Provisions for allowances for credit losses are recorded in general and administrative expense. No interest is charged on past due receivables. There was no allowance for credit losses at December 31, 2023.

Estimating credit losses based on risk characteristics requires significant judgment by Good360. Significant judgments include but are not limited to assessing current economic conditions and the extent to which they would be relevant to the existing characteristics of Good360's financial assets, the estimated life of financial assets and the level of reliance on historical experience in light of economic conditions. Good360 reviews and updates, when necessary, its historical risk characteristics that are meaningful to estimating credit losses, any new risk characteristics that arise in the natural course of business and the estimated life of its financial assets.

Prior to adoption of ASC 326, Good360 maintained an allowance for doubtful accounts to reserve for any potentially uncollectible receivables. At December 31, 2022, there was no accounts receivable allowance for doubtful accounts.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributions receivable—product inventory: Product inventory contributions receivable consist 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 $0 and $3,249,000 as of December 31, 2023 and 2022, 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.

Product inventory: Product inventory consists of donated goods and is recorded at estimated 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, 2023 and 2022, 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 2023 and 2022, the amount distributed in this manner was 0.96% and 2.65%, 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.

Investments: Investments consist of mutual funds, certificates of deposit, 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 consolidated statements of activities. Net investment income is reported as increases or decreases in net assets without donor restrictions, unless restricted by donor.

Property and equipment: Property and equipment with an estimated useful life of more than a year is 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 postimplementation 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: Good360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. Good360 had no impairments of long-lived assets during the years ended December 31, 2023 and 2022.

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. Deferred revenue as of January 1, 2022, was $651,809.

Leases: Good360 determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when: (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. Good360 also considers whether its service arrangements include the right to control the use of an asset.

Good360 recognizes most leases on its consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statement of activities.

Good360 made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of ASC 842, Leases). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, Good360 made an accounting policy election available to nonpublic companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed-rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

Good360 has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate and equipment asset classes. The nonlease components typically represent additional services transferred to Good360, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Support and revenue recognition: Unconditional contributions of nonfinancial assets for product are recorded at the estimated fair value at the date of donation. Fair value of the items donated is determined based on management's best estimate using information provided by donors and other third parties.

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 consolidated statements of activities at the estimated fair 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated statements of financial position.

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.

Contributions of nonfinancial assets for 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Other income includes interest earned from banking institutions as well as realized and unrealized gains and losses from investments.

Good360's revenue from contracts with customers including administration fees, managed program fees, and product sales, are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. Payments are due based on agreed-upon payment terms, and refunds are not provided. Good360 did not have any impairment or credit losses on any receivables or contract fees receivables arising from contracts with customers. The primary factor affecting future revenue and cash flows is periods of economic downturn resulting from consumer confidence, employment, inflation and other world events. Management does not believe there is a material risk of loss for future revenue and cash flows.

Income taxes: Good360 is organized as a Commonwealth of Virginia nonprofit corporation and is exempt from federal taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. Good360 is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Good360 is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. There were no income taxes during the years ended December 31, 2023 and 2022, and therefore Good360 has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Good360 Canada has received its tax-exempt status as a registered charity in Canada and is annually required to file a Registered Charity Information Return (Form T3010) with the Canada Revenue Agency.

Good360 applies the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under this policy, Good360 may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated Good360's tax positions and has concluded that Good360 has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this guidance.

Functional allocation of expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated 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 consolidated financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications: Certain reclassifications of prior year amounts have been made to conform to current year presentation. The reclassifications had no effect on prior year change in net assets or net assets.

Subsequent events: Good360 has evaluated subsequent events through June 6, 2025, the date on which the consolidated financial statements were available to be issued.

Note 2. Investments and Fair Value Measurement

The ASC Topic on Fair Value Measurement establishes a framework for measuring fair value in GAAP and expands disclosure about fair value measurements. This enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking quality and reliability of the information used to determine fair value.

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.

In determining the appropriate levels, Good360 performs a detailed analysis of the assets and liabilities that are subject to the Fair Value Measurement Topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no liabilities subject to fair value measurement at December 31, 2023 and 2022.

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds—open end	$ 3,541,188	$ 3,541,188	$ -	$ -
Certificates of deposit	3,944,828	-	3,944,828	-
Total investments	$ 7,486,016	$ 3,541,188	$ 3,944,828	$ -

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

	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds—fixed income	$ 6,224,038	$ 6,224,038	$ -	$ -
Common stocks	25	25	-	-
Total investments	$ 6,224,063	$ 6,224,063	$ -	$ -

Mutual funds and common stocks are valued on the basis of quoted market prices in active markets; thus, they are categorized as Level 1. The certificates of deposit are priced based on their stated interest rates and quality ratings, which are observable at commonly quoted intervals for the full term of the instruments, and are considered Level 2.

Note 3. Administrative Fees and Other Receivables

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

	2023	2022
Administrative fees	$ 230,223	$ 398,682
Contributions receivable	429,000	421,331
Interest receivable	23,359	-
Managed program fees	796,046	61,350
Administrative fees and other receivables	$ 1,478,628	$ 881,363

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

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

Good360 entered into a noncancelable lease agreement for office space that commenced in January 2015, and expired in April 2024. The lease included certain incentives, including an eight-month rent abatement, and an annual escalation clause. In August 2023, Good360 entered into a new lease agreement for office space within the same complex effective May 2024. Landlord incentives include leasehold improvements up to $679,140 and a nine-month rent abatement. The lease expires April 2034, monthly rent approximates $18,265 with annual escalations of 2.75%. There are options to extend the lease term by one period of five years or terminate after 7.75 years subject to a fee.

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.

In August 2021, Good360 entered into a noncancelable lease agreement for warehouse space in Nebraska that commenced on January 1, 2022, and expires in December 2026. The lease includes a rent escalation clause that takes effect in January 2024. Monthly rent approximates $7,900.

In March 2023, Good360 entered into a lease agreement for warehouse space in Tennessee for a term of one year. Monthly rent expense approximates $30,000. The lease was not renewed when it expired in February 2024.

In November 2023, Good360 entered into a lease agreement for warehouse space in Kentucky that expires in November 2030. There is an option to renew for one five-year term and an option to terminate early after six years. The lease incentives include $100,000 of leasehold improvements and four months of rent abatement. The monthly rent is approximately $51,000 with 3% annual rent escalations.

Good360 has determined the leases for office and warehouse space to be operating leases. Operating lease cost is recognized on a straight-line basis over the lease term. Good360 calculated the present value of each lease over the term of the respective lease, using the risk-free rate on the adoption date of ASC 842 or the inception date based on the remaining lease term. Good360's leases generally do not contain any material restrictive covenants or residual value guarantees.

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

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the consolidated statement of financial position are as follows, as of December 31, 2023:

Years ending December 31:	
2024	$ 626,861
2025	728,991
2026	748,023
2027	673,041
2028	693,323
Thereafter	1,323,766
Total lease liability before discount	4,794,005
Less present value discount	(298,456)
Lease liability	$ 4,495,549

Supplemental consolidated statement of financial position information related to leases is as follows as of December 31, 2023 and 2022:

	2023	2022
Weighted-average remaining lease term	3.4 years	2.7 years
Weighted-average discount rate	1.92%	2.00%

	2023	2022
Operating lease cost (including amortization of right-of-use assets of $342,352 and $251,469 in 2023 and 2022, respectively)	$ 4,389,819	$ 580,328
Total right-of-use operating lease asset	$ 4,389,819	$ 580,328

For the years ended December 31, 2023 and 2022, total operating lease expense was $375,787 and $261,425, respectively, and is included in rent in the accompanying consolidated statements of functional expenses.

Note 5. Property and Equipment

Property and equipment at December 31, 2023 and 2022, consisted of the following:

	2023	2022
Software	$ 3,717,230	$ 3,032,540
Office equipment	601,038	488,653
Office furniture	51,625	51,625
Leasehold improvements	68,441	62,531
Total property and equipment	4,438,334	3,635,349
Less accumulated depreciation and amortization	(3,271,793)	(2,723,652)
Property and equipment, net	$ 1,166,541	$ 911,697

Note 5. Property and Equipment (Continued)

Depreciation and amortization expense for the years ended December 31, 2023 and 2022, was $548,139 and $324,782, respectively.

Note 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, 2022, on this line of credit. There was no interest expense related to the line of credit for the year ended December 31, 2022.

Effective July 7, 2021, Good360 opened a line of credit with a financial institution that is secured by Good360's investments held at the bank. The amount available to borrow is calculated as a percentage of the investment portfolio funds held in Good360's account, ranging from 60% to 90%. As of December 31, 2023 and 2022, $5,100,000 and $3,200,000, respectively, were available to borrow. Interest accrues at a variable interest rate equal to the Secured Overnight Financing Rate plus 2.5%. As of December 31, 2023 and 2022, the interest rate on the line of credit was 7.88% and 7.55%, respectively. There was no balance outstanding as of December 31, 2023 and 2022.

Note 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 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 was paid off in February 2022.

On June 29, 2020, Good360 entered into an 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 $0 and $3,066 for the years ended December 31, 2023 and 2022, respectively.

Note 8. Concentration

For the years ended December 31, 2023 and 2022, Good360 received product inventory contributions of approximately $2.50 billion and $2.09 billion, respectively, from one donor in 2023 and 2022, which was approximately 83% and 77%, respectively, of Good360's total support and revenue for those respective years.

Note 9. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2023, are as follows:

	Balance at December 31, 2022	Additions	Released	Balance at December 31, 2023
Purpose-restricted:				
Disaster relief	$ 1,180,725	$ 2,453,228	$ (1,702,029)	$ 1,931,924
Other product	-	689,114	(395,617)	293,497
	1,180,725	3,142,342	(2,097,646)	2,225,421
Time-restricted product	-	60,806,486	-	60,806,486
	$ 1,180,725	$ 63,948,828	$ (2,097,646)	$ 63,031,907

As of and for the year ended December 31, 2022, net assets with donor restrictions were restricted for the disaster relief product distribution program.

Note 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 consolidated statement of financial position date for general expenditures at December 31, 2023 and 2022, were as follows:

	2023	2022
Cash and cash equivalents	$ 1,733,959	$ 1,879,540
Administrative fees and other receivables, net	1,478,628	881,363
Investments	7,486,016	6,224,063
Total financial assets available	10,698,603	8,984,966
Donor-imposed restrictions for specific purposes	(1,931,924)	(1,180,725)
Financial assets available to meet cash needs for general expenditures within one year	$ 8,766,679	$ 7,804,241

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 approximately $5,100,000 and $3,200,000 as of December 31, 2023 and 2022, respectively.

Note 11. Contributed Services

Good360 received donated professional services for the years ended December 31, 2023 and 2022. These donated professional services related to legal and shipping activities and amounted to $94,510 and $324,445, 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.

Note 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 nonfinancial assets are limited in nature but include both time limitations (delayed distributions until a certain date) and purpose limitations (for a specific program narrower than Good360's overall mission). In general, the donors require that the nonfinancial 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, 2023 and 2022, Good360 recognized recycling and liquidated property revenue of $842,205 and $1,755,512, respectively, which is included in product sales in the accompanying consolidated 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 revalue 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 inventory 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. In-kind distributions are recorded as a reduction of inventory and increase in expense.

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

	2023	2022
Clothing	$ 844,212,800	$ 796,958,613
Health and beauty	279,664,663	285,071,943
Home goods and building supplies	1,102,105,986	882,908,891
Sports and outdoors	107,953,275	263,101,586
Education, entertainment and toys	384,693,252	325,714,747
Other consumer retail goods	310,918,554	103,241,162
Total product contributions	$ 3,029,548,530	$ 2,656,996,942

Note 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 and in 2023 the match ranged from 3% to 4%. The Plan allows for employee contributions not to exceed federal contribution rates. Employees vest immediately. During the years ended December 31, 2023 and 2022, Good360 made employer contributions of $169,726 and $80,839, respectively, to the Plan.