



Report of Independent Auditors
and Financial Statements

Greater Good Charities

June 30, 2022 and 2021

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Report of Independent Auditors

The Board of Directors
Greater Good Charities

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greater Good Charities, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Greater Good Charities as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Good Charities' ability to continue as a going concern within one year after the date that the financial statements are 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 Greater Good Charities' 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 Greater Good Charities' 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.



Seattle, Washington
May 15, 2023

Financial Statements

Greater Good Charities
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,593,465	\$ 6,017,561
Short-term investments	254,927	254,927
Accounts receivable, net	586,331	352,827
Donated goods inventory	1,991,288	759,446
Prepaid expenses	453,199	344,387
	<u>13,879,210</u>	<u>7,729,148</u>
Total current assets		
Long-term investments	92,246	66,013
Fixed assets, net	100,605	121,224
	<u>192,851</u>	<u>187,237</u>
Total non-current assets		
Total assets	<u>\$ 14,072,061</u>	<u>\$ 7,916,385</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and other current liabilities	\$ 760,262	\$ 531,486
Grants payable	99,758	97,431
Deferred revenue	1,296,795	601,906
	<u>2,156,815</u>	<u>1,230,823</u>
Total current liabilities		
NET ASSETS		
Without donor restrictions	5,676,465	1,875,498
With donor restrictions	6,238,781	4,810,064
	<u>11,915,246</u>	<u>6,685,562</u>
Total net assets		
Total liabilities and net assets	<u>\$ 14,072,061</u>	<u>\$ 7,916,385</u>

See accompanying notes.

Greater Good Charities
Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
In-kind donations	\$ 93,033,957	\$ 2,315,752	\$ 95,349,709
Donations	20,338,382	13,781	20,352,163
Royalties	884,375	-	884,375
Handling fees	1,648,413	-	1,648,413
Investment return and other	2,654	-	2,654
Net assets released from restriction	900,816	(900,816)	-
	<u>116,808,597</u>	<u>1,428,717</u>	<u>118,237,314</u>
Total operating revenue and other support			
EXPENSES			
Program	107,832,006	-	107,832,006
Fundraising	4,026,081	-	4,026,081
Management and general	1,149,543	-	1,149,543
	<u>113,007,630</u>	<u>-</u>	<u>113,007,630</u>
Total expenses			
	3,800,967	1,428,717	5,229,684
Total change in net assets			
NET ASSETS, beginning of year	<u>1,875,498</u>	<u>4,810,064</u>	<u>6,685,562</u>
NET ASSETS, end of year	<u>\$ 5,676,465</u>	<u>\$ 6,238,781</u>	<u>\$ 11,915,246</u>

See accompanying notes.

Greater Good Charities
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
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
EXPENSES			
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

See accompanying notes.

Greater Good Charities
Statement of Functional Expenses
Year Ended June 30, 2022

	Program	Fundraising	Management and General	Total
In-kind grants to other organizations	\$ 94,448,324	\$ -	\$ -	\$ 94,448,324
Cash grants to other organizations	3,627,816	-	-	3,627,816
Marketing	157,501	3,011,308	5,573	3,174,382
Wage and fringe	4,446,660	755,306	795,687	5,997,653
Contract labor	223,069	46,843	6,419	276,331
Travel and entertainment	793,933	21,384	59,929	875,246
Accounting	-	-	58,167	58,167
Professional fees: legal	-	-	17,457	17,457
Professional fees: programming and development	-	-	17,266	17,266
Bank service charges	288,460	98,248	4,912	391,620
Supplies	1,069,033	998	(10,409)	1,059,622
Dues and subscriptions	141,424	58,421	9,886	209,731
Taxes and licenses	3,314	-	9,599	12,913
Communications	9,876	5	7,890	17,771
Conferences and meetings	13,978	646	2,265	16,889
Rent	48,480	18,251	66,559	133,290
Postage	11,911	882	1,960	14,753
Printing	19,978	1,269	300	21,547
Insurance	450	8,767	68,228	77,445
Logistics	2,501,277	-	-	2,501,277
Training and education	47	69	852	968
Depreciation and amortization	26,475	3,684	27,003	57,162
Total expenses	\$107,832,006	\$ 4,026,081	\$ 1,149,543	\$ 113,007,630

See accompanying notes.

Greater Good Charities
Statement of Functional Expenses
Year Ended June 30, 2021

	Program	Fundraising	Management and General	Total
In-kind grants to other organizations	\$ 63,557,532	\$ -	\$ -	\$ 63,557,532
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 meetings	7,095	-	-	7,095
Rent	112,920	16,733	82,017	211,670
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
Total expenses	\$ 75,825,438	\$ 2,108,337	\$ 1,191,682	\$ 79,125,457

See accompanying notes.

Greater Good Charities
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 5,229,684	\$ (1,843,669)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities		
Depreciation	57,162	53,602
Net realized and unrealized losses (gains) on investments	1,946	(13,134)
Net loss on disposal of assets	1,319	-
Change in donated goods inventory	(1,231,842)	1,893,848
Forgiveness of PPP loan	-	(686,950)
Changes in operating assets and liabilities		
Accounts receivable	(233,504)	668,269
Prepaid expenses	(108,812)	(45,281)
Accounts payable and other current liabilities	925,992	469,186
	4,641,945	495,871
Net cash from operating activities		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of investments	(28,178)	-
Proceeds from sale of investments	-	7,639
Purchase of furniture and equipment	(37,863)	(27,828)
	(66,041)	(20,189)
Net cash from (used in) investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,575,904	475,682
CASH AND CASH EQUIVALENTS, beginning of year	6,017,561	5,541,879
CASH AND CASH EQUIVALENTS, end of year	\$ 10,593,465	\$ 6,017,561
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Interest	\$ -	\$ 4,086
Donation of items held in inventory	\$ 1,991,288	\$ 759,446

See accompanying notes.

Greater Good Charities

Notes to the Financial Statements

Note 1 – Operations and Summary of Significant Accounting Policies

Organization – Greater Good Charities (the Organization) is an independent charitable organization that works to help people, pets, and the planet by mobilizing in response to need and amplifying the good. The Organization distributes funds generated through 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. In November 2020, the Organization legally changed its name from GreaterGood.org to Greater Good Charities.

New accounting pronouncements – In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets received. The guidance is effective for the Organization for the year ended June 30, 2022.

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.

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.

Greater Good Charities

Notes to the Financial Statements

Accounts receivable – Accounts receivable are comprised of trade receivables and donations receivables. The balance of trade receivables at June 30, 2022 and 2021, was \$311,689 and \$113,241, respectively. The balance of donations receivables at June 30, 2022 and 2021, was \$274,642 and \$239,586, respectively. Accounts receivables are stated at the amount management expects to collect from outstanding balances in less than one year. See Note 7 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 6 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.

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.

Greater Good Charities

Notes to the Financial Statements

In-kind donations are recognized when goods and services are donated or when an unconditional promise is made. The Organization received pet food and supplies, pet pharmaceuticals, household items, and other gifts-in-kind. The Organization reports the contributions at their estimated fair value on the date of receipt. Donated goods and services for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Pet food and supplies	\$ 86,916,549	\$ 57,893,171
Pet pharmaceuticals	4,079,480	3,880,624
Household items	3,901,124	822,678
Other gifts-in-kind	452,556	424,690
	\$ 95,349,709	\$ 63,021,163

Included in 2022 and 2021 other gifts-in-kind is \$381,319 and \$170,207, 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 \$63,888 and \$140,988, 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.

Advertising costs – Advertising costs are expensed as incurred. During the years ended June 30, 2022 and 2021, advertising expenses totaled \$3,170,924 and \$1,132,449, respectively.

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, 2022 and 2021.

Greater Good Charities

Notes to the Financial Statements

Concentrations – Concentrations consisted of the following numbers of customers as percentages of revenues for the year ended June 30, 2022:

<u>Revenue Stream</u>	<u>Number of Customers</u>	<u>Percentage of Total Revenue</u>
In-kind donations	3	51%
Royalties	2	99%
Handling fees	No concentrations	
Donations	No 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	

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.

Note 2 – Fixed Assets

Fixed assets consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 125,929	\$ 125,929
Land	23,000	23,000
Camera equipment	3,202	1,404
Computer equipment	165,797	131,558
Fixtures and furniture	<u>4,953</u>	<u>4,953</u>
Total fixed assets	322,881	286,844
Less accumulated depreciation	<u>(222,276)</u>	<u>(165,620)</u>
Total fixed assets, net	<u>\$ 100,605</u>	<u>\$ 121,224</u>

Greater Good Charities

Notes to the Financial Statements

Note 3 – Related-Party Transactions

The Organization shared facilities with CharityUSA.com (CharityUSA) during the years ended June 30, 2022 and 2021. 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, 2022 and 2021, the Organization made payments totaling \$299,138 and \$25,348, respectively, to CharityUSA for the reimbursement of benefits paid on behalf of the Organization, paid advertising, freight, and waste disposal related to the Organization's inventory items that are stored in the CharityUSA warehouse.

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, 2022 and 2021. The Organization receives royalties from advertising on the website and royalties based on the sale of merchandise sold by these entities. The Organization has further entered into joint venture agreements for marketing and promotion efforts with four different entities including Fragrant Jewels, Amazon.com, The Foggy Dog, LLC, and Cat Bandit Inc, effective during the year ended June 30, 2022. 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 \$5,018,747, or 4% of total revenues, and in the amount of \$4,456,503, or 6% of total revenues for the years ended June 30, 2022 and 2021, respectively:

During the year ended June 30, 2022, the Organization received donations of \$133,845 from four of its board members. During the year ended June 30, 2021, the Organization received donations of \$281,994 from six of its board members.

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 for the years ended June 30, 2022 and 2021, totaled \$63,888 and \$140,988, respectively. 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 \$6,896. Effective August 31, 2022, the Organization paid a \$30,499 early termination fee and was released from the lease obligation.

Rent expense for the years ended June 30, 2022 and 2021, totaled \$133,290 and \$211,670, respectively.

Greater Good Charities

Notes to the Financial Statements

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>2022</u>	<u>2021</u>
Restricted to purpose (program activities)		
People	\$ 628,588	\$ 811,317
Pets	<u>5,610,193</u>	<u>3,998,747</u>
 Total net assets with donor restriction - purpose	 <u>\$ 6,238,781</u>	 <u>\$ 4,810,064</u>

Note 6 – 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.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

An investment in a mutual fund uses net asset value (NAV) as a practical expedient for valuation. Under U.S. GAAP, this investment is collectively excluded from the fair value hierarchy and disclosed as a reconciling item to investments.

Greater Good Charities

Notes to the Financial Statements

The following table discloses the fair value hierarchy by level:

	Investment Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity securities				
Domestic stock	\$ 44,946	\$ -	\$ -	\$ 44,946
Foreign stock	25,244	-	-	25,244
Total equity securities	70,190	-	-	70,190
Exchange traded products	21,126	-	-	21,126
Index funds	930	-	-	930
Total assets in the fair value hierarchy	\$ 92,246	\$ -	\$ -	92,246
Mutual fund investments measured at NAV practical expedient				254,927
				\$ 347,173

	Investment Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities				
Domestic stock	\$ 29,443	\$ -	\$ -	\$ 29,443
Foreign stock	22,016	-	-	22,016
Total equity securities	51,459	-	-	51,459
Exchange traded products	14,554	-	-	14,554
Total assets in the fair value hierarchy	\$ 66,013	\$ -	\$ -	66,013
Mutual fund investments measured at NAV practical expedient				254,927
				\$ 320,940

Investment return comprises the following as of June 30:

	2022	2021
Interest and dividends	\$ 5,919	\$ 11,163
Realized gains (losses)	(1,319)	3,081
Unrealized gains (losses)	(1,946)	10,053
	\$ 2,654	\$ 24,297

Greater Good Charities

Notes to the Financial Statements

Note 7 – 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, 2022 and 2021. 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, 2022 and 2021. All amounts are due within one year of June 30, 2022, thus no discount is recorded.

Note 8 – 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 statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial assets available for expenditure within a year		
Cash and cash equivalents	\$ 10,593,465	\$ 6,017,561
Receivables	586,331	352,827
Investments	<u>254,927</u>	<u>254,927</u>
Total financial assets available for expenditure within a year	11,434,723	6,625,315
Less assets unavailable for general expenditure		
Cash, receivables, and investments with donor restrictions	<u>5,915,043</u>	<u>350,694</u>
Total financial assets available for general expenditure within one year	<u><u>\$ 5,519,680</u></u>	<u><u>\$ 6,274,621</u></u>

Greater Good Charities

Notes to the Financial Statements

Note 9 – Subsequent Events

Effective October 21, 2022, the Organization has formed a Polish subsidiary foundation “Fundacja Greater Good Charities Europe.” The entity was formed with the intention of extending the Organization’s charity efforts into Europe. As of May 15, 2023, the subsidiary has had no activity. Operations are expected to formally commence in fiscal year 2023.

The Organization’s management has evaluated subsequent events through May 15, 2023, the date on which the financial statements were available to be issued. No further events other than those discussed in the notes above, were identified.

