

GOOD360 AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

GOOD360 AND AFFILIATE

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Independent Auditors' Report

The Board of Directors of
Good360

Opinion

We have audited the consolidated financial statements of Good360 and Affiliate (Good360), which comprise the consolidated statement of financial position as of December 31, 2024, and 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 referred to as 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, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Good360 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The consolidated financial statements of Good360 and Affiliate as of and for the year ended December 31, 2023, were audited by other auditors, whose report dated June 6, 2025, expressed an unmodified opinion on those consolidated 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 for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

Washington D.C.
November 5, 2025

GOOD360 AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Cash and cash equivalents	\$ 997,338	\$ 1,733,959
Investments	7,201,849	7,486,016
Administrative fees and other receivables, net of allowance of zero for 2024 and 2023	1,733,553	1,478,628
Contributions receivable – product inventory	4,917,462	1,550,166
Prepaid expenses and other	113,782	132,407
Product inventory	86,429,649	154,753,152
Right of use asset – operating	4,949,673	4,389,819
Deposits	30,072	90,072
Property and equipment, net	1,752,879	1,166,541
Total Assets	<u>\$ 108,126,257</u>	<u>\$ 172,780,760</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 2,041,145	\$ 1,797,366
Accrued expenses	769,004	862,119
Credits due to customers	261,265	326,014
Deferred administrative fees	570,154	422,402
Lease liability – operating, net	6,142,149	4,495,549
Total Liabilities	<u>9,783,717</u>	<u>7,903,450</u>
Net Assets		
Without donor restrictions	95,539,515	101,845,403
With donor restrictions	2,803,025	63,031,907
Total Net Assets	<u>98,342,540</u>	<u>164,877,310</u>
Total Liabilities and Net Assets	<u>\$ 108,126,257</u>	<u>\$ 172,780,760</u>

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

GOOD360 AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024					2023				
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	In-Kind Product	Total			Operations	In-Kind Product	Total		
Support and Program Revenue										
Contributions of nonfinancial assets-product	\$ -	\$ 3,230,143,872	\$ 3,230,143,872	\$ -	\$ 3,230,143,872	\$ -	\$ 2,968,052,930	\$ 2,968,052,930	\$ 61,495,600	\$ 3,029,548,530
Administrative fees	24,674,881	-	24,674,881	-	24,674,881	19,075,286	-	19,075,286	-	19,075,286
Grants and contributions	2,833,612	-	2,833,612	3,132,288	5,965,900	2,280,324	-	2,280,324	2,453,228	4,733,552
Managed program fees	3,289,871	-	3,289,871	-	3,289,871	7,848,274	-	7,848,274	-	7,848,274
Product sales	986,022	-	986,022	-	986,022	1,809,342	-	1,809,342	-	1,809,342
Contributions of nonfinancial assets – services	250,000	-	250,000	-	250,000	94,510	-	94,510	-	94,510
Net assets released from restrictions:										
Satisfaction of time restriction- product		60,806,486	60,806,486	(60,806,486)	-					
Satisfaction of program restrictions	2,261,187	293,497	2,554,684	(2,554,684)	-	1,702,029	395,617	2,097,646	(2,097,646)	-
Total Support and Program Revenue	34,295,573	3,291,243,855	3,325,539,428	(60,228,882)	3,265,310,546	32,809,765	2,968,448,547	3,001,258,312	61,851,182	3,063,109,494
Other Revenue										
Investment income	344,667	-	344,667	-	344,667	323,704	-	323,704	-	323,704
Total Other Revenue	344,667	-	344,667	-	344,667	323,704	-	323,704	-	323,704
Total Support, Program and Other Revenue	34,640,240	3,291,243,855	3,325,884,095	(60,228,882)	3,265,655,213	33,133,469	2,968,448,547	3,001,582,016	61,851,182	3,063,433,198
Expenses										
Program Service										
Product distribution program	27,184,564	3,295,725,303	3,322,909,867	-	3,322,909,867	24,059,229	2,939,710,273	2,963,769,502	-	2,963,769,502
Total Program Service	27,184,564	3,295,725,303	3,322,909,867	-	3,322,909,867	24,059,229	2,939,710,273	2,963,769,502	-	2,963,769,502
Supporting Services										
Partnership development	4,135,112	-	4,135,112	-	4,135,112	3,207,444	-	3,207,444	-	3,207,444
Management and general	5,145,004	-	5,145,004	-	5,145,004	5,027,441	-	5,027,441	-	5,027,441
Total Supporting Services	9,280,116	-	9,280,116	-	9,280,116	8,234,885	-	8,234,885	-	8,234,885
Total Expenses	36,464,680	3,295,725,303	3,332,189,983	-	3,332,189,983	32,294,114	2,939,710,273	2,972,004,387	-	2,972,004,387
Change in Net Assets	(1,824,440)	(4,481,448)	(6,305,888)	(60,228,882)	(66,534,770)	839,355	28,738,274	29,577,629	61,851,182	91,428,811
Net Assets, Beginning of Year	6,732,748	95,112,655	101,845,403	63,031,907	164,877,310	5,893,393	66,374,381	72,267,774	1,180,725	73,448,499
Net Assets, End of Year	\$ 4,908,308	\$ 90,631,207	\$ 95,539,515	\$ 2,803,025	\$ 98,342,540	\$ 6,732,748	\$ 95,112,655	\$ 101,845,403	\$ 63,031,907	\$ 164,877,310

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

GOOD360 AND AFFILITATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 3,200,124,178	\$ -	\$ -	\$ -	\$ 3,200,124,178
Product exchange	92,173,813	-	-	-	92,173,813
Logistics	18,769,646	-	-	-	18,769,646
Salaries and other personnel costs	5,337,331	3,064,160	2,687,147	5,751,307	11,088,638
Inventory obsolescence	3,427,312	-	-	-	3,427,312
Rent	463,001	265,809	233,104	498,913	961,914
Computer information systems	443,084	254,374	223,076	477,450	920,534
Professional fees	-	-	806,223	806,223	806,223
Depreciation and amortization	346,791	199,092	174,596	373,688	720,479
Purchased product – cost of goods sold	654,317	-	-	-	654,317
Bank fees	-	-	566,812	566,812	566,812
Travel	208,912	119,936	105,179	225,115	434,027
Disaster recovery product purchases	381,829	-	-	-	381,829
Marketing, printing and supplies	-	181,824	196,976	378,800	378,800
Contractual services and fees	264,823	-	-	-	264,823
Donated services	144,003	-	105,997	105,997	250,000
Conferences and meetings	51,479	29,554	25,918	55,472	106,951
Joint programs	83,879	-	-	-	83,879
Dues and subscriptions	29,127	16,722	14,664	31,386	60,513
Miscellaneous expenses	5,608	3,219	2,820	6,039	11,647
Bad debt	-	-	2,122	2,122	2,122
Postage	734	422	370	792	1,526
Total Expenses	\$ 3,322,909,867	\$ 4,135,112	\$ 5,145,004	\$ 9,280,116	\$ 3,332,189,983

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

GOOD360 AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services			Total
	Product Distribution	Partnership Development	Management and General	Total Supporting Services	
Product inventory distributions	\$ 2,683,678,256	\$ -	\$ -	\$ -	\$ 2,683,678,256
Product exchange	255,852,236	-	-	-	255,852,236
Logistics	18,041,804	-	-	-	18,041,804
Salaries and other personnel costs	3,829,330	2,345,796	2,447,499	4,793,295	8,622,625
Inventory obsolescence	179,781	-	-	-	179,781
Rent	119,932	73,469	76,654	150,123	270,055
Computer information systems	335,495	205,520	214,430	419,950	755,445
Professional fees	-	-	1,121,256	1,121,256	1,121,256
Depreciation and amortization	243,430	149,122	155,587	304,709	548,139
Purchased product – cost of goods sold	635,976	-	-	-	635,976
Bank fees	-	-	449,863	449,863	449,863
Travel	185,921	113,893	118,831	232,724	418,645
Disaster recovery product purchases	436,216	-	-	-	436,216
Marketing, printing and supplies	-	254,663	275,885	530,548	530,548
Contractual services and fees	111,144	-	-	-	111,144
Donated services	(11,488)	-	105,998	105,998	94,510
Conferences and meetings	59,289	36,319	37,894	74,213	133,502
Joint programs	25,392	-	-	-	25,392
Dues and subscriptions	39,890	24,436	25,495	49,931	89,821
Miscellaneous expenses	4,322	2,648	2,761	5,409	9,731
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

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

GOOD360 AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (66,534,770)	\$ 91,428,811
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	720,479	548,139
Right of use asset amortization	835,846	342,352
Contributions of nonfinancial assets-product	(3,230,143,872)	(3,029,548,530)
Distribution of contributed product inventory	3,292,297,991	2,939,530,492
Inventory obsolescence	3,427,312	179,781
Realized and unrealized gains on investments	(6,483)	(37,121)
Changes in assets and liabilities:		
Administrative fees and other receivables	(254,925)	(597,265)
Prepaid expenses and other	18,625	(64,549)
Product inventory	(625,224)	(202,879)
Deposits	60,000	(46,127)
Accounts payable	243,779	202,740
Accrued expenses	(93,115)	513,995
Credits due to customers	(64,749)	12,990
Deferred administrative fees	147,752	(108,383)
Lease liability	(433,370)	(272,212)
Net Cash (Used in) Provided by) Operating Activities	<u>(404,724)</u>	<u>1,882,234</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(622,547)	(802,983)
Sales of investments	2,570,091	4,487,100
Purchases of investments	(2,279,441)	(5,711,932)
Net Cash Used in Investing Activities	<u>(331,897)</u>	<u>(2,027,815)</u>
Net Decrease in Cash and Cash Equivalents	(736,621)	(145,581)
Cash and Cash Equivalents, Beginning of Year	1,733,959	1,879,540
Cash and Cash Equivalents, End of Year	<u>\$ 997,338</u>	<u>\$ 1,733,959</u>
Supplemental Disclosure of Cash Flow Information		
Right-of-use asset recorded under ASC 842	<u>\$ 1,395,700</u>	<u>\$ 4,151,843</u>
Lease liability recorded under ASC 842	<u>\$ 2,079,970</u>	<u>\$ 4,151,843</u>
Non-cash leasehold incentive	<u>\$ 684,270</u>	<u>\$ -</u>
Cash payments for operating leases	<u>\$ 626,862</u>	<u>\$ 292,818</u>

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

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

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 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, 2024 and 2023. Collectively, these organizations are referred to as Good360.

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, 2024 and 2023, the Board has not designated any net assets.

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF 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.

INVESTMENTS

Investments consist of mutual funds and certificates of deposit 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 donors.

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

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, 2024 and 2023, only Good360's investments as described in Note 2, were measured at fair value on a recurring basis.

ADMINISTRATIVE FEES AND OTHER RECEIVABLES

Administrative fees (exchange transactions) 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 collectability. Receivables are charged to the allowance account when deemed uncollectible.

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. Accounts receivable from customers was \$881,363 at January 1, 2023. There was no allowance for credit losses at December 31, 2024 and 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

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADMINISTRATIVE FEES AND OTHER RECEIVABLES (CONTINUED)

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.

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. Amounts in contributions receivable- product inventory were goods that were in transit to the partner organization but had not been received as of yearend. As of December 31 2024 and 2023, there were no product held at the warehouses of the donors that had not been distributed to the ultimate recipients but was under the control of Good360. 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 consolidated 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, 2024 and 2023, 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 2024 and 2023, the amount distributed in this manner was 0.01% and 0.96%, respectively, of total product distributions and is included in product inventory distributions on the accompanying consolidated 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RIGHT OF USE ASSET AND LEASE LIABILITY

At the inception of an agreement, 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 statements 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 statements of activities.

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, 2023, 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). Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the consolidated statements of financial position.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

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 consolidated 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.

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 reported 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, 2024 and 2023.

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 administrative fees as of January 1, 2023, were \$530,785.

SUPPORT AND REVENUE RECOGNITION

Unconditional contributions of nonfinancial assets of 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.

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPORT AND REVENUE RECOGNITION (CONTINUED)

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. The administrative fee is based on the quantity ordered to cover costs associated with shipping, handling and overhead. These fees are recognized at the point in time that the shipment occurs. Payments not received as of yearend 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 are 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.

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUPPORT AND REVENUE RECOGNITION (CONTINUED)

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.

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, 2024 and 2023, 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 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

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.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2024:

	Total	Level 1	Level 2	Level 3
Investments:				
Mutual funds-open end	\$ 4,231,950	\$ 4,231,950	\$ --	\$ --
Certificates of deposit	<u>2,969,899</u>	<u>--</u>	<u>2,969,899</u>	<u>--</u>
Total Investments	<u>\$ 7,201,849</u>	<u>\$ 4,231,950</u>	<u>\$ 2,969,899</u>	<u>\$ --</u>

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

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	<u>3,944,828</u>	<u>--</u>	<u>3,944,828</u>	<u>--</u>
Total Investments	<u>\$ 7,486,016</u>	<u>\$ 3,541,188</u>	<u>\$ 3,944,828</u>	<u>\$ --</u>

Mutual funds 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:

	2024	2023
Administrative fees	\$ 325,032	\$ 230,223
Contributions receivable	566,000	429,000
Interest receivable	27,916	23,359
Managed program fees	<u>814,605</u>	<u>796,046</u>
Administrative Fees and Other Receivables	<u>\$1,733,553</u>	<u>\$1,478,628</u>

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

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4 – RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

entered into a new lease agreement for office space within the same complex effective May 2024. Landlord incentives included leasehold improvements and a nine-month rent abatement. The lease will expire in April 2034 and 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 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.

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liability recognized on the consolidated statements of financial position are as follows, as of December 31, 2024:

Years ending December 31,	Amount
2025	\$ 933,921
2026	977,356
2027	908,681
2028	935,353
2029	962,808
Thereafter	<u>1,768,523</u>
Total Lease Liability Before Discount	6,486,642

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 4 – RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)

(continued)

Less present value discount \$ (344,493)

Lease Liability **\$ 6,142,149**

Supplemental consolidated statements of financial position information related to leases is as follows as of December 31, 2024 and 2023:

	2024	2023
Weighted-average remaining lease term	6.89 years	3.4 years
Weighted-average discount rate	1.92%	1.92%
	2024	2023
Operating lease cost (including amortization of right-of-use assets of \$835,846 and \$342,352 in 2024 and 2023, respectively)	<u>\$4,949,673</u>	<u>\$4,389,819</u>
Total right-of-use operating lease asset	<u>\$4,949,673</u>	<u>\$4,389,819</u>

For the years ended December 31, 2024 and 2023, total operating lease expense was \$961,914 and \$375,787, 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, 2024 and 2023, consisted of the following:

	2024	2023
Software	\$ 4,103,482	\$ 3,717,230
Office equipment	670,215	601,038
Office furniture	140,881	51,625
Leasehold improvements	<u>830,572</u>	<u>68,441</u>
Total Property and Equipment	5,745,150	4,438,334
Less accumulated depreciation and amortization	<u>(3,992,271)</u>	<u>(3,271,793)</u>
Property and Equipment, Net	<u>\$ 1,752,879</u>	<u>\$ 1,166,541</u>

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 5 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was \$720,479 and \$548,139, respectively.

NOTE 6 – LINE OF CREDIT

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, 2024 and 2023, \$5,200,000 and \$5,100,000, 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, 2024 and 2023, the interest rate on the line of credit was 6.99% and 7.88%, respectively. There was no balance outstanding as of December 31, 2024 and 2023.

NOTE 7 – CONCENTRATION

For the years ended December 31, 2024 and 2023, Good360 received product inventory contributions of approximately \$2.55 billion and \$2.50 billion, respectively, from one donor, which was approximately 79% and 83%, respectively, of Good360's total support and revenue for those respective years.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions for the year ended December 31, 2024, are as follows:

	Balance at December 31, 2023	Additions	Released	Balance at December 31, 2024
Purpose-restricted:				
Disaster relief	\$ 1,931,924	\$ 3,132,288	\$ (2,261,187)	\$ 2,803,025
Other product	<u>293,497</u>	<u>--</u>	<u>(293,497)</u>	<u>--</u>
	2,225,421	3,132,288	(2,554,684)	2,803,025
Time-restricted product	<u>60,806,486</u>	<u>--</u>	<u>(60,806,486)</u>	<u>--</u>
	<u>\$63,031,907</u>	<u>\$ 3,132,288</u>	<u>\$(63,361,170)</u>	<u>\$ 2,803,025</u>

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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	<u> --</u>	<u> 689,114</u>	<u> (395,617)</u>	<u> 293,497</u>
	1,180,725	3,142,342	(2,097,646)	2,225,421
Time-restricted product	<u> --</u>	<u> 60,806,486</u>	<u> --</u>	<u> 60,806,486</u>
	<u>\$ 1,180,725</u>	<u>\$ 63,948,828</u>	<u>\$ (2,097,646)</u>	<u>\$ 63,031,907</u>

NOTE 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 consolidated statement of financial position date for general expenditures at December 31, 2024 and 2023, were as follows:

	2024	2023
Cash and cash equivalents	\$ 997,338	\$ 1,733,959
Administrative fees and other receivables, net	1,733,553	1,478,628
Investments	<u>7,201,849</u>	<u>7,486,016</u>
Total Financial Assets Available	9,932,740	10,698,603
Donor-imposed restrictions for specific purposes	<u>(2,803,025)</u>	<u>(1,931,924)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 7,129,715</u>	<u>\$ 8,766,679</u>

Good360 has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Good360 throughout the year. This is done through monitoring and reviewing Good360's

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 9 – AVAILABILITY AND LIQUIDITY (CONTINUED)

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 \$5,200,000 and \$5,100,000 as of December 31, 2024 and 2023, respectively, (Note 6).

NOTE 10 – CONTRIBUTED SERVICES

Good360 received donated professional services for the years ended December 31, 2024 and 2023. These donated professional services related to legal and shipping activities and amounted to \$250,000 and \$94,510, 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 11 – 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 may 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 network of over 15,000 nonprofit partners serving over 100,000 individual nonprofits, to assist them in supporting the ill, needy or youth and to support disaster recovery and certain donations cannot be sold.

As disclosed in Note 1, 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, 2024 and 2023, Good360 recognized recycling and liquidated property revenue of \$83,170 and \$842,205, respectively, which is included in product sales in the accompanying consolidated statements of activities.

GOOD360 AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 11 – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

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:

	2024	2023
Clothing and accessories	\$ 720,471,957	\$ 844,212,800
Health and beauty	441,407,584	279,664,663
Home goods and building supplies	997,641,573	1,102,105,986
Sports and outdoors	148,832,560	107,953,275
Education, entertainment and toys	641,543,318	384,693,252
Other consumer retail goods	<u>280,246,880</u>	<u>310,918,554</u>
Total Product Contributions	<u>\$3,230,143,872</u>	<u>\$3,029,548,530</u>

NOTE 12 – PENSION PLAN

Good360 sponsors a contributory defined contribution pension plan (the Plan), which operates under Section 403(b) of the IRC, covering all employees who have completed one year of service and have at least 1,000 hours of service. Good360’s contributions to the Plan are discretionary and in 2024 and 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, 2024 and 2023, Good360 made contributions of \$176,342 and \$169,726, respectively, to the Plan.

GOOD360 AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 13 – RECLASSIFICATIONS

Certain 2023 information was reclassified to conform to the 2024 presentation.

NOTE 14 – SUBSEQUENT EVENTS

Good360 has evaluated subsequent events through November 5, 2025, the date on which the consolidated financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.