



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS

**GREATER GOOD CHARITIES**

June 30, 2021 and 2020

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## **Report of Independent Auditors**

To the Board of Directors  
Greater Good Charities

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

We have audited the accompanying financial statements of Greater Good Charities (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the results of its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mon Adams LLP*

Seattle, Washington

March 24, 2022

**Greater Good Charities**  
**Statements of Financial Position**

**ASSETS**

	June 30,	
	2021	2020
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,017,561	\$ 5,541,879
Short-term investments	254,927	254,927
Accounts receivable, net	352,827	1,021,096
Donated goods inventory	759,446	2,653,294
Prepaid expenses	344,387	299,106
	7,729,148	9,770,302
Long-term investments	66,013	60,518
Fixed assets, net	121,224	146,998
	187,237	207,516
Total non-current assets	187,237	207,516
Total assets	\$ 7,916,385	\$ 9,977,818

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and other current liabilities	\$ 531,486	\$ 357,178
Grants payable	97,431	134,815
Deferred revenue	601,906	269,644
Current portion of long-term debt	-	305,311
	1,230,823	1,066,948
Total current liabilities	1,230,823	1,066,948
Long-term debt	-	381,639
	-	381,639
Total non-current liabilities	-	381,639
Total liabilities	1,230,823	1,448,587
<b>NET ASSETS</b>		
Without donor restrictions	1,875,498	1,853,765
With donor restrictions	4,810,064	6,675,466
	6,685,562	8,529,231
Total net assets	6,685,562	8,529,231
Total liabilities and net assets	\$ 7,916,385	\$ 9,977,818

## Greater Good Charities Statement of Activities

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
In-kind donations	\$ 62,544,824	\$ 476,339	\$ 63,021,163
Donations	12,087,880	28,446	12,116,326
Royalties	505,671	-	505,671
Handling fees	922,133	-	922,133
Investment return	24,297	-	24,297
PPP loan forgiveness	692,198	-	692,198
Net assets released from restriction	2,370,187	(2,370,187)	-
 Total operating revenue and other support	 79,147,190	 (1,865,402)	 77,281,788
<b>EXPENSES</b>			
Program	75,825,438	-	75,825,438
Fundraising	2,108,337	-	2,108,337
Management and general	1,191,682	-	1,191,682
 Total expenses	 79,125,457	 -	 79,125,457
 Total change in net assets	 21,733	 (1,865,402)	 (1,843,669)
 NET ASSETS, beginning of year	 1,853,765	 6,675,466	 8,529,231
 NET ASSETS, end of year	 \$ 1,875,498	 \$ 4,810,064	 \$ 6,685,562

## Greater Good Charities Statement of Activities

	Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
In-kind donations	\$ 62,218,778	\$ 2,205,901	\$ 64,424,679
Donations	9,333,427	278,854	9,612,281
Royalties	743,738	-	743,738
Handling fees	1,005,965	-	1,005,965
Investment return	51,259	-	51,259
Loss on disposal of assets	(1,798)	-	(1,798)
Net assets released from restriction	141,668	(141,668)	-
	<u>73,493,037</u>	<u>2,343,087</u>	<u>75,836,124</u>
<b>EXPENSES</b>			
Program	70,789,361	-	70,789,361
Fundraising	1,504,728	-	1,504,728
Management and general	1,076,685	-	1,076,685
	<u>73,370,774</u>	<u>-</u>	<u>73,370,774</u>
Total change in net assets	122,263	2,343,087	2,465,350
NET ASSETS, beginning of year	<u>1,731,502</u>	<u>4,332,379</u>	<u>6,063,881</u>
NET ASSETS, end of year	<u>\$ 1,853,765</u>	<u>\$ 6,675,466</u>	<u>\$ 8,529,231</u>

## Greater Good Charities

### Statement of Functional Expenses

	Year Ended June 30, 2021			Total
	Program	Fundraising	Management and General	
Cash grants to other organizations	\$ 4,142,223	\$ -	\$ -	\$ 4,142,223
Marketing	124,709	935,241	74,871	1,134,821
Wage and fringe	3,359,072	747,735	735,906	4,842,713
Contract labor	202,040	313,280	41	515,361
Travel and entertainment	155,545	4,186	573	160,304
Accounting	-	-	56,000	56,000
Professional fees: legal	4,602	-	102,133	106,735
Professional fees: programming and development	7,500	4,600	19,594	31,694
Bank service charges	168,924	-	37,346	206,270
Supplies	553,632	4,137	(12,321)	545,448
Dues and subscriptions	178,939	74,162	3,629	256,730
Taxes and licenses	1,928	-	8,469	10,397
Communications	13,296	60	6,766	20,122
Conferences and mMeetings	7,095	-	-	7,095
Rent	112,920	16,733	82,017	211,670
In-Kind grants to other organizations	63,557,532	-	-	63,557,532
Postage	11,926	205	3,384	15,515
Printing	4,542	192	120	4,854
Insurance	477	2,694	42,349	45,520
Logistics	1,796,488	-	777	1,797,265
Training and education	-	2,250	388	2,638
Depreciation and amortization	25,186	2,862	25,554	53,602
Interest	-	-	4,086	4,086
Inventory obsolescence	1,396,862	-	-	1,396,862
<b>Total expenses</b>	<b>\$ 75,825,438</b>	<b>\$ 2,108,337</b>	<b>\$ 1,191,682</b>	<b>\$ 79,125,457</b>



## Greater Good Charities Statement of Functional Expenses

	Year Ended June 30, 2020			Total
	Program	Fundraising	Management and General	
Cash grants to other organizations	\$ 3,385,713	\$ -	\$ -	\$ 3,385,713
Marketing	60,477	585,052	24,417	669,946
Wage and fringe	3,021,842	720,273	598,474	4,340,589
Contract labor	244,941	82,874	-	327,815
Travel and entertainment	228,563	6,689	19,470	254,722
Accounting	-	-	57,807	57,807
Professional fees - legal	1,496	-	86,154	87,650
Professional fees - programming and development	17,991	28,000	29,778	75,769
Bank service charges	91,285	12	90,726	182,023
Supplies	347,368	1,630	(10,462)	338,536
Dues and subscriptions	185,743	40,756	2,859	229,358
Taxes and licenses	470	-	7,162	7,632
Communications	11,642	21	6,124	17,787
Conferences and meetings	2,352	-	-	2,352
Rent	112,920	21,980	95,142	230,042
In-kind grants to other organizations	61,984,522	-	-	61,984,522
Postage	13,019	1,260	1,838	16,117
Printing	13,474	8,143	3,151	24,768
Insurance	84	6,358	37,654	44,096
Logistics	1,040,273	-	-	1,040,273
Training and education	-	-	299	299
Depreciation	25,186	1,680	24,931	51,797
Interest	-	-	1,161	1,161
<b>Total expenses</b>	<b>\$ 70,789,361</b>	<b>\$ 1,504,728</b>	<b>\$ 1,076,685</b>	<b>\$ 73,370,774</b>

## Greater Good Charities

### Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,843,669)	\$ 2,465,350
Adjustments to reconcile change in net assets to net cash from (used in) operating activities		
Depreciation	53,602	51,797
Net realized and unrealized gains on investments	(13,134)	(15,005)
Net loss on disposal of assets	-	1,798
Change in donated goods inventory	1,893,848	(2,205,901)
Forgiveness of PPP loan	(686,950)	-
Changes in operating assets and liabilities		
Accounts receivable	668,269	1,277,921
Prepaid expenses	(45,281)	(155,267)
Accounts payable and other current liabilities	469,186	217,258
Net cash from operating activities	<u>495,871</u>	<u>1,637,951</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of investments	-	(2,978,010)
Proceeds from sale of investments	7,639	5,315,000
Purchase of furniture and equipment	(27,828)	(37,114)
Net cash from (used in) investing activities	<u>(20,189)</u>	<u>2,299,876</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	-	686,950
Net cash from financing activities	<u>-</u>	<u>686,950</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	475,682	4,624,777
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>5,541,879</u>	<u>917,102</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 6,017,561</u>	<u>\$ 5,541,879</u>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest	<u>\$ 4,086</u>	<u>\$ 1,161</u>
Donation of items held in inventory	<u>\$ 759,446</u>	<u>\$ 2,653,294</u>
Non-cash financing activities	<u>\$ (686,950)</u>	<u>\$ -</u>

**Note 1 – Operations and Summary of Significant Accounting Policies**

**Organization** – Greater Good Charities (the Organization) is an independent charitable organization devoted to improving the health and well-being of people, animals, and the planet. The Organization distributes funds generated through the direct donations, grants, various fundraising platforms and corporate sponsorships, to nonprofit partners responsible for addressing the Organization’s causes. This funding includes internal programs and grants to worthwhile organizations dedicated to the welfare of the global community. The Organization’s causes include hunger and poverty, breast cancer and women’s health, children’s health and well-being, literacy and children’s education, protecting and restoring the environment, and care and feeding of rescued animals. In November 2020, the Organization legally changed its name from GreaterGood.org to Greater Good Charities.

**New accounting pronouncements** – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating the transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. The guidance is effective for the Organization for the fiscal year ended June 30, 2021.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize operating and financing lease liabilities and corresponding right-of-use assets on the balance sheet. The guidance is effective for the Organization during the fiscal year ending June 30, 2023. The Organization is currently evaluating the impact that this guidance will have on its financial statements.

**Basis of accounting** – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Without donor restrictions* – Net assets on which there are no donor-imposed restrictions for use, or such donor-imposed restrictions were met in the year of donation.

*With donor restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Expirations of restrictions met in the year of the donation are reported as net assets without donor restrictions.

# Greater Good Charities

## Notes to the Financial Statements

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### Note 1 – Operations and Summary of Significant Accounting Policies (continued)

**Cash and cash equivalents** – The Organization considers cash and cash equivalents to include all highly liquid investments purchased with an original maturity of three months or less. The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**Accounts receivable** – Accounts receivable are comprised of trade receivables and donations receivables. The balance of trade receivables at June 30, 2021 and 2020, was \$113,241 and \$185,326, respectively. The balance of donations receivables at June 30, 2021 and 2020, was \$239,586 and \$835,770, respectively. Accounts receivable are stated at the amount management expects to collect from outstanding balances in less than one year. See Note 8 for further discussion on receivable allowance.

**Investments** – Investments are stated at fair value determined by quoted market prices. They consist primarily of equity, mutual funds and exchange traded products investments. These investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect total net assets and the amounts reported in the statement of financial position. See Note 7 for additional disclosure regarding investment valuation.

**Fixed assets** – The Organization capitalizes assets with a cost greater than \$1,000 and estimated useful life of more than one year. Smaller, like-kind assets purchased at the same time for an aggregate cost greater than \$1,000 and estimated useful life of more than one year will also be capitalized. Purchased assets are carried at cost. Donated property is recorded at fair value when received. Land assets are stated at cost and are not depreciated. Depreciation is computed using the straight-line method based on estimated useful lives as follows:

Equipment	3–5 years
Vehicles	5–10 years
Software	5–7 years

Gifts of capital assets are reported as donations without donor restrictions, unless explicit donor stipulations require otherwise.

**Donated goods inventory** – Donated goods are recorded as in-kind donations at estimated fair values at the date of donation. Donated goods inventory consists of donated apparel, household goods, pet food, and various pet supplies.

**Note 1 – Operations and Summary of Significant Accounting Policies (continued)**

**Donations** – The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give (pledge), or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Cash donations are received from individuals, corporations and foundations through online platforms and direct mail donations.

In-kind donations are recognized when goods and services are donated or when an unconditional promise is made. The Organization received donated apparel, household items, pet food, various pet supplies, and warehouse fulfillment services. For the years ended June 30, 2021 and 2020, in-kind donations were \$63,021,163 and \$64,424,679, respectively. Included in that amount is \$170,207 and \$312,827, respectively, of contributed advertising services used to help generate donations for all programs as well as donated rent for the Seattle office and Allendale warehouse spaces and fulfillment services totaling \$140,988 and \$140,384 for the year ended June 30, 2021 and June 30, 2020, respectively.

Conditional promises to give are not recorded as revenue until such donor conditions are met. Direct donor donations, donated professional services, materials, and facilities may include restrictions for time or purpose depending on the existence or nature of any donor restrictions and are therefore recorded based on the existence or absence of donor restrictions.

**Royalties** – Donations received from corporations based on incentivized consumer behavior is recorded as royalties. The Organization is contracted with certain entities to receive royalties from advertising on the website and royalties based on the sale of merchandise sold by these entities. Royalties are recorded at time of donation. See Note 3 for further discussion.

**Handling fees** – Handling fees are program service revenue related to the handling and storage of in-kind donations. Handling fees are recognized when the related in-kind donations have been transferred or services are rendered.

**Federal income taxes** – The Internal Revenue Service has recognized the Organization as exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) except to the extent of unrelated business taxable income as defined under IRC Sections 511 through 515. Any unrelated business income generated is not significant; therefore, no provision for income taxes has been recorded. The Organization follows FASB Accounting Standards Codification (ASC) 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosures required. Management does not believe the Organization has an uncertain tax position as of and for the years ended June 30, 2021 and 2020.

## Greater Good Charities

### Notes to the Financial Statements

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#### Note 1 – Operations and Summary of Significant Accounting Policies (continued)

**Concentrations** – Concentrations consisted of the following numbers of customers as percentages of revenues for the year ended June 30, 2021:

<u>Revenue Stream</u>	<u>Number of Customers</u>	<u>Percentage of Total Revenue</u>
In-kind donations	3	75%
Royalties	2	92%
Handling fees	1	10%
Donations	No concentrations	

Concentrations consisted of the following numbers of customers as percentages of revenues for the year ended June 30, 2020:

<u>Revenue Stream</u>	<u>Number of Customers</u>	<u>Percentage of Total Revenue</u>
In-kind donations	4	70%
Royalties	2	96%
Handling fees	1	10%
Donations	No concentrations	

**Allocation of functional expenses** – The costs of providing various programs and other activities have been summarized on a functional basis on the statement of activities. Certain costs are allocated between program services and support services based on management’s judgement considering space used, time spent or direct relation to the program or support service benefited. Costs specifically identifiable to only one function are charged 100% to that function.

**Use of estimates** – The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions. These affect the reported amounts of assets, liabilities, revenues, and expenses as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**Subsequent events** – The Organization’s management has evaluated subsequent events through March 24, 2022, the date on which the financial statements were available to be issued.

## Greater Good Charities Notes to the Financial Statements

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### Note 2 – Fixed Assets

Fixed assets consisted of the following at June 30:

	2021	2020
Vehicles	\$ 125,929	\$ 125,929
Land	23,000	23,000
Camera equipment	1,404	1,404
Computer equipment	131,558	103,730
Fixtures and furniture	4,953	4,953
Total fixed assets	286,844	259,016
Less accumulated depreciation	(165,620)	(112,018)
Total fixed assets, net	\$ 121,224	\$ 146,998

### Note 3 – Related-Party Transactions

The Organization shared facilities with CharityUSA.com (CharityUSA) during the years ended June 30, 2021 and 2020. Additionally, CharityUSA owns and operates the GreaterGood Network of websites and facilitates the collection of donations through those sites on behalf of the Organization. During the years ended June 30, 2021 and 2020, the Organization made payments totaling \$25,348 and \$57,856, respectively, to CharityUSA for the reimbursement of benefits paid on behalf of the Organization, rent expenses, and freight and waste disposal related to the Organization's inventory items that are stored in the CharityUSA warehouse. The Organization also entered into a paid advertising relationship with CharityUSA at the end of the fiscal year.

The Organization has entered into royalty agreements with three different commercial fundraisers including CharityUSA, HomeLife Media, and Fragrant Jewels, effective during the years ended June 30, 2021 and 2020. The Organization receives royalties from advertising on the website and royalties based on the sale of merchandise sold by these entities. As a result of these agreements, these entities are considered related parties from which the Organization has received the royalty, in-kind donations, and cash donation revenues in the amount of \$4,456,503, or 6% of total revenues, and in the amount of \$4,497,360, or 6% of total revenues for the years ended June 30, 2021 and 2020, respectively:

During the year ended June 30, 2021, the Organization received donations of \$281,994 from six of its board members. During the year ended June 30, 2020, the Organization received donations of \$217,008 from four of its board members.

## Greater Good Charities

### Notes to the Financial Statements

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#### Note 4 – Lease Commitments

*Seattle, Washington and Allendale Township, Michigan* – The Organization occupies space leased by CharityUSA in both of these locations. Effective December 19, 2019, the Organization entered into a formal agreement that details the donated floor space in Seattle, Washington and Allendale Township, Michigan by CharityUSA to the Organization. As of July 1, 2019, the values of these donations are treated as in-kind donations. Total donated rent for the Seattle office and Allendale warehouse spaces as well as fulfillment services totaled \$140,988 for the year ended June 30, 2021. The agreement currently has no termination date.

*Tucson, Arizona* – Effective October 16, 2018, the Organization leased the Tucson office with escalating monthly payments ranging from \$6,312 to \$7,103. The noncancelable lease expires on October 31, 2023.

Rent expense for the years ended June 30, 2021 and 2020, totaled \$211,670 and \$230,042, respectively.

#### Note 5 – Net Assets with and Without Donor Restrictions

Net assets without donor restriction include all assets (including property and equipment), liabilities, support, revenue and expenses, which are not restricted by donors and are available for current operations.

The Organization maintains no net assets with time restricted donations.

Net assets with donor restriction – purpose restricted at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Restricted to purpose (program activities)		
Breast cancer and women's health	\$ 240,847	\$ 212,401
Hunger and poverty	570,470	407,593
Rescued animals	<u>3,998,747</u>	<u>6,055,472</u>
 Total net assets with donor restriction - purpose	 <u>\$ 4,810,064</u>	 <u>\$ 6,675,466</u>



**Note 6 – COVID-19 Impact and PPP Loan**

On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Management is closely monitoring the evolution of the pandemic, including how it may affect the Organization's future performance. Management has not yet determined or quantified the potential long-term financial impact. In April 2020, the Organization was granted a loan under the Paycheck Protection Program (PPP) offered by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), section 7(a)(36) of the Small Business Act for \$686,950. The loan bears interest at 1% with no payments for the first 6 months. Monthly payments of principal and interest of \$38,666 were scheduled to begin in March 2021 and continue through maturity in August 2022, if required. The loan is subject to partial or full forgiveness if the Organization: uses all proceeds for eligible purposes; maintains certain employment levels; and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. During fiscal year 2021, the loan was forgiven in full.

**Note 7 – Fair Values**

The Organization applies the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The ASC describes three levels of inputs that may be used to measure fair value:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

## Greater Good Charities

### Notes to the Financial Statements

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#### Note 7 – Fair Values (continued)

The following table presents assets that are measured at fair value on a recurring basis and are categorized using the three levels of the fair value hierarchy as of June 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt securities				
Domestic				
Treasury bonds	\$ -	\$ -	\$ -	\$ -
Total debt securities	-	-	-	-
Equity securities				
Domestic				
Stock	29,443	29,443	-	-
Foreign				
Stock	22,016	22,016	-	-
Total equity securities	51,459	51,459	-	-
Mutual funds	254,927	254,927	-	-
Exchange traded products	14,554	14,554	-	-
Total investments	<u>\$ 320,940</u>	<u>\$ 320,940</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets that are measured at fair value on a recurring basis and are categorized using the three levels of the fair value hierarchy as of June 30, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities				
Domestic				
Stock	\$ 25,113	\$ 25,113	\$ -	\$ -
Foreign				
Stock	24,921	24,921	-	-
Total equity securities	50,034	50,034	-	-
Mutual funds	254,927	254,927	-	-
Exchange traded products	10,484	10,484	-	-
Total investments	<u>\$ 315,445</u>	<u>\$ 315,445</u>	<u>\$ -</u>	<u>\$ -</u>

## Greater Good Charities Notes to the Financial Statements

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### Note 7 – Fair Values (continued)

Investment return comprises the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 11,163	\$ 36,254
Realized gains	3,081	(11,198)
Unrealized gains	<u>10,053</u>	<u>26,203</u>
	<u>\$ 24,297</u>	<u>\$ 51,259</u>

### Note 8 – CharityUSA Receivable

At the end of fiscal year 2016, a receivable from CharityUSA was recorded in the amount of \$5,344,302. This amount was provided by CharityUSA as its liability for funds from public donations through the Gifts That Give More (GTGM) program and funds generated by CharityUSA based on product sales.

During fiscal years 2017 and 2018, the receivable was partially paid in the amount of \$2,664,850 beginning with all GTGM public donations. Given the delay in the receipts of internally generated donations from CharityUSA, the Organization's management decided to take a conservative approach by reserving against the remaining receivable balance. The Organization received no new royalties during the years ended June 30, 2021 and 2020. Given the uncertainty related to the older receivables, the Organization reserved the full amount of these royalties bringing the balance of the allowance for doubtful accounts to \$2,872,734 as of June 30, 2021 and 2020. All amounts are due within one year of June 30, 2021, thus no discount is recorded.

### Note 9 – Wings of Rescue Agreement

Effective January 1, 2019, the Organization entered into a strategic alliance agreement with Wings of Rescue Inc. (WOR). WOR is a California nonprofit corporation. As part of this agreement, each party may engage in cooperatively managed and sponsored programs for which the Organization agrees to receive grants, donations, and gifts designated by the donors for use by WOR, and to convey those funds to WOR. In addition, the Organization may grant funds obtained from other sources to WOR. On the 15th of each month, the Organization will issue a grant to WOR for the donations raised during the prior month, net of fees for the online fundraising platform. The amount of funds granted to WOR were \$642,340 and \$829,449 for the years ended June 30, 2021 and 2020, respectively. Effective November 2020, this strategic alliance agreement was dissolved by the Organization.

## Greater Good Charities

### Notes to the Financial Statements

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#### Note 10 – Liquidity and Availability

The Organization structures its financial assets to be available as its general expenses, liabilities and other obligations come due. As part of its liquidity management plan, the Organization invests cash in excess of its short-term operating requirements in various short-term investments; including certificate of deposits, money market mutual funds and short-term treasury instruments.

The following reflects the Organization's availability of financial assets as of the balance sheet date:

	<u>2021</u>	<u>2020</u>
Financial assets available for expenditure within a year		
Cash and cash equivalents	\$ 6,017,561	\$ 5,541,879
Receivables	352,827	1,021,096
Investments	<u>254,927</u>	<u>254,927</u>
Total financial assets available for expenditure within a year	6,625,315	6,817,902
Less assets unavailable for general expenditure		
Cash, receivables, and investments with donor restrictions	<u>350,694</u>	<u>746,108</u>
Total financial assets available for general expenditure within one year	<u>\$ 6,274,621</u>	<u>\$ 6,071,794</u>

