



Report of Independent Auditors
and Financial Statements

Greater Good Charities

June 30, 2023 and 2022

Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	4
Statement of Activities – Year Ended June 30, 2023	5
Statement of Activities – Year Ended June 30, 2022	6
Statement of Functional Expenses – Year Ended June 30, 2023	7
Statement of Functional Expenses – Year Ended June 30, 2022	8
Statements of Cash Flows	9
Notes to Financial Statements	10

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, 2023 and 2022, 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, 2023 and 2022, 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
August 6, 2024

Financial Statements

Greater Good Charities
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,382,545	\$ 10,593,465
Short-term investments	1,275,230	254,927
Accounts receivable, net	447,007	586,331
Donated goods inventory	1,846,411	1,991,288
Prepaid expenses	723,793	453,199
Total current assets	14,674,986	13,879,210
Long-term investments	134,726	92,246
Right-of-use asset	711,080	-
Fixed assets, net	118,767	100,605
Total non-current assets	964,573	192,851
Total assets	\$ 15,639,559	\$ 14,072,061
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	\$ 988,333	\$ 760,262
Grants payable	52,160	99,758
Deferred revenue	1,963,408	1,296,795
Current portion of lease liability - operating	161,035	-
Total current liabilities	3,164,936	2,156,815
LONG-TERM LIABILITIES		
Lease liability - operating, less current portion	553,553	-
Total long-term liabilities	553,553	-
Total liabilities	3,718,489	2,156,815
NET ASSETS		
Without donor restrictions	8,312,728	5,676,465
With donor restrictions	3,608,342	6,238,781
Total net assets	11,921,070	11,915,246
Total liabilities and net assets	\$ 15,639,559	\$ 14,072,061

See accompanying notes.

Greater Good Charities
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
In-kind donations	\$ 132,883,954	\$ 1,720,521	\$ 134,604,475
Donations	16,817,840	227,124	17,044,964
Royalties	987,729	-	987,729
Handling fees	1,868,856	-	1,868,856
Investment return and other	198,027	-	198,027
Net assets released from restriction	4,578,084	(4,578,084)	-
Total operating revenue and other support	<u>157,334,490</u>	<u>(2,630,439)</u>	<u>154,704,051</u>
EXPENSES			
Program	149,315,126	-	149,315,126
Fundraising	4,044,626	-	4,044,626
Management and general	1,338,475	-	1,338,475
Total expenses	<u>154,698,227</u>	<u>-</u>	<u>154,698,227</u>
Total change in net assets	2,636,263	(2,630,439)	5,824
NET ASSETS, beginning of year	<u>5,676,465</u>	<u>6,238,781</u>	<u>11,915,246</u>
NET ASSETS, end of year	<u>\$ 8,312,728</u>	<u>\$ 3,608,342</u>	<u>\$ 11,921,070</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	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			
Total change in net assets	3,800,967	1,428,717	5,229,684
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 Functional Expenses
Year Ended June 30, 2023

	Program	Fundraising	Management and General	Total
In-kind grants to other organizations	\$ 134,963,647	\$ -	\$ -	\$ 134,963,647
Cash grants to other organizations	2,889,775	-	-	2,889,775
Marketing	303,119	2,342,293	29,663	2,675,075
Wage and fringe	4,837,504	1,383,210	882,237	7,102,951
Contract labor	611,628	78,795	25,392	715,815
Travel and entertainment	956,084	49,579	75,650	1,081,313
Accounting	-	-	59,055	59,055
Professional fees: legal	44,773	-	19,704	64,477
Professional fees: programming and development	2,766	12,975	49,999	65,741
Bank service charges	271,036	78,167	1,071	350,273
Supplies	1,209,493	4,443	(41,841)	1,172,095
Dues and subscriptions	181,933	47,374	10,535	239,841
Taxes and licenses	7,866	-	15,062	22,927
Communications	10,095	138	6,273	16,505
Conferences and meetings	7,428	6,207	-	13,635
Rent	70,565	10,579	53,768	134,912
Utilities	2,646	-	-	2,646
Postage	11,094	1,949	3,254	16,297
Printing	22,836	2,186	13	25,036
Insurance	579	20,953	109,558	131,090
Logistics	2,869,080	-	-	2,869,080
Training and education	230	178	619	1,027
Depreciation and amortization	14,795	5,601	38,463	58,859
Bad debt	51	-	-	51
Inventory obsolescence	26,103	-	-	26,103
Total expenses	\$ 149,315,126	\$ 4,044,626	\$ 1,338,475	\$ 154,698,227

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
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in net assets	\$ 5,824	\$ 5,229,684
Adjustments to reconcile change in net assets to net cash from (used in) operating activities		
Depreciation	58,859	57,162
Noncash lease expense	34,765	-
Net realized and unrealized (gains) losses on investments	(64,133)	1,946
Net loss on disposal of assets	-	1,319
Change in donated goods inventory	144,877	(1,231,842)
Changes in operating assets and liabilities		
Accounts receivable	139,324	(233,504)
Prepaid expenses	(270,594)	(108,812)
Accounts payable and other current liabilities	847,086	925,992
Operating lease liability	(31,257)	-
	864,751	4,641,945
Net cash from operating activities		
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchase of investments	(2,013,649)	(28,178)
Proceeds from sale of investments	1,015,000	-
Purchase of furniture and equipment	(77,022)	(37,863)
	(1,075,671)	(66,041)
Net cash used in investing activities		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(210,920)	4,575,904
CASH AND CASH EQUIVALENTS, beginning of year	10,593,465	6,017,561
CASH AND CASH EQUIVALENTS, end of year	\$ 10,382,545	\$ 10,593,465
NON-CASH INVESTING ACTIVITIES		
Right-of-use asset in exchange for operating lease liability	\$ 745,845	\$ -
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Donation of items held in inventory	\$ 1,846,411	\$ 1,991,288

See accompanying notes.

Greater Good Charities Notes to 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.

Effective October 21, 2022, the Organization formed a Polish subsidiary foundation, Fundacja Greater Good Charities Europe (the Foundation). The entity was formed to extend the Organization's charitable activities throughout areas accessible by the Foundation. This includes procuring food and supplies in Europe with a focus on a long-term delivery network to bring humanitarian and animal relief.

New accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization adopted Topic 842 effective July 1, 2022, using the modified retrospective approach. The Organization did not adjust comparative periods in the financial statements prior to that period. Results for reporting periods beginning after July 1, 2022, will be presented under Topic 842, while prior period amounts will not be adjusted and continue to be reported under the accounting standards in effect for the prior period. The Organization elected to not apply the lease standard to short-term leases (12 months or less) of all classes and to not separate lease components from nonlease components when allocating contract considerations.

Refer to Note 4 – Lease Commitments for further details.

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.

Greater Good Charities

Notes to Financial Statements

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.

Accounts receivable – Accounts receivable are comprised of trade receivables and donations receivables. The balance of trade receivables at June 30, 2023 and 2022, was \$145,521 and \$311,689, respectively. The balance of donations receivables at June 30, 2023 and 2022, was \$301,486 and \$274,642, 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.

Greater Good Charities

Notes to Financial Statements

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 pet food and supplies, pet pharmaceuticals, household items, clothing, food and children’s toys, facilities and services. The Organization reports the contributions at their estimated fair value on the date of receipt and does not monetize in-kind contributions. Donated goods and services for the years ended June 30, 2023 and 2022, are as follows:

	2023	2022
Pet food and supplies	\$ 127,514,304	\$ 85,869,331
Pet pharmaceuticals	4,559,786	4,063,165
Household items	1,510,584	4,454,614
Clothing, food and children's toys	562,642	517,391
Donated advertising services	414,591	381,319
Donated facilities and logistics services	42,568	63,889
	\$ 134,604,475	\$ 95,349,709

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, 2023 and 2022, advertising expenses totaled \$2,675,075 and \$3,170,924, respectively.

Greater Good Charities

Notes to Financial Statements

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, 2023 and 2022.

Reclassifications – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications have no effect on previously reported change in net assets.

Concentrations – Concentrations consisted of the following numbers of customers as percentages of revenues for the year ended June 30, 2023:

<u>Revenue Stream</u>	<u>Number of Customers</u>	<u>Percentage of Revenue</u>
In-kind donations	3	54%
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, 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	

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.

Greater Good Charities

Notes to Financial Statements

Note 2 – Fixed Assets

Fixed assets consisted of the following at June 30:

	2023	2022
Vehicles	\$ 125,929	\$ 125,929
Land	23,000	23,000
Camera equipment	15,200	3,202
Computer equipment	205,320	165,797
Fixtures and furniture	30,453	4,953
Total fixed assets	399,902	322,881
Less accumulated depreciation	(281,135)	(222,276)
Total fixed assets, net	\$ 118,767	\$ 100,605

Note 3 – Related Party Transactions

The Organization shared facilities with CharityUSA.com (CharityUSA) during the years ended June 30, 2023 and 2022. 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, 2023 and 2022, the Organization made payments totaling \$502,384 and \$299,138, 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, 2023 and 2022. 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 three different entities including Fragrant Jewels, The Foggy Dog, LLC, and Cat Bandit Inc, effective during the years ended June 30, 2023 and 2022. The Organization also had a joint venture agreement for marketing and promotion efforts with Amazon.com 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 \$4,194,064, or 3% of total revenues, and in the amount of \$5,018,747, or 4% of total revenues for the years ended June 30, 2023 and 2022, respectively:

During the year ended June 30, 2023, the Organization received donations of \$376,457 from five of its board members. During the year ended June 30, 2022, the Organization received donations of \$133,845 from four of its board members.

Greater Good Charities Notes to Financial Statements

Note 4 – Lease Commitments

The Organization has operating leases related to office and warehouse spaces. The Organization recognizes rent expense on a straight-line basis and will include any variable expenses that arise. The Organization does not have any leases that classify as financing lease arrangements.

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, 2023 and 2022, totaled \$36,968 and \$63,888, respectively. The lease arrangement is on a month-to-month basis and 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. Effective December 12, 2022, the Organization leased a new Tucson office with monthly payments of \$4,232 through December 31, 2024.

Lewisburg, Tennessee – Effective December 1, 2022, the Organization leased the Lewisburg office with monthly payments of \$1,000 through November 30, 2023. Subsequently, the lease was renewed through November 30, 2024. The landlord donates \$800 per month of the rent due by Tenant and the values of these donations are treated as in-kind donations.

Tulsa, Oklahoma – Effective May 1, 2023, the Organization leased the Tulsa warehouse space with escalating monthly payments ranging from \$10,828 to \$13,162, through May 31, 2028.

Rent expense for the years ended June 30, 2023 and 2022, totaled \$80,434 and \$133,290, respectively.

At June 30, 2023, supplemental statement of financial position information related to leases was as follows:

Operating leases	
Operating lease ROU asset	<u>\$ 711,080</u>
Current portion of long-term lease obligation	\$ 161,035
Long-term lease obligation	<u>553,553</u>
Total operating lease liability	<u>\$ 714,588</u>

Greater Good Charities
Notes to Financial Statements

Supplemental cash flow information related to the leases is as follows for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liability	
Operating cash flows used for operating lease	\$ 37,420
Weighted-average remaining lease term (years)	
Operating lease	4.47
Weighted-average discount rate	
Operating lease	3.72%

As of June 30, 2023, the undiscounted future lease payments under the noncancelable leases were as follows:

2024	\$ 184,204
2025	163,963
2026	144,450
2027	151,672
2028	<u>131,617</u>
Total lease payments	775,907
Less imputed interest	<u>(61,318)</u>
	<u>\$ 714,588</u>

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>2023</u>	<u>2022</u>
Restricted to purpose (program activities)		
People	\$ 1,434,644	\$ 628,588
Pets	<u>2,173,698</u>	<u>5,610,193</u>
Total net assets with donor restriction - purpose	<u>\$ 3,608,342</u>	<u>\$ 6,238,781</u>

Greater Good Charities Notes to Financial Statements

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.

The following table discloses the fair value hierarchy by level:

	Investment Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equity securities				
Domestic stock	\$ 45,993	\$ -	\$ -	\$ 45,993
Foreign stock	48,441	-	-	48,441
Total equity securities	94,434	-	-	94,434
Treasury securities	1,020,304	-	-	1,020,304
Exchange traded products	36,792	-	-	36,792
Index funds	3,499	-	-	3,499
Total assets in the fair value hierarchy	<u>\$ 1,155,029</u>	<u>\$ -</u>	<u>\$ -</u>	1,155,029
Mutual fund investments measured at NAV practical expedient				<u>254,927</u>
				<u>\$ 1,409,956</u>

Greater Good Charities

Notes to Financial Statements

	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	<u>\$ 92,246</u>	<u>\$ -</u>	<u>\$ -</u>	92,246
Mutual fund investments measured at NAV practical expedient				<u>254,927</u>
				<u>\$ 347,173</u>

Investment return comprises the following as of June 30:

	2023	2022
Interest and dividends	\$ 133,894	\$ 5,919
Realized gains (losses)	18,870	(1,319)
Unrealized gains (losses)	45,263	(1,946)
	<u>\$ 198,027</u>	<u>\$ 2,654</u>

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 royalty 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 payments from CharityUSA, the Organization's management decided to take a conservative approach by reserving against the remaining receivable balance. Due to 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. As no further payments were made on the outstanding receivable during the year ended June 30, 2023, the Organization wrote off the full receivable of \$2,679,452, and the related allowance of \$2,872,734, resulting in an ending balance of \$0 for the receivable and allowance for doubtful accounts as of June 30, 2023.

Greater Good Charities

Notes to Financial Statements

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>2023</u>	<u>2022</u>
Financial assets available for expenditure within a year		
Cash and cash equivalents	\$ 10,382,545	\$ 10,593,465
Receivables	447,007	586,331
Investments	<u>1,275,230</u>	<u>254,927</u>
Total financial assets available for expenditure within a year	12,104,782	11,434,723
Less assets unavailable for general expenditure		
Cash, receivables, and investments with donor restrictions	<u>5,637,975</u>	<u>5,915,043</u>
Total financial assets available for general expenditure within one year	<u>\$ 6,466,807</u>	<u>\$ 5,519,680</u>

Note 9 – Subsequent Events

The Organization's management has evaluated subsequent events through August 6, 2024, 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.

